AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 16, 1997

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-11
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SL GREEN REALTY CORP.
(Exact name of registrant as specified in its governing instrument)

70 WEST 36TH STREET
NEW YORK, NY 10018
(Address of principal executive offices)

STEPHEN L. GREEN
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
SL GREEN REALTY CORP.
70 WEST 36TH STREET
NEW YORK, NY 10018
(Name and address of agent for service)

Copies to:

DOUGLAS A. SGARRO, ESQ. BROWN & WOOD LLP ONE WORLD TRADE CENTER NEW YORK, NEW YORK 10048-0557 (212) 839-5300	ALAN L. GOSULE, ESQ. ROBERT E. KING, JR., ESQ. ROGERS & WELLS 200 PARK AVENUE NEW YORK, NEW YORK (212) 878-8000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. /X/

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES BEING REGISTERED	AMOUNT BEING REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Common Stock, $.01 par value per share.....	9,315,000 shares	$20.00	$186,300,000	$56,454.55

(1) Includes 1,215,000 shares that are issuable upon exercise of the Underwriters' over-allotment option.

(2) Estimated solely for the purpose of calculating the registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

CROSS REFERENCE SHEET

ITEM NUMBER AND CAPTION		LOCATION OR HEADING IN PROSPECTUS
1.	Forepart of Registration Statement and Outside Front Cover Page of Prospectus	Forepart of Registration Statement and Outside Front Cover Page of Prospectus
2.	Inside Front and Outside Back Cover Pages of Prospectus	Inside Front and Outside Back Cover Pages of Prospectus
3.	Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges	Prospectus Summary; The Company; Risk Factors
4.	Determination of Offering Price	Outside Front Cover Page; Underwriting
5.	Dilution	Dilution
6.	Selling Security Holders	Not applicable
7.	Plan of Distribution	Outside Front Cover Page; Underwriting
8.	Use of Proceeds	Use of Proceeds; Structure and Formation of the Company
9.	Selected Financial Data	Selected Financial Information
10.	Management's Discussion and Analysis of Financial Condition and Results of Operations	Management's Discussion and Analysis of Financial Condition and Results of Operations
11.	General Information as to Registrant	Outside Front Cover Page; Prospectus Summary; The Company; Management; Structure and Formation of the Company; Capital Stock
12.	Policy with Respect to Certain Activities	Prospectus Summary; The Company; Policies with Respect to Certain Activities; Partnership Agreement; Capital Stock; Additional Information
13.	Investment Policies of Registrant	Prospectus Summary; The Company; Business and Growth Strategies; Policies with Respect to Certain Activities
14.	Description of Real Estate	Prospectus Summary; The Properties
15.	Operating Data	The Company; The Properties; Financial Statements
16.	Tax Treatment of Registrant and its Security Holders	Prospectus Summary; Federal Income Tax Consequences
17.	Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters	Risk Factors; Distributions; The Company; Structure and Formation of the Company
18.	Description of Registrant's Securities	Capital Stock
19.	Legal Proceedings	The Properties
20.	Security Ownership of Certain Beneficial Owners and Management	Principal Stockholders
21.	Directors and Executive Officers	Management
22.	Executive Compensation	Management
23.	Certain Relationships and Related Transactions	The Company; Management; Structure and Formation of the Company; Certain Relationships and Transactions
24.	Selection, Management and Custody of Registrant's Investments	Outside Front Cover Page; Prospectus Summary; The Company; The Properties
25.	Policies with Respect to Certain Transactions	Policies with Respect to Certain Activities
26.	Limitations of Liability	The Company; Capital Stock; Management
27.	Financial Statements and Information	Prospectus Summary; Selected Financial Information; Financial Statements
28.	Interests of Named Experts and Counsel	Experts; Legal Matters
29.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Management

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED JUNE 16, 1997

PROSPECTUS

8,100,000 SHARES

SL GREEN REALTY CORP.

[LOGO]

COMMON STOCK

SL Green Realty Corp. (together with its subsidiaries, the "Company") has been formed for the purpose of continuing the commercial real estate business of S.L. Green Properties, Inc., and its affiliated partnerships and entities ("SL Green"). For more than 17 years, SL Green has been engaged in the business of owning, managing, leasing, acquiring and repositioning Class B office properties in Manhattan. Upon completion of the Offering, the Company will own or have contracted to acquire interests in eight Class B office properties encompassing approximately 1.9 million rentable square feet located in midtown Manhattan (the "Properties") and will manage 28 office properties (including the Properties) encompassing approximately 6.1 million rentable square feet. The Company will operate as a fully integrated, self-administered and self-managed real estate investment trust (a "REIT"). Management expects that the Company will be the first publicly-traded real estate company to invest primarily in Manhattan office properties.

All of the shares of Common Stock, par value $.01 per share, of the Company ("Common Stock") offered hereby are being sold by the Company. Upon completion of the Offering, approximately 13% of the equity in the Company will be beneficially owned by officers and directors of the Company and certain other affiliated parties, on a fully diluted basis.

Prior to the Offering, there has been no public market for the Common Stock. It is currently anticipated that the initial public offering price per share will be between $19.00 and $21.00. See "Underwriting" for a discussion of the factors to be considered in determining the initial public offering price. Application will be made to list the Common Stock, subject to official notice of issuance, on the New York Stock Exchange under the symbol "SLG."

SEE "RISK FACTORS" BEGINNING ON PAGE 13 FOR CERTAIN FACTORS RELEVANT TO AN INVESTMENT IN THE COMMON STOCK, INCLUDING, AMONG OTHERS:

- Concentration of all of the Company's properties in midtown Manhattan, and the dependence of such properties on the conditions of the New York metropolitan economy and the midtown Manhattan office market.

- Absence of arm's length negotiations with respect to the Company's interests in the properties and other assets to be contributed by SL Green to the Company in connection with its formation, resulting in the risk that the consideration to be paid by the Company for such assets may exceed the fair market value of such assets and other potential conflicts of interest relating to the formation of the Company and the operation of its ongoing business.

- Recent and expected growth requiring the Company to integrate successfully new acquisitions.

- Limitations on the Company's ability to sell, or reduce the amount of mortgage indebtedness on, two of the Properties.

- Limitations on the stockholders' ability to change control of the Company, including restrictions on ownership of more than 9.0% of the outstanding shares of Common Stock.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)
Per Share	$	$	$
Total(3)	$	$	$

(1) The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) Before deducting expenses payable by the Company estimated at approximately $5,600,000.

(3) The Company has granted the Underwriters an option to purchase up to an aggregate of 1,215,000 shares of Common Stock to cover over-allotments. If all of such shares are purchased, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Company will be $, $ and $, respectively. See "Underwriting."

The shares of Common Stock offered by this Prospectus are offered by the Underwriters subject to prior sale, withdrawal, cancellation or modification of the offer without notice to, delivery to and acceptance by the Underwriters and to certain further conditions. It is expected that delivery of the shares of Common Stock offered hereby will be made at the offices of Lehman Brothers Inc., New York, New York, on or about , 1997.

LEHMAN BROTHERS PRUDENTIAL SECURITIES INCORPORATED

, 1997

[MAP OF MIDTOWN MANHATTAN SHOWING PROPERTY LOCATIONS]
[PICTURES OF THE PROPERTIES]

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK. SUCH TRANSACTIONS MAY INCLUDE THE PURCHASE OF SHARES OF COMMON STOCK TO COVER A SYNDICATE SHORT POSITION IN THE COMMON STOCK OR FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE COMMON STOCK AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

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CAUTIONARY STATEMENT

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

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION INCLUDED ELSEWHERE IN THIS PROSPECTUS. UNLESS OTHERWISE INDICATED, THE INFORMATION CONTAINED IN THIS PROSPECTUS ASSUMES THAT (I) THE INITIAL PUBLIC OFFERING PRICE IS $20.00 PER SHARE (THE MIDPOINT OF THE PRICE RANGE SET FORTH ON THE COVER PAGE OF THIS PROSPECTUS), (II) THE TRANSACTIONS DESCRIBED UNDER "STRUCTURE AND FORMATION OF THE COMPANY" ARE CONSUMMATED, AND (III) THE UNDERWRITERS' OVERALLOTMENT OPTION IS NOT EXERCISED. AS USED HEREIN, (I) THE "COMPANY" MEANS SL GREEN REALTY CORP., A MARYLAND CORPORATION, AND ONE OR MORE OF ITS SUBSIDIARIES (INCLUDING SL GREEN OPERATING PARTNERSHIP, L.P.), AND THE PREDECESSORS THEREOF OR, AS THE CONTEXT MAY REQUIRE, SL GREEN REALTY CORP. ONLY OR SL GREEN OPERATING PARTNERSHIP, L.P. ONLY AND (II) "SL GREEN" MEANS SL GREEN PROPERTIES, INC., A NEW YORK CORPORATION, AS WELL AS THE AFFILIATED PARTNERSHIPS AND OTHER ENTITIES THROUGH WHICH STEPHEN L. GREEN HAS HISTORICALLY CONDUCTED COMMERCIAL REAL ESTATE ACTIVITIES. SEE "GLOSSARY OF SELECTED TERMS" FOR THE DEFINITIONS OF CERTAIN TERMS USED IN THIS PROSPECTUS.

THE COMPANY

The Company has been formed for the purpose of continuing the commercial real estate business of SL Green. For more than 17 years, SL Green has been engaged in the business of owning, managing, leasing, acquiring and repositioning Class B office properties in Manhattan. Upon completion of the Offering, the Company will own or have contracted to acquire interests in eight Class B office properties encompassing approximately 1.9 million rentable square feet located in midtown Manhattan (the "Properties") and will manage 28 office properties (including the Properties) encompassing approximately 6.1 million rentable square feet. Of these Properties, interests in six office Properties encompassing approximately 1.2 million rentable square feet are currently owned and managed by SL Green (the "Core Portfolio") and interests in two office Properties encompassing approximately 700,000 rentable square feet will be acquired upon completion of the Offering (the "Acquisition Properties"). As of March 31, 1997, the weighted average occupancy rate of the Core Portfolio was 95% and of the Acquisition Properties was 88%. Also, upon completion of the Offering, the Company expects to own an option to acquire an additional 333,000 rentable square foot Class B office property in midtown Manhattan. See "The Properties--The Option Property." The Company will operate as a fully integrated, self-administered and self-managed real estate investment trust (a "REIT"). Management expects that the Company will be the first publicly-traded real estate company to invest primarily in Manhattan office properties.

The term "Class B" is generally used in the Manhattan office market to describe office properties which are more than 25 years old but which are in good physical condition, enjoy widespread acceptance by high-quality tenants and are situated in desirable locations in Manhattan. Examples of Class B Manhattan office properties (other than the Properties) include the Graybar Building, the Kent Building, the Lincoln Building, the Fred French Building and Five and Seven Penn Plaza. Class B office properties can be distinguished from Class A properties in that Class A properties are generally newer properties with higher finishes and obtain the highest rental rates within their markets.

A variety of tenants who do not require, desire or cannot afford Class A space are attracted to Class B office properties due to their prime locations, excellent amenities, distinguished architecture and relatively less expensive rental rates. Class B office space has historically attracted many smaller growth oriented firms (many of which have fueled the recent growth in the New York City metropolitan economy) and has played a critical role in satisfying the space requirements of particular industry groups in Manhattan, such as the advertising, apparel, business services, engineering, not-for-profit, "new media" and publishing industries. In addition, several areas of Manhattan, including many in which particular trades or industries traditionally congregate, are dominated by Class B office space and contain no or very limited Class A office space. Examples of such areas include the Garment District (where three of the Properties are located), the Flatiron District (where one of the Properties is located), the areas immediately south and north of Houston Street ("Soho" and "Noho", respectively), Chelsea, and the area surrounding the United Nations (where one of the Properties is located). Businesses significantly concentrated in certain of these areas include those in the following industries: new media, garment, apparel, toy, jewelry, interior decoration, antiques, giftware, contract furnishing and UN-related businesses. The concentration of

businesses creates strong demand for the available Class B office space in those locations. Tenants that currently occupy space in SL Green owned or managed properties include MCI, NationsBank, New York Hospital, Omnicom Group Ltd., Sara Lee Corp. and UNICEF. Other tenants occupying Class B office space in Manhattan include Coca Cola, EMI, Forbes Inc., John Hancock, Mattel Toys and Young & Rubicam.

As described herein, current developments in the New York City metropolitan economy provide an attractive environment for owning, operating and acquiring Class B office properties in Manhattan. See "Market Overview." These developments have resulted in growing demand for midtown Manhattan office space (particularly Class B space), declining vacancy rates (the Class B vacancy rate in the midtown and midtown south submarkets of the Manhattan office market (together, the "Midtown Markets") declined from 17.3% at year-end 1992 to 11.7% at March 31, 1997) and appreciation in rental rates and property values. The Company believes there will be a continued strengthening of the Class B office market driven by expected job growth in Manhattan, particularly among smaller companies which are, in many instances, Class B tenants. Additionally, the Company believes that a number of high quality tenants will likely seek to relocate from Class A space to Class B space as a result of the rising cost of Class A space. The Company will seek to capitalize on these growth opportunities by acquiring Class B office properties on a selective basis and, when necessary, enhancing their value after acquisition through repositioning of the properties in their respective submarkets. As described more fully below, the Company may have certain competitive advantages over other potential acquirors of Class B office space due to its local market expertise, historical institutional relationships, enhanced access to capital as a public company and ability to offer tax-advantaged acquisition structures. Additionally, the Company will seek to optimize its properties' cash flow through ongoing intensive management and leasing. See "Business and Growth Strategies."

SL Green was founded in 1980 by Stephen L. Green, its Chairman, President and Chief Executive Officer. Since that time, SL Green has become a full service, fully integrated real estate company with a portfolio of over six million square feet of Class B office properties under management. Throughout its history, SL Green has been involved in the acquisition of 31 Class B office properties in Manhattan containing approximately four million square feet and the management of 50 Class B office properties in Manhattan containing approximately 10.5 million square feet.

SL Green has offices in midtown and downtown Manhattan and has established a staff of more than 50 persons, including 40 professionals with experience in all aspects of commercial real estate. The Company will be led by, in addition to Stephen L. Green, five senior executives that average more than nine years with SL Green and more than 19 years in the commercial real estate business. This management team has developed a comprehensive knowledge of the Manhattan Class B office market, an extensive network of tenant and other business relationships and experience in acquiring underperforming office properties and repositioning them into profitable Class B properties through intensive full service management and leasing efforts. Upon completion of the Offering, approximately 13% of the equity of the Company, on a fully diluted basis, will be beneficially owned by officers and directors of the Company and other affiliated persons.

RISK FACTORS

An investment in the Common Stock involves various risks, and prospective investors should carefully consider the matters discussed under "Risk Factors" prior to making an investment in the Company. Such risks include, among others:

- concentration of all of the Properties in midtown Manhattan, and the dependence of the Properties on the conditions of the New York metropolitan economy and the Midtown Markets, which increases the risk of the Company's being adversely affected by a downturn in the New York metropolitan economy or the Midtown Markets;

- absence of arm's length negotiations with respect to the Company's interests in the Properties and the other assets to be contributed by SL Green to the Company in connection with its formation,

resulting in the risks that the consideration to be paid by the Company for such assets may exceed the fair market value of such assets and that the market value of the Common Stock may exceed the stockholders' proportionate share of the aggregate fair market value of such assets;

- conflicts of interest in connection with the Formation Transactions (as defined below), including the fact that officers, directors and affiliates of the Company will receive equity interests in the Company and the Operating Partnership (as defined below) with a value of approximately $25.4 million, based on the assumed initial public offering price;

- conflicts of interest involving officers and directors of the Company in business decisions regarding the Company, including conflicts associated with sales and refinancings of Properties and the prepayment of debt secured by the Properties and conflicts associated with the provision of cleaning and security services with respect to the Properties by entities controlled by related parties;

- risks of integrating recent or expected acquisitions, including the risk that certain of these properties may have characteristics or deficiencies unknown to the Company that affect their valuation or revenue potential;

- limitations on the ability of the Company to sell, or reduce the amount of mortgage indebtedness on, two of the Properties (673 First Avenue and 470 Park Avenue South) for up to 12 years following the completion of the Offering (the "Lock-out Period"), except in certain circumstances (the "Lock-out Provisions"), even if any such sale or reduction in mortgage indebtedness would be in the best interests of the Company's stockholders, and the possibility that future property acquisitions in which the Company uses partnership interests as consideration will include comparable limitations;

- the anti-takeover effect of limiting actual or constructive ownership of Common Stock to 9.0% of the number of outstanding shares, subject to certain exceptions, and of certain other provisions contained in the organizational documents of the Company and the Operating Partnership, which could have the effect of delaying, deferring or preventing a transaction or change in control of the Company that might involve a premium price for the Common Stock or otherwise would be in the best interests of the Company's stockholders;

- risks associated with real estate investments, such as the effect of the large number of competitive office properties in the Midtown Markets, the need to renew leases or re-lease space upon lease expirations and to pay renovation and re-leasing costs in connection therewith, the effect of economic and other conditions on office property cash flows and values, the ability of tenants to make lease payments, the ability of a property to generate revenue sufficient to meet operating expenses (including future debt service), potential environmental liabilities, the illiquidity of real estate investments and the possibility that acquired properties fail to perform as expected;

- risks associated with borrowing, such as the inability to refinance outstanding indebtedness upon maturity or refinance such indebtedness on favorable terms and the risk of rising interest rates in connection with variable rate debt;

- immediate and substantial dilution of $6.54 in the net tangible book value per share of the shares of Common Stock purchased in the Offering; and

- taxation of the Company as a corporation if it fails to qualify as a REIT for Federal income tax purposes, and the Company's liability for certain Federal, state and local income taxes in such event and the resulting decrease in cash available for distribution.

BUSINESS AND GROWTH STRATEGIES

The Company's primary business objective is to maximize total return to stockholders through growth in distributable cash flow and appreciation in the value of its assets. The Company plans to achieve this objective by capitalizing on the external and internal growth opportunities described below and continuing the operating strategies historically practiced by SL Green.

THE MARKET OPPORTUNITY

- The Company believes that the continuing recovery of the New York commercial real estate market from the downturn of the late 1980s and early 1990s creates an attractive environment for owning, operating and acquiring Class B office properties in Manhattan.

- In particular, recent net private sector job growth (especially in smaller companies), an improving business environment and "quality of life" enhancements in New York City have led to growing demand for office space in Manhattan.

- The Midtown Markets in particular have benefited from the growth in smaller companies that have traditionally been attracted to Class B space in the Midtown Markets due to its prime locations and relatively less expensive rental rates (as compared to Class A space) and from the relocation of larger firms from Class A space to Class B space.

- The Company expects the supply of office space in the Midtown Markets to remain relatively stable for the foreseeable future because new construction generally is not economically feasible at current market rental rates and property values, there are relatively few sites available for construction and the lead time required for construction typically exceeds three years.

- As a result of these positive supply and demand fundamentals, the Class B office vacancy rate in the Midtown Markets declined to 11.7% as of March 31, 1997 from its 1990s high of 17.3% in 1992 and asking rental rates for Class B office in the Midtown Markets increased to $23.88 per square foot as of March 31, 1997 from their 1990s low of $21.89 per square foot as of year-end 1993. These developments coupled with projected continuing decreases in vacancy rates and increases in rental rates create attractive opportunities for owning and acquiring Class B office properties in Manhattan.

GROWTH STRATEGIES

- The Company will seek to capitalize on current opportunities in the Class B Manhattan office market through (i) property acquisitions--continuing to acquire Class B office properties at significant discounts to replacement costs that provide attractive initial yields and the potential for cash flow growth, (ii) property repositioning--repositioning acquired properties that are underperforming through renovations, active management and proactive leasing and (iii) integrated leasing and property management.

- PROPERTY ACQUISITIONS. In acquiring properties, the Company believes that it will have the following advantages over its competitors: (i) over 17 years experience as a full service, fully integrated real estate company focused on the Class B office market in Manhattan, (ii) enhanced access to capital as a public company, (as compared to the generally fragmented and far less institutional ownership of competing Manhattan Class B office properties) and (iii) the ability to offer tax-advantaged structures to sellers. In addition, the Company may benefit from the recent abolition of the New York State Real Property Transfer Gains Tax and from recent tax law developments reducing the transfer tax rates applicable to certain REIT acquisition transactions.

- PROPERTY REPOSITIONING. The Company believes that there are a significant number of potential acquisitions that could greatly benefit from management's experience in enhancing property cash

flow and value by renovating and repositioning properties to be among the best in their submarkets. In considering such an acquisition, the Company determines the amount of capital required to be invested in a property to achieve the repositioning. The Company then judges the benefit of a repositioning on a total return basis, such that for the Company to undertake the project the present value of the projected future increase in net cash flow and property value must exceed the cost of the capital expenditure required to achieve the repositioning.

- INTEGRATED LEASING AND PROPERTY MANAGEMENT. The Company will seek to capitalize on management's extensive knowledge of the Class B Manhattan marketplace and the needs of the tenants therein by continuing SL Green's 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 and providing "Class A" tenant services. The Company believes that SL Green's proactive leasing efforts have contributed to average occupancy rates at the Properties that are above the market average. During the period between 1994 and 1996, properties owned by SL Green for more than one year averaged occupancy rates of 94.3%, which exceeded the average of 87.2% for Class B Manhattan office space in the Midtown Markets by 8.1% over the comparable period. In addition, SL Green's commitment to tenant service and satisfaction is evidence by the renewal of approximately 78% of the expiring rentable square footage (77% of the expiring leases determined by number of leases) at the Properties in the Core Portfolio owned and managed by SL Green during the period from January 1, 1993 through March 31, 1997.

THE PORTFOLIO

GENERAL. Upon the completion of the Offering, the Company will own or have contracted to acquire interests in eight Class B office Properties located in midtown Manhattan which contain approximately 1.9 million rentable square feet. Of these Properties, six office properties encompassing approximately 1.2 million rentable square feet are currently owned and managed by SL Green and two office properties encompassing approximately 700,000 rentable square feet will be acquired on or after completion of the Offering. See "Structure and Formation of the Company--Formation Transactions." Upon completion of the Offering, the Company will effectively own 100% of the economic interest in all of the Properties. Certain of the Properties include at least a small amount of retail space on the lower floors, as well as basement/storage space. One Property (673 First Avenue) includes an underground parking garage. In addition to the foregoing, upon completion of the Offering, the Company will own an option to acquire an additional 333,000 rentable square foot office property in midtown Manhattan. See "The Properties--The Option Property."

The following table sets forth certain information with respect to each of the Properties as of March 31, 1997:

	YEAR BUILT/ RENOVATED	SUBMARKET	APPROXIMATE RENTABLE SQUARE FEET	PERCENTAGE OF PORTFOLIO RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL ESCALATED RENT(1)	PERCENTAGE OF PORTFOLIO ANNUAL ESCALATED RENT
CORE PORTFOLIO							
673 First Ave.	1928/1990	Grand Central South	422,000	22.4%	100%	$10,692,472	25.2%
470 Park Ave. S.(4)	1912/1994	Park Avenue South/Flatiron	260,000(4)	13.8	95	5,568,931	13.1
Bar Building(5)	1922/1985	Rockefeller Center	165,000(5)	8.8	81(5)	3,937,435	9.3
70 W. 36th St.	1923/1994	Garment	150,000	8.0	96	2,752,439	6.5
1414 Ave. of Ams.	1923/1990	Rockefeller Center	111,000	5.9	98	3,378,804	8.0
29 W. 35th St.	1911/1985	Garment	78,000	4.1	92	1,433,221	3.4
			1,186,000	63.0	95	27,763,302	65.5
ACQUISITION PROPERTIES							
1372 Broadway	1914/1985	Garment	508,000	26.9	85	9,552,088	22.6
1140 Ave. of Ams.	1926/1951	Rockefeller Center	191,000	10.1	98	5,035,514	11.9
Total/Weighted Average			1,885,000(6)	100.0%	92.5%	$42,350,904	100.0%

	NUMBER OF LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT(2)	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT(3)
CORE PORTFOLIO			
673 First Ave.	16	$ 25.33	$ 21.79
470 Park Ave. S.(4)	25	22.61	19.57
Bar Building(5)	52	29.37	26.09
70 W. 36th St.	39	19.14	15.94
1414 Ave. of Ams.	31	31.01	31.04
29 W. 35th St.	8	20.09	16.20
	171	24.63	21.60
ACQUISITION PROPERTIES			
1372 Broadway	31	22.21	21.35
1140 Ave. of Ams.	40	26.93	24.92
Total/Weighted Average	242	$ 24.29	$ 28.03

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(1) As used throughout this Prospectus, Annual Escalated Rent represents the annualized monthly base rent in effect as of March 31, 1997 (after giving effect to any contractual increases in monthly base rent that have occurred up to such date) including annualized monthly tenant pass-throughs of operating and other expenses (but excluding tenant electricity costs) under each lease executed as of March 31, 1997, or, if such monthly rent has been reduced by a temporary rent concession, the monthly rent that would have

been in effect at such date in the absence of such concession.

(2) Annual Escalated Rent Per Leased Square Foot, as used throughout this Prospectus, represents Annual Escalated Rent, as described in footnote (1) above, presented on a per leased square foot basis.

(3) As used throughout this Prospectus, Annual Net Effective Rent Per Leased Square Foot represents (a) for leases in effect at the time an interest in the relevant property was first acquired by SL Green, the remaining lease payments under the lease divided by the number of months remaining under the lease multiplied by 12 and (b) for leases entered into after an interest in the relevant property was first acquired by SL Green and for leases at the Acquisition Properties, all lease payments under the lease divided by the number of months in the lease multiplied by 12, and, in the case of both (a) and (b), adjusted for tenant improvement costs and leasing commissions, if any, paid or payable by SL Green and presented on a per leased square foot basis. In certain cases, Annual Net Effective Rent Per Leased Square Foot may exceed Annual Escalated Rent Per Leased Square Foot as a result of the provision for future contractual increases in rental payments in the Annual Net Effective Rent Per Leased Square Foot data.

(4) 470 Park Avenue South is comprised of two buildings, 468 Park Avenue South (a 17-story office building) and 470 Park Avenue South (a 12-story office building).

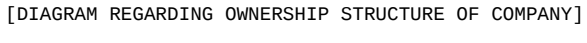
(5) SL Green first acquired an interest in the Bar Building in October 1996. SL Green has commenced an aggressive leasing program at the Property and as of May 31, 1997, approximately 93% of the rentable square feet in the Property was leased. The Bar Building is comprised of two buildings, 36 West 44th Street (a 14-story building) and 35 West 43rd Street (a four-story building).

(6) Includes approximately 1,718,000 square feet of rentable office space, 137,000 square feet of rentable retail space and 30,000 square feet of garage space.

STRUCTURE OF THE COMPANY

The Company will be the sole general partner of SL Green Operating Partnership, L.P., a Delaware limited partnership (the "Operating Partnership"). The Company will conduct substantially all of its business, and will hold all of its interests in the Properties, through the Operating Partnership. As the sole general partner of the Operating Partnership, the Company will have exclusive power to manage and conduct the business of the Operating Partnership, subject to certain exceptions (including the Lock-out Provisions). See "Partnership Agreement."

The following diagram depicts the ownership structure of the Company upon completion of the Offering and the Formation Transactions (as defined below):



FORMATION TRANSACTIONS

Certain transactions have been consummated or will be consummated concurrently with the completion of the Offering. These transactions (the "Formation Transactions") include the following:

- The Company was organized as a Maryland corporation and the Operating Partnership was organized as a Delaware limited partnership in June 1997.

- Lehman Brothers Holdings Inc. ("LBHI"), an affiliate of Lehman Brothers Inc., entered into a credit agreement with SL Green pursuant to which LBHI agreed to loan to SL Green up to $40 million (the "LBHI Loan") which will be used to acquire interests in the Core Portfolio and the Acquisition Properties, to fund property related operating expenses, to fund organizational expenses of the Company and to purchase short-term United States Treasury instruments ("Treasury Securities"). The LBHI Loan will be secured by partnership interests in certain Property-owning entities and the Treasury Securities.

- The Company will sell 8,100,000 shares of Common Stock in the Offering and will contribute the net proceeds therefrom to the Operating Partnership in exchange for 8,100,000 Units (representing approximately an 84% economic interest in the Operating Partnership after the Offering).

- The Operating Partnership will receive a contribution of its interests in the Core Portfolio as well as 95% of the economic interest in S.L. Green Management Corp. (the "Management Corporation"), S.L. Green Realty, Inc. (the "Leasing Corporation") and Emerald City Construction Corp. (the "Construction Corporation", and together with the Management Corporation and the Leasing Corporation, the "Service Corporations") from the Property-owning entities, the partners or members of such entities and the holders of interests in the Service Corporations. As consideration therefor, the Operating Partnership will issue to such entities, partners or members and holders 1,130,395 Units (having an aggregate value of approximately $22.6 million, based on the assumed initial offering price) and approximately $6.4 million.

- The management and leasing business of SL Green with respect to the Properties in which the Company will have a 100% membership interest will be transferred to SL Green Management LLC (the "Management LLC" and, together with the Management Corporation, the "Management Entities"), a limited liability company in which the Company will own all of the economic interest.

- The Operating Partnership will obtain for $500,000 an option to acquire 50 West 23rd Street, a 333,000 rentable square foot office property in midtown Manhattan (the "Option Property") from an unaffiliated seller for a purchase price of $36 million in cash. See "The Properties--The Option Property."

- The Operating Partnership will acquire interests in the Acquisition Properties for an aggregate purchase price of approximately $73.4 million, to be funded with net proceeds from the Offering and mortgage financing.

- The Operating Partnership will use approximately $74.1 million of net proceeds from the Offering to repay mortgage debt encumbering the Core Portfolio and the LBHI Loan (including $1.7 million in prepayment penalties, fees and other costs and excluding approximately $7.5 million in proceeds drawn under the LBHI Loan to fund purchase of the Acquisition Properties).

- The Company will issue to Victor Capital Group, L.P. ("Victor Capital") 45,495 shares of restricted Common Stock and the Operating Partnership will pay $900,000 (funded with borrowings under the LBHI Loan and proceeds from the Offering) to Victor Capital as consideration for financial advisory services rendered to the Company in connection with the Formation Transactions.

Additional information regarding the Formation Transactions is set forth under "Structure and Formation of the Company--Formation Transactions."

BENEFITS TO RELATED PARTIES

Certain affiliates of the Company will realize certain material benefits in connection with the Formation Transactions and the Offering, including the following:

- Certain SL Green entities (including entities owned by Stephen L. Green) will receive 887,895 Units in consideration for their interests in the Properties, Property-owning entities and the management, leasing and construction businesses of SL Green with a total value of approximately $17.8 million, based on the assumed initial public offering price (representing approximately 9.2% of the equity of the Company on a fully-diluted basis).

- The Operating Partnership will use $20 million to repay a portion of the LBHI Loan that was made to an SL Green entity (which is indirectly owned by Stephen L. Green) and invested in Treasury Securities pledged as collateral therefor (which, upon repayment of the LBHI Loan, will be released to such SL Green entity).

- Certain members of SL Green management (including Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) own an aggregate of 383,110 shares of restricted Common Stock that initially will have a value of $7.7 million, based on the assumed initial public offering price.

- Certain members of SL Green management (including Stephen L. Green, Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) will become officers and/or directors of the Company. In addition, each of such persons will enter into three year employment and noncompetition agreements with the Company. See "Management--Employment and Noncompetition Agreements." Also, the Company will grant to directors, officers and employees of the Company options to purchase an aggregate of 660,000 shares of Common Stock at the initial public offering price under the Company's stock option plan, subject to certain vesting requirements. See "Management."

- The structure of the Formation Transactions will provide the Unit recipients (including the members of management referred to above) the opportunity for deferral of the tax consequences of their contribution to the Operating Partnership of their interests in the Properties, Property-owning entities and Service Corporations.

- An SL Green entity will own all of the voting stock of each of the Service Corporations (representing a 5% equity interest therein).

- Pursuant to the Lock-out Provisions, the Company will be restricted in its ability to sell, or reduce the amount of mortgage indebtedness on, two of the Properties (673 First Avenue and 470 Park Avenue South) for up to 12 years following the completion of the Offering, which could enable certain participants in the Formation Transactions (including certain SL Green entities) to defer certain tax consequences associated with the Formation Transactions.

- Persons or entities receiving Units in the Formation Transactions (including entities owned by Stephen L. Green) will have registration rights with respect to shares of Common Stock issued in exchange for Units.

Additional information concerning benefits to related parties is set forth under "Structure and Formation of the Company--Benefits to Related Parties."

Common Stock Offered by the Company.....	8,100,000 shares
Common Stock Outstanding After the Offering.....	8,528,605 shares(1)
Common Stock and Units Outstanding After the Offering.....	9,659,000 shares and Units (2)
Use of Proceeds.....	To repay mortgage indebtedness, to acquire interests in the Properties, to pay Formation Transaction expenses and to repay $39.4 million outstanding under the LBHI Loan.
Proposed NYSE Symbol.....	"SLG"

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(1) Includes 428,605 shares of restricted Common Stock to be issued in the Formation Transactions.

(2) Includes 1,130,395 Units expected to be issued in connection with the Formation Transactions that may be exchanged for cash or, at the option of the Company, shares of Common Stock on a one-for-one basis generally commencing two years after completion of the Offering. Excludes 1,215,000 shares that are issuable upon exercise of the Underwriters' over-allotment option and 660,000 shares reserved for issuance upon the exercise of stock options to be granted pursuant to the Company's 1997 Stock Option Plan concurrently with the Offering.

DISTRIBUTIONS

The Company intends to make regular quarterly distributions to holders of its Common Stock. The initial distribution, covering a partial quarter commencing on the date of the closing of the Offering and ending on September 30, 1997, is expected to be $ per share, which represents a pro rata distribution based upon a full quarterly distribution of $.3625 per share and an annual distribution of $1.45 per share (or an annual distribution rate of approximately 7.25%, based on an assumed initial public offering price of $20.00). See "Distributions."

The Company intends initially to distribute annually approximately % of estimated cash available for distribution. The Company's estimate of cash available for distribution for the twelve months ending March 31, 1998 is based upon pro forma Funds from Operations (as defined below) for the 12 months ended March 31, 1997, with certain adjustments as described in "Distributions." The Company anticipates that approximately % (or $ per share) of the distributions intended to be paid by the Company for the 12-month period following the completion of Offering will represent a return of capital for Federal income tax purposes and in such event will not be subject to Federal income tax under current law to the extent such distributions do not exceed a stockholder's basis in his Common Stock. The Company intends to maintain its initial distribution rate for the 12-month period following the completion of the Offering unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in its estimate. Distributions by the Company will be determined by the Board of Directors and will be dependent upon a number of factors, including revenue received from the Company's properties, the operating expenses of the Company, interest expense, the ability of tenants at the Company's properties to meet their financial obligations and unanticipated capital expenditures. The Company believes that its estimate of cash available for distribution is reasonable; however, no assurance can be given that the estimate will prove accurate, and actual distributions may therefore be significantly different from expected distributions. See "Distributions." The Company does not intend to reduce the expected distribution per share if the Underwriters' over-allotment option is exercised.

TAX STATUS OF THE COMPANY

The Company intends to elect to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ending December 31, 1997, and believes its organization and proposed method of operation will enable it to meet the requirements for qualification as a REIT. To maintain REIT status, an entity must meet a number of organizational and operational requirements. In addition, in order to maintain its qualification as a REIT under the Code, the Company generally will be required each year to distribute at least 95% of its net taxable income (excluding any net capital gain). See "Federal Income Tax Consequences--Taxation of the Company--Annual Distribution Requirements." As a REIT, the Company generally will not be subject to Federal income tax on net income it distributes currently to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to Federal income tax at regular corporate rates. See "Federal Income Tax Consequences--Taxation of the Company--Failure to Qualify" and "Risk Factors-- Tax Risks--Failure to Qualify as a REIT." Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain Federal, state and local taxes on its income and property.

SUMMARY SELECTED FINANCIAL INFORMATION

The following table sets forth summary selected financial and operating information on a pro forma basis for the Company, and on a historical combined basis for the SL Green Predecessor (as defined below), and should be read in conjunction with all of the financial statements and notes thereto included in this Prospectus. The combined historical balance sheet information as of December 31, 1996 and 1995 and statements of income for the years ended December 31, 1996, 1995, and 1994 of the SL Green Predecessor have been derived from the historical combined financial statements audited by Ernst & Young LLP, independent auditors, whose report with respect thereto is included elsewhere in this Prospectus. The operating data for the three months ended March 31, 1997 and 1996 and the years ended December 31, 1993 and 1992 have been derived from the unaudited combined financial statements of the SL Green Predecessor. In the opinion of management of the SL Green Predecessor, the operating data for the three months ended March 31, 1997 and 1996 and the years ended December 31, 1993 and 1992 include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information set forth therein. The results of operations for the interim periods ended March 31, 1997 and 1996 are not necessarily indicative of the result to be obtained for the full fiscal year.

The "SL Green Predecessor" consists of 100% of the net assets and results of operations of two Properties, 1414 Avenue of the Americas and 70 West 36th Street, equity interests in four other Properties, 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and the Bar Building (which interests are accounted for under the equity method) and 100% of the net assets and results of operations of the Service Corporations.

The unaudited pro forma financial and operating information for the Company as of and for the three months ended March 31, 1997 and the year ended December 31, 1996 assumes completion of the Offering and the Formation Transactions as of the beginning of the periods presented for the operating data and as of the stated date for the balance sheet data. The pro forma financial information is not necessarily indicative of what the actual financial position and results of operations of the Company would have been as of and for the period indicated, nor does it purport to represent the Company's future financial position and results of operations.

THE COMPANY (PRO FORMA) AND THE SL GREEN PREDECESSOR (HISTORICAL)
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

	THREE MONTHS ENDED MARCH 31,			YEAR ENDED DECEMBER 31,			
				HISTORICAL			
	PRO FORMA 1997	1997	1996	PRO FORMA 1996	1996	1995	1994
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)			
OPERATING DATA:							
TOTAL REVENUE	$ 12,525	$ 3,971	$ 2,307	$ 45,837	$ 10,182	$ 6,564	$ 6,600
PROPERTY OPERATING EXPENSE	3,667	814	733	14,908	3,197	2,505	2,009
REAL ESTATE TAXES	1,769	243	118	7,242	703	496	543
INTEREST	1,479	345	221	5,935	1,357	1,212	1,555
DEPRECIATION AND AMORTIZATION	1,509	271	175	6,248	975	775	931
MARKETING, GENERAL AND ADMINISTRATION	257	896	1,079	1,027	3,250	3,052	2,351
TOTAL EXPENSES	8,681	2,569	2,326	35,360	9,482	8,040	7,389
OPERATING INCOME (LOSS)	3,844	1,402	(19)	10,477	700	(1,476)	(789)
EQUITY IN NET INCOME (LOSS) OF UNCOMBINED JOINT VENTURES	(76)	(287)	(475)	(247)	(1,408)	(1,914)	(1,423)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM AND MINORITY INTEREST	$ 3,768	$ 1,115	$ (494)	$ 10,230	$ (708)	$ (3,390)	$ (2,212)
INCOME BEFORE EXTRAORDINARY ITEM AND MINORITY INTEREST PER SHARE	$ .39			$ 1.06			

	1993	1992
	(UNAUDITED)	(UNAUDITED)
OPERATING DATA:		
TOTAL REVENUE	$ 5,926	$ 5,516
PROPERTY OPERATING EXPENSE	1,741	1,431
REAL ESTATE TAXES	592	676
INTEREST	1,445	1,440
DEPRECIATION AND AMORTIZATION	850	773
MARKETING, GENERAL AND ADMINISTRATION	1,790	1,531
TOTAL EXPENSES	6,418	5,851
OPERATING INCOME (LOSS)	(492)	(335)
EQUITY IN NET INCOME (LOSS) OF UNCOMBINED JOINT VENTURES	88	(2,227)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM AND MINORITY INTEREST	$ (404)	$ (2,562)
INCOME BEFORE EXTRAORDINARY ITEM AND MINORITY INTEREST PER SHARE		

	AS OF MARCH 31, 1997		AS OF DECEMBER 31,				
			PRO FORMA	HISTORICAL	HISTORICAL		
	PRO FORMA	HISTORICAL	1996	1996	1995	1994	1993
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)				(UNAUDITED)
BALANCE SHEET DATA:							
COMMERCIAL REAL ESTATE, BEFORE ACCUMULATED DEPRECIATION	$ 210,010	$ 26,396	$ 209,424	$ 26,284	$ 15,559	$ 15,761	$ 15,352
TOTAL ASSETS	219,101	30,515	222,045	30,072	16,084	15,098	16,218
MORTGAGES AND NOTES PAYABLE	47,196	16,544	47,611	16,610	12,700	12,699	12,699
ACCRUED INTEREST PAYABLE	92	90	92	90	2,894	12,699	1,576
MINORITY INTEREST	15,746	0	15,780	0	0	0	0
OWNERS EQUITY (DEFICIT)	118,832	(7,563)	119,096	(8,405)	(18,848)	(15,520)	(13,486)
OTHER DATA:							
FUND FROM OPERATIONS	5,239	--	16,282	--			

NET CASH PROVIDED BY OPERATING ACTIVITIES	--	769	--	272
NET CASH PROVIDED BY FINANCING ACTIVITIES	--	(339)	--	11,960
NET CASH (USED IN) INVESTING ACTIVITIES	--	(112)	--	(12,375)

	1992 (UNAUDITED)
BALANCE SHEET DATA:	
COMMERCIAL REAL ESTATE, BEFORE ACCUMULATED DEPRECIATION	$ 16,080
TOTAL ASSETS	15,645
MORTGAGES AND NOTES PAYABLE	9,500
ACCRUED INTEREST PAYABLE	4,757
MINORITY INTEREST	0
OWNERS EQUITY (DEFICIT)	(8,449)
OTHER DATA:	
FUND FROM OPERATIONS	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
NET CASH PROVIDED BY FINANCING ACTIVITIES	
NET CASH (USED IN) INVESTING ACTIVITIES	

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(1) The Company generally considers Funds from Operations an appropriate measure of liquidity of an equity REIT because industry analysts have accepted it as a performance measure of equity REITs. "Funds from Operations" as defined by the National Association of Real Estate Investment Trusts ("NAREIT") means net income (computed in accordance with generally accepted accounting principles ("GAAP")) excluding gains (or losses) from debt restructuring and sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. The Company's Funds from Operations are not comparable to Funds from Operations reported by other REITs that do not define the term using the current NAREIT definition or that interpret the current NAREIT definition differently than does the Company. The Company believes that in order to facilitate a clear understanding of the combined historical operating results of the SL Green Predecessor and the Company, Funds from Operations should be examined in conjunction with net income as presented in the audited combined financial statements and information included elsewhere in this Prospectus. Funds from Operations does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income as an indication of the Company's performance or to cash flows as a measure of liquidity or ability to make distributions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity--Funds from Operations."

RISK FACTORS

An investment in the Common Stock involves various risks. Prospective investors should carefully consider the following information in conjunction with the other information contained in this Prospectus before making a decision to purchase Common Stock in the Offering.

DEPENDENCE ON MIDTOWN MARKETS DUE TO LIMITED GEOGRAPHIC DIVERSIFICATION

All of the Properties are located in midtown Manhattan. Like other office markets, the Midtown Markets have experienced downturns in the past, including most recently in the late 1980s and early 1990s, and future declines in the New York metropolitan economy or the Midtown Markets could adversely affect the Company's financial performance. The Company's financial performance and its ability to make distributions to stockholders are therefore dependent on conditions in the New York metropolitan economy and the Midtown Markets. The Company's revenue and the value of its properties may be affected by a number of factors, including the economic climate in metropolitan New York (which may be adversely affected by business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics, increased telecommuting, infra-structure quality, New York State and New York City budgetary constraints and priorities and other factors) and conditions in the Midtown Markets (such as oversupply of or reduced demand for office space). There can be no assurance as to the continued growth of the New York metropolitan economy, the continued strength of the Midtown Markets or the future growth rate of the Company.

NO ASSURANCE OF FAIR PRICE FOR COMPANY'S ASSETS

The amount of consideration in the Company to be received by SL Green and certain related parties in the Formation Transactions was not determined as a result of arm's length negotiations with such persons or with purchasers in the Offering. The amount of consideration to be paid by the Company to acquire interests in the Properties was determined by SL Green, and certain related persons will receive substantial economic benefits as a result of the consummation of the Formation Transactions and the Offering. See "Structure and Formation of the Company--Benefits to Related Parties." No independent valuations or appraisals of the Properties were obtained by the Company in connection with the acquisition of property interests in the Formation Transactions. Accordingly, there can be no assurance that the consideration to be paid by the Company for these interests represents the fair market value thereof or that such consideration does not exceed the estimates of value.

The valuation of the Company has not been determined by a valuation of its assets, but instead has been determined by SL Green and the Underwriters based upon a capitalization of the Company's pro forma Funds from Operations, estimated cash available for distribution and potential for growth, and the other factors discussed under "Underwriting." In determining the estimated initial public offering price, certain assumptions were made concerning the estimate of revenue to be derived from the Properties. See "Distributions." This methodology has been used because management believes that it is appropriate to value the Company as an ongoing business, rather than with a view to values that could be obtained from a liquidation of the Company or of individual assets owned by the Company. There can be no assurance that the price paid by the Company for its interests in the Properties and for its other assets will not exceed the fair market value of such assets, and it is possible that the market value of the Common Stock may exceed stockholders' proportionate share of the aggregate fair market value of such assets.

CONFLICTS OF INTEREST IN THE FORMATION TRANSACTIONS AND THE BUSINESS OF THE COMPANY

TAX CONSEQUENCES UPON SALE OR REDUCTION IN MORTGAGE INDEBTEDNESS. Certain holders of Units may experience different and more adverse tax consequences compared to those experienced by holders of shares of Common Stock or other holders of Units upon the sale of, or reduction of mortgage indebtedness on, any of the Company's properties. Therefore, such holders and the Company, may have different

objectives regarding the appropriate pricing and timing of any sale of, or reduction of mortgage indebtedness on, the Company's Properties, and regarding the appropriate characteristics of additional properties to be considered for acquisition. Certain directors and officers of the Company will be holders of Units, and their status as holders of Units may influence the Company not to sell particular properties, or not to pay down mortgage indebtedness on particular properties, even though such sales or debt paydowns might otherwise be financially advantageous to the Company and its stockholders. See "--Limitations on Ability to Sell or Reduce the Mortgage Indebtedness on Certain Properties" below.

RISK OF LESS VIGOROUS ENFORCEMENT OF TERMS OF CONTRIBUTION AND OTHER AGREEMENTS. Certain SL Green entities have ownership interests in the Properties and in the other assets to be acquired by the Company. Following the completion of the Offering and the Formation Transactions, the Company, under the agreements relating to the contribution of such interests, will be entitled to indemnification and damages in the event of breaches of representations or warranties made by such SL Green entities. In addition, Stephen L. Green, Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen will enter into employment and noncompetition agreements with the Company pursuant to which they will agree, among other things, not to engage in certain business activities in competition with the Company. See "Management--Employment and Noncompetition Agreements." To the extent that the Company chooses to enforce its rights under any of these contribution, employment and noncompetition agreements, it may determine to pursue available remedies, such as actions for damages or injunctive relief, less vigorously than it otherwise might because of its desire to maintain its ongoing relationship with the individual involved.

FUTURE DEALINGS WITH AFFILIATES OF THE COMPANY. After the completion of the Offering and the Formation Transactions, two SL Green entities owned by a son of Stephen L. Green may provide cleaning and security services to office properties, including the Company's Properties. Although the Company believes that the terms and conditions of the contracts pursuant to which these services would be provided, taken as a whole, would not be less favorable to the Company than those which could have been obtained from a third party-providing comparable services, such contracts will not be the result of arm's length negotiations and, therefore, there can be no assurance to this effect. The Company has adopted certain policies relating to conflicts of interest. These policies include a resolution adopted by the Company's Board of Directors which requires all transactions in which executive officers or directors have a material conflicting interest to that of the Company to be approved by a majority of the disinterested directors or by the holders of a majority of the shares of Common Stock held by disinterested stockholders. There can be no assurance, however, that the Company's policies will be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all stockholders. See "Policies with Respect to Certain Activities--Conflict of Interest Policies."

OUTSIDE INTERESTS OF OFFICERS AND DIRECTORS. Certain officers and directors of the Company will continue to own direct and indirect interests in office properties and other real estate assets, which interests may give rise to certain conflicts of interest concerning the fulfillment of their responsibilities as officers and directors of the Company. See "The Properties--Assets Not Being Transferred to the Company." For a discussion of the role of the Company's disinterested directors and the Company's policies and agreements designed to minimize any adverse effects from these conflicts of interest, see "Policies with Respect to Certain Activities--Conflict of Interest Policies."

RISKS ASSOCIATED WITH RAPID GROWTH; RISKS ASSOCIATED WITH THE ACQUISITION OF SUBSTANTIAL NEW PROPERTIES; LACK OF OPERATING HISTORY

The Company is experiencing a period of rapid growth. The Company's ability to manage its growth effectively will require it to integrate successfully its new acquisitions. Including the Acquisition Properties, two of the Properties have relatively short or no operating history under management by SL Green. SL Green has had limited control over the operation of these Properties, and such Properties may have

characteristics or deficiencies unknown to the Company affecting their valuation or revenue potential. No assurance can be given as to the future operating performance of these Properties under the Company's management.

The Company is currently under contract to acquire two Class B office properties encompassing approximately 700,000 rentable square feet. See "The Properties--The Acquisition Properties." In addition, the Company expects to own an option to purchase an additional 333,000 rentable square foot Class B office property. See "The Properties--The Option Property." In the future, the Company expects to acquire additional office properties. As noted above, acquisitions entail the risk that investments will fail to perform in accordance with expectations, including operating and leasing expectations. The Company anticipates that certain of its acquisitions will be financed using the proceeds of periodic equity or debt offerings, lines of credit or other forms of secured or unsecured financing that will result in a risk that permanent financing for newly acquired projects might not be available or would be available only on disadvantageous terms. If permanent debt or equity financing is not available on acceptable terms to refinance acquisitions undertaken without permanent financing, further acquisitions may be curtailed or cash available for distribution may be adversely affected. In addition, it is anticipated that acquisition risks may be heightened for acquisitions of Manhattan office properties due to the large size of many Manhattan office properties and the complexity of acquisition transactions in the Manhattan office market. See "--Other Risks of Ownership of Common Stock--Dependence on External Sources of Capital" below.

LIMITATIONS ON ABILITY TO SELL OR REDUCE THE MORTGAGE INDEBTEDNESS ON CERTAIN PROPERTIES

In connection with the solicitation of approval of partners or members in the various Property-owning entities to transfer their interests to the Company, the Company agreed to certain restrictions relating to future capital transactions involving two of the Properties. Pursuant to the Lock-out Provisions, the Company may not sell its interest in (except in certain events, including certain transactions that would not result in the recognition of any gain for tax purposes) or, earlier than one year prior to its maturity, reduce the mortgage indebtedness (other than pursuant to scheduled amortization) on 673 First Avenue or 470 Park Avenue South during the Lock-out Period without, in the case of each such Property, the consent of holders of 75% of the Units originally issued to limited partners in the Operating Partnership who immediately prior to completion of the Formation Transactions owned direct or indirect interests in such Property that remain outstanding at the time of such vote (other than Units held by the Company and Units the adjusted tax basis of which have been increased to reflect fair market value through a taxable disposition or otherwise). (This vote requirement does not apply to a sale of all or substantially all of the assets of the Operating Partnership, but such a transaction during the Lock-out Period generally would require the approval of the holders, as a group, of 75% of the aggregate Units originally issued with respect to 673 First Avenue and 470 Park Avenue South that remain outstanding (excluding Units held by the Company and Units the adjusted tax basis of which have been increased to reflect fair market value through a taxable disposition or otherwise) unless the transaction would not result in the recognition of any gain for tax purposes with respect to such Units and certain other conditions are satisfied.) In addition, during the Lock-out Period, the Company is obligated to use commercially reasonable efforts, commencing one year prior to the stated maturity, to refinance at maturity (on a basis that is nonrecourse to the Operating Partnership and the Company, with the least amount of principal amortization as is available on commercially reasonable terms) the mortgage indebtedness secured by each of these two Properties at not less than the principal amount outstanding on the maturity date. Finally, during the Lock-out Period, the Company may not incur debt secured by either of these two Properties if the amount of the new debt would exceed the greater of 75% of the value of the Property securing the debt or the amount of existing debt being refinanced (plus costs associated therewith). Thus, the Lock-out Provisions materially restrict the Company from selling or otherwise disposing of its interest in, or refinancing indebtedness encumbering, 673 First Avenue and 470 Park Avenue South without obtaining such consents. The Lock-out Provisions apply even if it would otherwise be in the best interest of the stockholders for the Company to

sell its interest in these two Properties, reduce the outstanding indebtedness with respect to either of these Properties or not refinance such indebtedness on a nonrecourse basis at maturity, or increase the amount of indebtedness with respect to these two Properties.

The Lock-out Provisions may impair the ability of the Company to take actions during the Lock-out Period that would otherwise be in the best interests of the Company's stockholders and, therefore, may have an adverse impact on the value of the Common Stock (relative to the value that would result if the Lock-out Provisions did not exist). In particular, the Lock-out Provisions could preclude the Operating Partnership (and thus the Company) from participating in certain major transactions that could result in a disposition of the Operating Partnership's assets or a change in control of the Company that would result in the recognition of gain with respect to the holders of Units issued with respect to 673 First Avenue or 470 Park Avenue South even though such disposition or change in control might be in the best interests of the stockholders. See "Partnership Agreement--Operational Matters--Sales of Assets."

The Company anticipates that, in connection with future acquisitions of interests in properties in which the Company uses Units as consideration, the Company may agree to limitations on its ability to sell, or reduce the amount of mortgage indebtedness on, such acquired properties, which may increase the Company's leverage. Such limitations may impair the Company's ability to take actions that would otherwise be in the best interests of its stockholders and, therefore, may have an adverse impact on the value of the Common Stock (relative to the value that would result if such limitations did not exist). Such possible future limitations, together with the Lock-out Provisions, may restrict the ability of the Company to sell substantially all of its assets, even if such a sale would be in the best interests of its stockholders.

LIMITS ON CHANGES IN CONTROL

POTENTIAL EFFECTS OF OWNERSHIP LIMITATION. In order to maintain its qualification as a REIT, not more than 50% in value of the outstanding capital stock of the Company may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year) (the "Five or Fewer Requirement"). In order to protect the Company against the risk of losing REIT status due to a concentration of ownership among its stockholders, the Company's Articles of Incorporation (the "Charter") limits ownership of the issued and outstanding Common Stock by any single stockholder to 9.0% of the lesser of the number or value of the outstanding shares of Common Stock from time to time (the "Ownership Limit"). See "Capital Stock--Restrictions on Transfer." Although the Board of Directors presently has no intention of doing so, the Board of Directors could waive these restrictions if evidence satisfactory to the Board of Directors and the Company's tax counsel was presented that the changes in ownership will not then or in the future jeopardize the Company's status as a REIT and the Board of Directors otherwise decided such action would be in the best interests of the Company. Shares acquired or transferred in breach of the limitation will be automatically transferred to a trust for the exclusive benefit of one or more charitable organizations and the purchaser-transferee shall not be entitled to vote or to participate in dividends or other distributions. In addition, shares of Common Stock acquired or transferred in breach of the limitation may be purchased from such trust by the Company for the lesser of the price paid and the average closing price for the ten trading days immediately preceding redemption. A transfer of shares to a person who, as a result of the transfer, violates the Ownership Limit will be void. See "Capital Stock--Restrictions on Transfer" for additional information regarding the Ownership Limit.

The Ownership Limit may have the effect of delaying, deferring or preventing a transaction or a change in control of the Company that might involve a premium price for the Common Stock or otherwise be in the best interests of the stockholders. See "Capital Stock--Restrictions on Transfer."

POTENTIAL EFFECTS OF STAGGERED BOARD. The Company's Board of Directors will be divided into three classes. The initial terms of the first, second and third classes will expire in 1998, 1999 and 2000, respectively. Beginning in 1998, directors of each class will be chosen for three-year terms upon the

expiration of their current terms and each year one class of directors will be elected by the stockholders. The staggered terms for directors may reduce the possibility of a tender offer or an attempt to effect a change in control of the Company, even if a tender offer or a change in control would be in the best interests of the stockholders.

FUTURE ISSUANCES OF COMMON STOCK. The Charter authorizes the Board of Directors to issue additional shares of Common Stock without shareholder approval. Any such issuance could have the effect of diluting existing shareholders' interests in the Company.

PREFERRED STOCK. The Charter authorizes the Board of Directors to issue up to 25 million shares of preferred stock, $.01 par value per share (the "Preferred Stock" and, together with the Common Stock, the "Stock"), to reclassify unissued shares of Stock, and to establish the preferences, conversion and other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications, and terms and conditions of redemption for each such class or series of any Preferred Stock issued. No shares of Preferred Stock will be issued or outstanding as of the closing of the Offering.

LIMITATIONS ON ACQUISITION OF AND CHANGES IN CONTROL PURSUANT TO MARYLAND LAW. Certain provisions of the Maryland General Corporation Law (the "MGCL") may have the effect of inhibiting a third party from making an acquisition proposal for the Company or of impeding a change in control of the Company under circumstances that otherwise could provide the holders of shares of Common Stock with the opportunity to realize a premium over the then-prevailing market price of such shares. See "Certain Provisions of Maryland Law and the Company's Charter and ByLaws."

REAL ESTATE INVESTMENT RISKS

REAL ESTATE OWNERSHIP RISKS. Real estate investments are subject to varying degrees of risk. The yields available from equity investments in real estate and the Company's ability to service debt depend in large part on the amount of income generated, expenses incurred and capital expenditures required. The Company's income and ability to make distributions to its stockholders is dependent upon the ability of its property to generate income in excess of its requirements to meet operating expenses, including debt service and capital expenditures. The Company's income from office properties and the value of its properties may be significantly adversely affected by a number of factors, including national, state and local economic climates and real estate conditions (such as an oversupply of or a reduction in demand for office space in the area; the perceptions of tenants and prospective tenants of the safety, convenience and attractiveness of the Company's properties; the Company's ability to provide adequate management, maintenance and insurance; the quality, philosophy and performance of the Company's management; competition from comparable properties; the occupancy rate of the Company's properties; the ability to collect on a timely basis all rent from tenants; the effects of any bankruptcies or insolvencies of major tenants; the expense of periodically renovating, repairing and re-leasing space (including, without limitation, substantial tenant improvement costs and leasing costs of re-leasing office space); and increasing operating costs (including increased real estate taxes) which may not be passed through fully to tenants). In addition, income from properties and real estate values also are affected by such factors as the cost of compliance with laws, including zoning and tax laws, the potential for liability under applicable laws, interest rate levels and the availability of financing. Certain significant expenditures associated with equity investments in real estate (such as mortgage payments, real estate taxes, insurance and maintenance costs) also may not be reduced if circumstances cause a reduction in income from a property. If any of the above occurred, the Company's ability to make expected distributions to its stockholders could be adversely affected.

TENANT DEFAULTS AND BANKRUPTCY. Substantially all of the Company's income will be derived from rental income from its properties and, consequently, the Company's distributable cash flow and ability to make expected distributions to stockholders would be adversely affected if a significant number of tenants

at its properties failed to meet their lease obligations. At any time, a tenant at a property in which the Company has an interest may seek the protection of the bankruptcy laws, which could result in delays in rental payments or in the rejection and termination of such tenant's lease, thereby causing a reduction in the Company's cash flow and, possibly, the amounts available for distribution to stockholders. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if any tenants file, that they will affirm their leases and continue to make rental payments in a timely manner. In addition, a tenant from time to time may experience a downturn in its business which may weaken its financial condition and result in the failure to make rental payments when due. If tenant leases are not affirmed following bankruptcy or if a tenant's financial condition weakens, the Company's cash flow and ability to make expected distributions to its stockholders could be adversely affected. While SL Green has not experienced any significant interruption of its cash flow due to tenant defaults in the past five years, no assurance can be given that the Company will not experience significant tenant defaults in the future.

RISKS OF LEASE RENEWAL AND RE-LEASING OF SPACE. The Company will be subject to the risk that upon expiration of leases for space located in the Properties, the leases may not be renewed, the space may not be re-leased or the terms of renewal or re-leasing (including the cost of required renovations) may be less favorable than current lease terms.

ILLIQUIDITY OF REAL ESTATE. Real estate investments are relatively illiquid and, therefore, will tend to limit the ability of the Company to sell and purchase properties promptly in response to changes in economic or other conditions. In addition, the Code places limits on the Company's ability to sell properties held for fewer than four years, and the Lock-out Provisions impose certain special restrictions with respect to the sale of certain of the Properties during the Lock-out Period. These considerations could make it difficult for the Company to sell properties, even if a sale were in the best interests of the Company's stockholders.

OPERATING RISKS. The Properties will be subject to operating risks common to commercial real estate in general, any and all of which may adversely affect occupancy or rental rates. The Properties are subject to increases in operating expenses such as cleaning; electricity; heating, ventilation and air conditioning ("HVAC"); elevator repair and maintenance; insurance and administrative costs; and other general costs associated with security, repairs and maintenance. While the Company's tenants generally are currently obligated to pay a portion of these escalating costs, there can be no assurance that tenants will agree to pay such costs upon renewal or that new tenants will agree to pay such costs. If operating expenses increase, the local rental market may limit the extent to which rents may be increased to meet increased expenses without decreasing occupancy rates. While the Company implements cost saving incentive measures at each of its Properties, if any of the above occurs, the Company's ability to make distributions to stockholders could be adversely affected.

RISKS OF INVESTMENTS IN MORTGAGE LOANS. To the extent the Company invests in mortgage loans, such mortgage loans may or may not be recourse obligations of the borrower and generally will not be insured or guaranteed by governmental agencies or otherwise. In the event of a default under such obligations, the Company may have to foreclose its mortgage or protect its investment by acquiring title to a property and thereafter making substantial improvements or repairs in order to maximize the property's investment potential. Borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. Relatively high "loan-to-value" ratios and declines in the value of the property may prevent the Company from realizing an amount equal to its mortgage loan upon foreclosure. Upon completion of the Formation Transactions, the Company will acquire a mortgage interest in the Bar Building and 1372 Broadway, which mortgage interests will provide the Company with substantially all control over and economic interest derived from such Properties. See "The Properties--36 West 44th Street (The Bar Building)" and "--Acquisition Properties--1372 Broadway."

LACK OF CONTROL AND OTHER RISKS OF JOINT VENTURE INVESTMENTS. The Company may co-invest with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity and, therefore, will not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures, or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that the Company's partners or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions, that such partners or co-venturers might at any time have economic or other business interests or goals which are inconsistent with the business interests or goals of the Company, and that such partners or co-venturers may be in a position to take action contrary to the instructions or the requests of the Company and contrary to the Company's policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither the Company nor the partner or co-venturer would have full control over the partnership or joint venture. Consequently, actions by such partner or co-venturer might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, the Company may in certain circumstances be liable for the actions of its third-party partners or co-venturers. The Company will seek to maintain sufficient control of such entities to permit it to achieve its business objectives.

NET LEASES. As described herein, upon completion of the Offering, with respect to three of the Properties (35 West 43rd Street (a part of the Bar Building), 673 First Avenue and 1140 Avenue of the Americas), the Company will hold a long-term leasehold interest in the land and the improvements. Accordingly, unless the Company can purchase the subject real estate or extend the terms of these leases before their expiration, the Company will lose its interest in the improvements and land upon expiration of the leases, the remaining terms of which exceeds 83 years in the case of 35 West 43rd Street, 40 years in the case of 673 First Avenue and 19 years (with an option to extend for a further 50 year term) in the case of 1140 Avenue of the Americas. The lease for 35 West 43rd Street contains a right of first refusal (which will run for the benefit of the Company), to purchase fee title to the land and building if the owner desires to sell its interest. The lease for 673 First Avenue contains a right of first offer (which will run for the benefit of the Company), whereby if the current fee owner of the Property wishes to create a new underlying lease of the land and building (the term of which would extend beyond the term of the existing lease), then the Company will have a right of first offer to enter into the new underlying lease. See "The Properties."

RELIANCE ON MAJOR TENANTS. On a pro forma basis (giving effect to signed leases in effect as of March 31, 1997) during the year ended March 31, 1997, two tenants (Kallir Philips Ross, a subsidiary of The Omnicom Group Ltd. and New York Hospital) each accounted for more than 4% of the Company's pro forma total annual escalated rental revenues, and 11 tenants collectively accounted for approximately 36.2% of the Company's pro forma total annual escalated rental revenues. In addition, New York Hospital occupied 65,000 rentable square feet of additional space pursuant to subleases. See "The Properties--The Portfolio--Tenant Diversification." The Company would be adversely affected in the event of a bankruptcy or insolvency of, or a downturn in the business of, any major tenant which resulted in a failure or delay in such tenant's rent payments.

RISKS OF ADVERSE EFFECT ON COMPANY FROM DEBT SERVICING AND REFINANCING, INCREASES IN INTEREST RATES, FINANCIAL COVENANTS AND ABSENCE OF LIMITATION ON DEBT

DEBT FINANCING. The Company is subject to the risks normally associated with debt financing, including the risk that the Company's cash flow will be insufficient to meet required payments of principal and interest, the risk of violating loan covenants, the risk of rising interest rates on the Company's variable rate debt and the risk that the Company will not be able to repay or refinance existing indebtedness on its properties at maturity (which generally will not have been fully amortized at maturity) or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. There can be no assurance that the Company will be able to refinance any indebtedness it may incur or otherwise obtain funds by selling assets or raising equity to make required payments on indebtedness. In addition, the Company's ability to sell certain Properties or refinance indebtedness encumbering such Properties will be restricted by the Lock-Out Provisions.

If one or more properties are mortgaged to secure payment of indebtedness and the Company is unable to generate funds to cover debt service, the mortgage securing such properties could be foreclosed upon by, or such properties could otherwise be transferred to, the mortgagee with a consequent loss of income and asset value to the Company. Although no Property owned or controlled by SL Green has been subject to bankruptcy proceedings, during the downturn in the real estate market in the late 1980s and early 1990s, certain real estate assets (including one office property in Manhattan and one office property in Hempstead, New York) owned by partnerships affiliated with SL Green did not generate sufficient cash flow to service the debt secured by such properties. As a result, the partnerships which owned these properties have transferred or agreed to transfer the properties to the lenders in satisfaction of the loans.

RISK OF RISING INTEREST RATES. Advances under the Credit Facility (defined below) will bear interest at a variable rate. In addition, the Company may incur indebtedness in the future that also bears interest at a variable rate or may be required to refinance its debt at higher rates. Accordingly, increases in interest rates could increase the Company's interest expense, which could adversely affect the Company's ability to pay expected distributions to stockholders.

CREDIT FACILITY REQUIREMENTS. The Company currently is engaged in discussions with various lenders regarding the establishment of a revolving credit facility (the "Credit Facility") that will be used to facilitate acquisitions and for working capital purposes. Although the Company expects that the Credit Facility will be established shortly after the completion of the Offering, there can be no assurance at this time as to whether the Company will be successful in obtaining the Credit Facility or, if the Credit Facility is established, the terms thereof.

It is anticipated that borrowings under the Credit Facility will be secured by a first mortgage lien on certain Properties in which the Operating Partnership will acquire interests therein in connection with the Formation Transactions. If payments required under the Credit Facility cannot be made or if there should occur other events of default, the lender may seek to foreclose on those assets securing borrowings under the Credit Facility which could have a material adverse effect on the ability of the Company to make expected distributions to stockholders and distributions required by the REIT provisions of the Code. In addition, upon expiration of the term of the Credit Facility, it is anticipated that the Operating Partnership will be required to obtain an extension or renewal of the Credit Facility or refinance borrowings thereunder through the issuance of debt or equity securities or alternative lending sources. See "The Properties--The Credit Facility."

NO LIMITATION ON DEBT. Upon completion of the Offering and the Formation Transactions, the debt to market capitalization ratio ("Debt Ratio") of the Company will be approximately 19.4%. The Company currently has a policy of incurring debt only if upon such incurrence the Company's Debt Ratio would be 50% or less. However, the organizational documents of the Company do not contain any limitation on the amount of indebtedness the Company may incur. Accordingly, the Board of Directors could alter or

eliminate this policy and would do so, for example, if it were necessary in order for the Company to continue to qualify as a REIT. If this policy were changed, the Company could become more highly leveraged, resulting in an increase in debt service that could adversely affect the Company's cash available for distribution to stockholders and could increase the risk of default on the Company's indebtedness. See "Policies with Respect to Certain Activities--Financing Policies."

The Company has established its debt policy relative to the total market capitalization of the Company rather than relative to the book value of its assets. The Company has used total market capitalization because it believes that the book value of its assets (which to a large extent is the depreciated original cost of real property, the Company's primary tangible assets) does not accurately reflect its ability to borrow and to meet debt service requirements. The market capitalization of the Company, however, is more variable than book value, and does not necessarily reflect the fair market value of the underlying assets of the Company at all times. The Company also will consider factors other than market capitalization in making decisions regarding the incurrence of indebtedness, such as the purchase price of properties to be acquired with debt financing, the estimated market value of its properties upon refinancing and the ability of particular properties and the Company as a whole to generate cash flow to cover expected debt service.

IMMEDIATE AND SUBSTANTIAL DILUTION

As set forth more fully under "Dilution," the pro forma net tangible book value per share of the assets of the Company after the Offering will be substantially less than the estimated initial public offering price per share in the Offering. Accordingly, purchasers of the Common Stock offered hereby will experience immediate and substantial dilution of $6.54 in the net tangible book value of the Common Stock from the assumed initial public offering price. See "Dilution."

RISKS OF FAILURE TO QUALIFY AS A REIT AND OTHER TAX LIABILITIES

FAILURE TO QUALIFY AS A REIT. The Company intends to operate so as to qualify as a REIT for Federal income tax purposes. The Company expects to qualify as a REIT, but no assurance can be given that it will so qualify or be able to remain so qualified. The Company has received an opinion of its counsel, Brown & Wood LLP, that, based on certain assumptions and representations, the Company is organized in conformity with the requirements for qualification as a REIT under the Code and the Company's proposed method of operation will enable it to meet the requirements for qualification and taxation as a REIT. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court. The REIT qualification opinion only represents the view of counsel to the Company based on counsel's review and analysis of existing law, which includes no controlling precedent. Furthermore, both the validity of the opinion and the qualification of the Company as a REIT will depend on the Company's continuing ability to meet various requirements concerning, among other things, the ownership of its outstanding stock, the nature of its assets, the sources of its income and the amount of its distributions to its stockholders. Because the Company has no history of operating so as to qualify as a REIT, there can be no assurance that the Company will do so successfully. See "Federal Income Tax Consequences--Taxation of the Company--Failure to Qualify."

If the Company were to fail to qualify as a REIT for any taxable year, the Company would not be allowed a deduction for distributions to its stockholders in computing its taxable income and would be subject to Federal income tax (including any applicable minimum tax) on its taxable income at regular corporate rates. Unless entitled to relief under certain Code provisions, the Company also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. As a result, cash available for distribution would be reduced for each of the years involved. In addition, although the Company intends to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause the Board of Directors, with the consent of stockholders holding at least a majority of all of the outstanding shares of

Common Stock, to revoke the REIT election. Furthermore, no assurance can be given that new legislation, Treasury Regulations, administrative interpretations or court decisions will not significantly change the tax laws with respect to the Company's qualification as a REIT or the Federal income tax consequences of such qualification. See "Federal Income Tax Consequences."

REIT MINIMUM DISTRIBUTION REQUIREMENTS. In order to qualify as a REIT, the Company generally will be required each year to distribute to its stockholders at least 95% of its net taxable income (excluding any net capital gain). In addition, the Company may be subject to income and excise tax if the Company does not meet certain distribution requirements. See "Federal Income Tax Consequences--Taxation of the Company--Annual Distribution Requirements."

The Company intends to make distributions to its stockholders to comply with the 95% distribution requirement and to avoid income and excise tax. The Company's income will consist primarily of its share of the income of the Operating Partnership, and the cash available for distribution by the Company to its stockholders will consist of its share of cash distributions from the Operating Partnership. Differences in timing between (i) the actual receipt of income and actual payment of deductible expenses, and (ii) the inclusion of such income and deduction of such expenses in arriving at taxable income of the Company, could require the Company, through the Operating Partnership, to borrow funds on a short-term basis to meet the 95% distribution requirement and to avoid income and excise tax. The requirement to distribute a substantial portion of the Company's net taxable income could cause the Company to distribute amounts that otherwise would be spent on future acquisitions, unanticipated capital expenditures or repayment of debt, which could require the Company to borrow funds or to sell assets to fund the costs of such items.

OTHER TAX LIABILITIES. Even if the Company qualifies as a REIT, it will be subject to certain Federal, state and local taxes on its income and property. In particular, the Company will derive a portion of its operating cash flow from the activities of the Service Corporations, which will be subject to Federal, state and local income tax. See "Federal Income Tax Consequences--Other Tax Considerations--Service Corporations."

COMPETITION

All of the Properties are located in highly developed areas of midtown Manhattan that include a large number of other office properties. Manhattan is by far the largest office market in the United States and contains more rentable square feet than the next six largest central business district office markets in the United States combined. Of the total inventory of 378 million rentable square feet in Manhattan, approximately 173 million rentable square feet is comprised of Class B office space and 205 million rentable square feet is comprised of Class A office space. Class A office properties are generally newer than Class B office properties, have higher finishes and command higher rental rates. Many tenants have been attracted to Class B properties in part because of their relatively less expensive rental rates (as compared to Class A properties) and the tightening of the Class A office market in midtown Manhattan. See "Market Overview." Consequently, an increase in vacancy rates and/or a decrease in rental rates for Class A office space would likely have an adverse effect on rental rates for Class B office space. Also, the number of competitive Class B office properties in Manhattan (some of which are newer and better located) could have a material adverse effect on the Company's ability to lease office space at its properties, and on the effective rents the Company is able to charge.

In addition, the Company may compete with other property owners that have greater resources than the Company. In particular, although currently no other publicly traded REITs have been formed primarily to own, operate and acquire Manhattan Class B office properties, the Company may in the future compete with such other REITs. In addition, the Company may face competition from other real estate companies (including other REITs that currently invest in markets other than Manhattan) that have greater financial resources than the Company or that are willing to acquire properties in transactions which are more highly leveraged than the Company is willing to undertake. The Company also will face competition from other

real estate companies that provide management, leasing, construction and other services similar to those to be provided by the Service Corporations. In addition, certain requirements for REIT qualification may in the future limit the Company's ability to increase operations conducted by the Service Corporations without jeopardizing the Company's qualification as a REIT. See "Federal Income Tax Consequences-- Other Tax Considerations--Service Corporations."

RISKS OF THIRD-PARTY PROPERTY MANAGEMENT, LEASING AND CONSTRUCTION BUSINESSES

The Company will be subject to the risks associated with the management, leasing and construction businesses that will be conducted by the Service Corporations. These risks include the risk that management and leasing contracts with third party property owners will not be renewed upon expiration (or will be canceled pursuant to cancellation options) or will not be renewed on terms at least as favorable to the Company as current terms, that the rental revenues upon which management, leasing and construction fees are based will decline as a result of general real estate market conditions or specific market factors affecting properties serviced by the Company, and that leasing and construction activity generally will decline. Each of these developments could adversely affect the revenues of the Management Corporation, the Leasing Corporation and the Construction Corporation and could adversely affect the ability of the Company to make expected distributions to its stockholders.

In order to maintain its qualification as a REIT, the Company will not have voting control over the Service Corporations. It currently is anticipated that an SL Green entity will own 100% of the voting common stock of each of the Service Corporations. As a result, the Company will not have the ability to elect or remove any members of the board of directors of the Management Corporation, the Leasing Corporation or the Construction Corporation, and, therefore, its ability to influence the day-to-day decisions of the Service Corporations will be limited. As a result, the boards of directors or management of the Service Corporations may implement business policies or decisions that might not have been implemented by persons elected by the Company and that are adverse to the interests of the Company or that lead to adverse financial results, which could adversely affect the ability of the Company to make expected distributions to the Company's stockholders.

POSSIBLE ENVIRONMENTAL LIABILITIES

Under various Federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up certain hazardous substances released at a property, and may be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by the parties in connection with any contamination. In addition, some environmental laws create a lien on a contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. Such laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, the release of hazardous substances. The cost of any required remediation and the owner's liability therefore as to any property is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. No assurances can be given that (i) a prior owner, operator or occupant, such as a tenant, did not create a material environmental condition not known to the Company or SL Green, (ii) a material environmental condition with respect to any Property does not exist, or (iii) future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations) will not result in the imposition of environmental liability.

The Company engaged independent environmental consulting firms to perform Phase I environmental site assessments on the Properties in order to assess existing environmental conditions. All of the Phase I assessments have been conducted since March 1997, except for the Bar Building, where a Phase I assessment was conducted in September 1996. All of the Phase I assessments met the requirements of the

American Society for Testing and Materials ("ASTM") Standard Practice for Phase I Environmental Site Assessments (the "ASTM Standard"). Under the ASTM Standard, a Phase I environmental site assessment consists of a site visit, a historical record review, a review of regulatory agency data bases and records, interviews, and a report, with the purpose of identifying potential environmental concerns associated with real estate. The Phase I assessments conducted at the Properties also addressed certain issues that are not covered by the ASTM Standard, including asbestos, radon, lead-based paint and lead in drinking water. These environmental site assessments did not reveal any known environmental liability that the Company believes will have a material adverse effect on the Company's financial condition or results of operations or would represent a material environmental cost, nor is the Company aware of any such material environmental liability. See "The Properties--Environmental Matters."

OTHER RISKS OF OWNERSHIP OF COMMON STOCK

ABSENCE OF PRIOR PUBLIC MARKET FOR COMMON STOCK. Prior to the completion of the Offering, there has been no public market for the Common Stock and there can be no assurance that an active trading market will develop or be sustained or that shares of Common Stock will be resold at or above the assumed initial public offering price. The initial public offering price of the Common Stock will be determined by agreement among the Company and the underwriters and may not be indicative of the market price for the Common Stock after the completion of the Offering. See "Underwriting."

EFFECT ON COMMON STOCK PRICE OF SHARES AVAILABLE FOR FUTURE SALE. Sales of a substantial number of shares of Common Stock, or the perception that such sales could occur, could adversely affect prevailing market prices of the Common Stock. Beginning up to two years after the completion of the Offering (or less in certain circumstances), holders of Units may be able to sell shares of Common Stock received upon exercise of their redemption right in the public market pursuant to registration or available exemptions from registration. Furthermore, a substantial number of shares of Common Stock will, pursuant to employee benefit plans, be issued or reserved for issuance from time to time, including shares of Common Stock reserved for issuance pursuant to options issued concurrently with the completion of the Offering, and these shares of Common Stock will be available for sale in the public market from time to time pursuant to exemptions from registration or upon registration. No prediction can be made about the effect that future sales of shares of Common Stock will have on the market price of the Common Stock.

EFFECT ON COMMON STOCK PRICE OF MARKET CONDITIONS. As with other publicly traded equity securities, the value of the Common Stock will depend upon various market conditions, which may change from time to time. Among the market conditions that may affect the value of the Common Stock are the following: the extent to which a secondary market develops for the Common Stock following the completion of the Offering; the extent of institutional investor interest in the Company; the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies); the Company's financial performance; and general stock and bond market conditions. Although the offering price of the Common Stock will be determined by the Company in consultation with the underwriters, there can be no assurance that the Common Stock will not trade below the offering price following the completion of the offering.

EFFECT ON COMMON STOCK PRICE OF GROWTH POTENTIAL AND CASH DISTRIBUTIONS. It is generally believed that the market value of the equity securities of a REIT is based primarily upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the value of the underlying assets. For that reason, shares of Common Stock may trade at prices that are higher or lower than the net asset value per share of Common Stock or per Unit. To the extent the Company retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of the Company's underlying assets, may not correspondingly increase the market price of the Common Stock. The failure of the Company to meet the market's expectation with regard to future earnings and

cash distributions likely would adversely affect the market price of the Common Stock. If the market price of the Common Stock declined significantly, the Company might breach certain covenants with respect to future debt obligations, which breach might adversely affect the Company's liquidity and the Company's ability to make future acquisitions.

EFFECT ON COMMON STOCK PRICE OF MARKET INTEREST RATES. One of the factors that will influence the price of the Common Stock will be the dividend yield on the Common Stock (as a percentage of the price of the Common Stock) relative to market interest rates. Thus, an increase in market interest rates may lead prospective purchasers of Common Stock to expect a higher dividend yield, which would adversely affect the market price of the Common Stock.

EFFECT ON COMMON STOCK PRICE OF UNRELATED EVENTS. As with other publicly traded equity securities, the value of the Common Stock will depend upon various market conditions, including conditions unrelated to the New York metropolitan economy, the Manhattan office market or real estate investments generally. Thus, events which depress equity market prices may not have any effect on real estate market values, and shares of Common Stock may trade at prices below the Company's net asset value.

DEPENDENCE ON EXTERNAL SOURCES OF CAPITAL. In order to qualify as a REIT under the Code, the Company generally is required each year to distribute at least 95% of its net taxable income (excluding any net capital gain). See "Federal Income Tax Considerations--Taxation of the Company--Annual Distribution Requirements." Because of these distribution requirements, it is unlikely that the Company will be able to fund all future capital needs, including capital needs in connection with acquisitions, from cash retained from operations. As a result, to fund future capital needs, the Company likely will have to rely on third-party sources of capital, which may or may not be available on favorable terms or at all. The Company's access to third-party sources of capital will depend upon a number of factors, including the market's perception of the Company's growth potential and its current and potential future earnings and cash distributions and the market price of the Common Stock. Moreover, additional equity offerings may result in substantial dilution of stockholders' interests in the Company, and additional debt financing may substantially increase the Company's leverage. See "Policies with Respect to Certain Activities--Financing Policies."

INFLUENCE OF OFFICERS, DIRECTORS AND SIGNIFICANT STOCKHOLDERS. Upon the completion of the Offering, management of the Company collectively will beneficially own approximately 13% of the issued and outstanding shares of Common Stock and Units (which will be exchangeable by the holders for cash or, at the election of the Company, shares of Common Stock on a one-for-one basis generally after two years). See "Principal Stockholders." In addition, Stephen L. Green and Benjamin P. Feldman will serve on the initial board of directors of the Company. Accordingly, such persons will have substantial influence on the Company, which influence may not be consistent with the interests of other stockholders, and may in the future have a substantial influence on the outcome of any matters submitted to the Company's stockholders for approval if all or a significant number of their Units are exchanged for shares of Common Stock. In addition, although there is no current agreement, understanding or arrangement for these stockholders to act together on any matter, these stockholders would be in a position to exercise significant influence over the affairs of the Company if they were to act together in the future.

DEPENDENCE ON KEY PERSONNEL

The Company is dependent on the efforts of its executive officers. The loss of their services could have a material adverse effect on the operations of the Company. Prior to the completion of the Offering, each of the executive officers will enter into an employment and noncompetition agreement with the Company. See "Management--Employment and Noncompetition Agreements."

HISTORICAL LOSSES OF THE OPERATIONS OF THE SL GREEN PREDECESSOR

The SL Green Predecessor had losses before extraordinary items of approximately $708,000 and $3.4 million in the years ended December 31, 1996 and 1995, respectively, and had a cumulative deficit in owners' equity of approximately $7.6 million as of March 31, 1997. These net losses reflect certain non-cash charges such as depreciation and amortization. These historical results are not indicative of future results. Nonetheless, there can be no assurance that the Company will not incur net losses in the future.

CHANGES IN POLICIES WITHOUT STOCKHOLDER APPROVAL

The investment, financing, borrowing and distribution policies of the Company and its policies with respect to all other activities, including qualification as a REIT, growth, debt, capitalization and operations, will be determined by the Board of Directors. Although it has no present intention to do so, the Board of Directors may amend or revise these policies at any time and from time to time at its discretion without a vote of the stockholders of the Company. A change in these policies could adversely affect the Company's financial condition, results of operations or the market price of the Common Stock.

UNINSURED LOSS

The Company initially will carry comprehensive liability, fire, flood, extended coverage and rental loss (for rental losses extending up to 12 months) with respect to its properties with policy specifications and insured limits customarily carried for similar properties. Certain types of losses (such as from wars, environmental hazards and employee discrimination claims), however, may be either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose both its capital invested in, and anticipated profits from, one or more of its properties, and may continue to be obligated on the mortgage indebtedness or other obligations related to the property. Any such loss may adversely affect the business of the Company and its financial condition and results of operations.

It is anticipated that new owner's title insurance policies will not be obtained for two of the Properties in the Core Portfolio (the Bar Building and 1414 Avenue of the Americas) in connection with the Formation Transactions. Each of these Properties is covered by existing title insurance policies insuring the interests of the Property-owning entities. Further, each title insurance policy covering each such Property is for an amount which is less than the current value of the Property. In the event of a loss with respect to a Property relating to a title defect that is in excess of the amount of such title insurance policy, the Company could lose both its capital invested in and anticipated profits from such property.

BENEFITS TO MANAGING UNDERWRITER

Lehman Brothers Inc. ("Lehman"), the lead managing underwriter of the Offering, and certain of its affiliates will receive material benefits from the Offering and the Formation Transactions in addition to underwriting discounts and commissions. The Company will pay Lehman an advisory fee equal to 0.75% of the gross proceeds of the Offering (including any exercise of the Underwriters' overallotment option) for advisory services in connection with the evaluation, analysis and structuring of the Company's formation as a REIT. Affiliates of Lehman will be repaid the LBHI Loan in the aggregate principal amount of approximately $39 million made to certain affiliates of the Company prior to the Offering. See "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations-- Liquidity and Capital Resources" and "Underwriting."

COSTS OF COMPLIANCE WITH AMERICANS WITH DISABILITIES ACT AND SIMILAR LAWS

AMERICANS WITH DISABILITIES ACT. Under the Americans with Disabilities Act of 1980 (the "ADA"), places of public accommodation and commercial facilities are required to meet certain Federal requirements related to access and use by disabled persons. These requirements became effective in 1992.

Although management of the Company believes that the Properties are substantially in compliance with present requirements of the ADA, the Company may incur additional costs of compliance in the future. A number of additional Federal, state and local laws exist which impose further burdens or restrictions on owners with respect to access by disabled persons and may require modifications to the Properties, or restrict certain further renovations thereof, with respect to access by disabled persons. Final regulations under the ADA have not yet been promulgated and the ultimate amount of the cost compliance with the ADA or other such laws is not currently ascertainable. While such costs are not expected to have a material effect on the Company, they could be substantial. If required changes involve greater expense than the Company currently anticipates, the Company's ability to make expected distributions could be adversely affected.

OTHER LAWS. The Properties are also subject to various Federal, state and local regulatory requirements, such as state and local fire and life safety requirements. Failure to comply with these requirements could result in the imposition of fines by governmental authorities or awards of damages to private litigants. The Company believes that the Properties are currently in compliance with all such regulatory requirements. However, there can be no assurance that these requirements will not be changed or that new requirements will not be imposed which would require significant unanticipated expenditures by the Company and could have an adverse effect on the Company's Funds from Operations and expected distributions.

The Company has been formed for the purpose of continuing the commercial real estate business of SL Green. For more than 17 years, SL Green has been engaged in the business of owning, managing, leasing, acquiring and repositioning Class B office properties in Manhattan. Upon completion of the Offering, the Company will own or have contracted to acquire interests in eight Class B office properties encompassing approximately 1.9 million rentable square feet located in midtown Manhattan (the "Properties") and will manage 28 office properties (including the Properties) encompassing approximately 6.1 million rentable square feet. Of these Properties, interests in six office Properties encompassing approximately 1.2 million rentable square feet are currently owned and managed by SL Green (the "Core Portfolio") and interests in two office Properties encompassing approximately 700,000 rentable square feet will be acquired upon completion of the Offering (the "Acquisition Properties"). As of March 31, 1997, the weighted average occupancy rate of the Core Portfolio was 95% and of the Acquisition Properties was 88%. Also, upon completion of the Offering, the Company expects to own an option to acquire an additional 333,000 rentable square foot Class B office property in midtown Manhattan. See "The Properties--The Option Property". The Company will operate as a fully integrated, self-administered and self-managed REIT. Management expects that the Company will be the first publicly-traded real estate company to invest primarily in Manhattan office properties.

The term "Class B" is generally used in the Manhattan office market to describe office properties which are more than 25 years old but which are in good physical condition, enjoy widespread acceptance by high-quality tenants and are situated in desirable locations in Manhattan. Examples of Class B Manhattan office properties (other than the Properties) include the Graybar Building, the Kent Building, the Lincoln Building, the Fred French Building and Five and Seven Penn Plaza. Class B office properties can be distinguished from Class A properties in that Class A properties are generally newer properties with higher finishes and obtain the highest rental rates within their markets.

A variety of tenants who do not require, desire or cannot afford Class A space are attracted to Class B office properties due to their prime locations, excellent amenities, distinguished architecture and relatively less expensive rental rates. Class B office space has historically attracted many smaller growth oriented firms (many of which have fueled the recent growth in the New York City metropolitan economy) and has played a critical role in satisfying the space requirements of particular industry groups in Manhattan, such as the advertising, apparel, business services, engineering, not-for-profit, new media and publishing industries. In addition, several areas of Manhattan, including many in which particular trades or industries traditionally congregate, are dominated by Class B office space and contain no or very limited Class A office space. Examples of such areas include the Garment District (where three of the Properties are located), the Flatiron District (where one Property is located), Soho, Noho, Chelsea, and the area surrounding the United Nations (where one Property is located). Businesses significantly concentrated in certain of these areas include those in the following industries: new media, garment, apparel, toy, jewelry, interior decoration, antiques, giftware, contract furnishing and UN-related businesses. The concentration of businesses creates strong demand for the available Class B office space in those locations. Tenants that currently occupy space in SL Green owned or managed Properties include MCI, NationsBank, New York Hospital, Omnicom Group Ltd., Sara Lee Corp. and UNICEF. Other tenants occupying Class B office space in Manhattan include Coca Cola, EMI, Forbes Inc., John Hancock, Mattel Toys and Young & Rubicam.

As described herein, current developments in the New York City economy provide an attractive environment for owning, operating and acquiring Class B office properties in Manhattan. See "Market Overview." These developments have resulted in growing demand for midtown Manhattan office space (particularly Class B space), declining vacancy rates (the Class B vacancy rate in the Midtown Markets declined from 17.3% at year-end 1992 to 11.7% at March 31, 1997) and appreciation in rental rates and property values. The Company believes there will be a continued strengthening of the Class B office market driven by expected job growth in Manhattan, particularly among smaller companies which are, in

many instances, Class B tenants. Additionally, the Company believes that a number of high quality tenants will likely seek to relocate from Class A space to Class B space in the Midtown Markets as a result of the rising cost of Class A space. The Company will seek to capitalize on these growth opportunities by acquiring Class B office properties on a selective basis and, when necessary, enhancing their value after acquisition through repositioning of the properties in their respective submarkets. As described more fully below, the Company may have certain competitive advantages over other potential acquirors of Class B office space due to its local market expertise, historical institutional relationships, enhanced access to capital as a public company and ability to offer tax-advantaged acquisition structures. Additionally, the Company will seek to optimize its properties' cash flow through ongoing intensive management and leasing. See "Business and Growth Strategies."

SL Green was founded in 1980 by Stephen L. Green, its Chairman, President and Chief Executive Officer. Since that time, SL Green has become a full service, fully integrated real estate company with a portfolio of over six million square feet of Class B office properties under management. Throughout its history, SL Green has been involved in the acquisition of 31 Class B office properties in Manhattan containing approximately four million square feet and the management of 50 Class B office properties in Manhattan containing approximately 10.5 million square feet.

SL Green has offices in midtown and downtown Manhattan and has established a staff of more than 50 persons, including 40 professionals with experience in all aspects of commercial real estate. The Company will be led by, in addition to Stephen L. Green, five senior executives that average more than nine years with SL Green and more than 19 years in the commercial real estate business. This management team has developed a comprehensive knowledge of the Manhattan Class B office market, an extensive network of tenant and other business relationships and experience in acquiring underperforming office properties and repositioning them into profitable Class B properties through intensive full service management and leasing efforts. Upon completion of the Offering, approximately 13% of the equity of the Company, on a fully diluted basis, will be beneficially owned by officers and directors of the Company and other affiliated persons.

SL Green consists of six operating divisions, each of which is headed by an executive team comprised of industry experts with substantial experience in either the leasing, marketing, asset and property management, construction management, legal or accounting aspects of the real estate business. The integration of this expertise allows SL Green to provide high quality, cost effective leasing and management services essential to enhancing the value of its office properties.

The Company was incorporated in the State of Maryland on June 10, 1997. Its executive offices are located at 70 West 36th Street, New York, New York 10018-8007 and its telephone number is (212) 594-2700.

BUSINESS AND GROWTH STRATEGIES

The Company's primary business objective is to maximize total return to stockholders through growth in distributable cash flow and appreciation in the value of its assets. The Company plans to achieve this objective by capitalizing on the external and internal growth opportunities described below and continuing the operating strategies historically practiced by SL Green.

THE MARKET OPPORTUNITY

Management believes that current developments in the New York City economy provide an attractive environment for owning, operating and acquiring Class B office properties in Manhattan. The New York commercial real estate market is currently recovering from the sustained downturn of the late 1980s and early 1990s. Specifically, the New York City metropolitan economy has recently benefited from consistent net private sector job growth, an improving business environment and enhancements in the "quality of life" afforded to city residents. In that regard, private sector employment gained an average of almost 44,000 jobs per year between 1994 and 1996 for an average annual growth rate of 1.4%; between March of 1996 and 1997, private sector employment growth was 1.9%, which is the highest growth rate in more than ten years. Much of this private sector job growth has been concentrated among smaller companies involved in growth oriented industries. Smaller companies have traditionally been attracted to Class B office properties in the Midtown Markets due to their prime locations and relatively less expensive rental rates (as compared to Class A office properties). These smaller companies conduct business in industries including: business services, software, advertising, audio recording, trade sectors (e.g., apparel and other textile products), major media (e.g., television, magazines and publishing), new media (e.g., entertainment software, online/Internet services, CD-ROM title development and web site design) and engineering, as well as nonprofit endeavors.

The combination of a growing office space demand fueled by a strengthening New York City economy and limited recent and projected new supply of office space has resulted in a recovery in the Midtown Markets. The combined vacancy rate for Class A and Class B office space in the Midtown Markets declined to 11.1% at March 31, 1997 from a 1990s high of 16.8% at year-end 1991. The Class B segment of the market which tightened to a vacancy rate of 11.7% at March 31, 1997 from its 1990s high of 17.3% at year-end 1992, a 32% decline. According to Rosen Consulting Group, a nationally recognized real estate consulting company, the outlook in the New York metropolitan area is for healthy private sector employment growth of 1.3% per annum in 1997 and 1998, followed by 1.0% growth per annum through 2001, which is expected to generate significant demand for office space. Specifically, Rosen Consulting Group projects vacancy rates in the Class B Midtown Markets to further drop to 6.0% by 2001, resulting in projected average asking market rents of $30.53 per square foot, a 28% increase over average asking rents as of March 31, 1997 of $23.88 per square foot. See "Market Overview". However, conditions in the New York City metropolitan economy and the Midtown Markets are subject to change and there can be no assurance that any such projections will approximate actual results. See "Risk Factors--Dependence on Midtown Markets Due to Limited Geographical Diversification."

The Company believes the pronounced recovery of Class B space is being driven by the growth of smaller companies, the relocation of large firms from Class A space to Class B as a result of the dearth of available Class A space, particularly in large blocks, and the heightened cost consciousness of large tenants. In that regard, as of September 1995, there were 30 blocks of 150,000 or more rentable square feet of Class A space available for lease in the Midtown Markets. As of March 31, 1997 the number of such available blocks had declined to 12. Recent examples of large, traditional Class A tenants relocating into SL Green owned or managed Class B midtown office space are Newbridge Communications, a subsidiary of K-III Communications moving to 49,000 square feet of space at 673 First Avenue, Kallir Philips Ross, a subsidiary of The Omnicom Group Ltd. moving to 80,000 square feet at 673 First Avenue, Revere National Corp. moving to 2,743 square feet at 70 West 36th Street, The Really Useful Company (a subsidiary of Andrew Lloyd Weber's enterprises) moving to 3,033 square feet at the Bar Building and Guidepost

Associates, the publishing division of The Norman Vincent Peale Foundation moving to 17,400 square feet at 16 East 34th Street. Additionally, examples of other prominent tenants relocating to Class A space are EMI Records recent move to 49,380 square feet of space at 304 Park Avenue South and America Online's announcement that it will be locating in Manhattan for the first time in 10,149 square feet of space at a Class B midtown building at 620 Avenue of the Americas. As the supply of Class A space continues to contract, management believes that it is likely that more high quality tenants will locate in well-located Class B office properties, many of which offer comparable amenities to Class A buildings at a significant discount to Class A costs.

Improving supply and demand fundamentals in the Midtown Markets have generated increasingly favorable rental terms from a property owner's perspective. According to Rosen Consulting Group, asking rental rates for Class B space in the Midtown Markets have increased to $23.88 per square foot as of March 31, 1997 from their 1990s low of $21.89 per square foot as of year-end 1993.

Management believes that opportunities to acquire Class B office properties in Manhattan on economically attractive terms will be available to the Company. The Rosen Consulting Group estimates that the replacement cost of Class A office space in Manhattan (no Class B space is built in Manhattan) is approximately $358 per square foot, which is substantially above the estimated current acquisition price of Class A space of $225 to $300 per square foot and the estimated current acquisition price for Class B space of $90 to $200 per square foot. Furthermore, even if rental rates were to approach a level that would justify new construction, there are few development sites available in Manhattan and the regulatory approval process is both costly and lengthy. The Company believes that as the Class A market continues to recover, rental rates and corresponding property values should increase to a level that may justify new construction. The Company also believes that property values and rental rates in the Class B market have historically tracked those of the Class A market and, consequently, there is potential for rental rate and property value increases in the Class B marketplace.

Further, the Company believes that the recent abolition of the New York State Real Property Transfer Gains Tax, which effectively reduced the cost of sales involving commercial properties that have appreciated in value, may create an increase in the number of properties available for acquisition. Prior to such abolition, a seller of commercial property in New York was subject to a substantial New York State gains tax (in addition to income tax). As described more fully below, the Company may have certain competitive advantages over other potential acquirors of Class B office space due to its local market expertise, historical institutional relationships, enhanced access to capital as a public company and ability to offer tax-advantaged acquisition structures.

GROWTH STRATEGIES

Management will seek to capitalize on current opportunities in the Class B Manhattan office market through (i) property acquisitions -- continuing to acquire Class B office properties at significant discounts to replacement costs that provide attractive initial yields and the potential for cash flow growth, (ii) property repositioning -- repositioning acquired properties that are underperforming through renovations, active management and proactive leasing and (iii) integrated leasing and property management.

PROPERTY ACQUISITIONS

The Company will seek to continue SL Green's ability to capitalize on favorable market conditions for acquiring Manhattan Class B office properties and management's experience in enhancing the value of its properties. In assessing acquisition candidates, the Company will evaluate the following factors: (i) the property's strategic location in its marketplace and its strategic fit within the Company's portfolio, (ii) current and projected occupancy and market rental rates and the ability to operate the property profitably at competitive rental rates, (iii) the purchase price as compared to the replacement cost of the property, (iv) the potential to modify and/or upgrade and reposition the property in its market to increase returns

and (v) the quality of the construction and presence of existing and/or potential deferred maintenance issues.

The Company believes that it will have the following competitive advantages over its competitors, primarily private companies and individuals, in acquiring Class B properties in Manhattan:

LOCAL MARKET EXPERTISE. Since its inception in 1980, SL Green has developed into a full service, fully integrated real estate company which manages over six million square feet of Class B office space in Manhattan. Consequently, management has accumulated an extensive working knowledge of the Class B Manhattan office market with a substantial base of information concerning current and prospective tenants, effective rental rates, property management and renovation costs, the complicated regulatory processes characteristic of the Manhattan office market, as well as other factors relevant to the sourcing and evaluation of potential acquisition properties. The depth and expertise of SL Green management is unusual in the Class B marketplace, which has historically attracted far less institutional interest than the Class A property sector.

ENHANCED ACCESS TO CAPITAL. Management believes that upon completion of the Offering, the Company should obtain better access to capital than is generally available to private real estate firms, especially those that compete for Manhattan Class B properties. In that regard, management believes that ownership of Class B office space in Manhattan is more fragmented and far less institutional in nature than ownership of Class A Manhattan office space. As a public company, the Company will have the potential to raise capital through subsequent issuances of securities in the public and private marketplace. The Company also intends to finance property acquisitions through single asset debt financings and to obtain, upon completion of the Offering, a revolving credit facility for up to $50 million to finance acquisitions. However, no assurances can be made as to the availability of any such financing sources.

UNIT ACQUISITIONS. Upon completion of the Offering, management believes that the Company will be the first publicly-traded real estate company to focus primarily on the Manhattan Class B office market. As an "UPREIT", the Company will have the ability to acquire properties for Units and thereby provide sellers with deferral of income taxes that would otherwise be payable upon a cash sale. In addition, Units afford property sellers diversification and liquidity of investment as well as certain estate planning benefits. Management believes that the Company operates in an established and mature real estate market in which many property owners have owned their properties for many years and therefore have a low tax basis in such properties. Consequently, the ability to offer Units may afford the Company certain competitive advantages over other potential acquirors who are unable to offer tax-efficient consideration.

HISTORICAL INSTITUTIONAL RELATIONSHIPS. Through its 17 year operating history, SL Green has established relationships with numerous financial institutions for which it acts as landlord or as a property manager. In particular, SL Green's substantial third-party management business affords the Company access to numerous institutional owners of property that may in the future seek to divest property holdings. For example, within six weeks of taking over the management and leasing responsibilities at 36 West 44th Street (The Bar Building), a 165,000 square foot Class B office property in midtown Manhattan, SL Green contracted to purchase a mortgage interest encumbering the property from an insurance company. This mortgage interest is convertible by the Company, at its option, into fee ownership. The ability of SL Green to assess quickly the current and potential value and physical condition of this property enabled SL Green to make a pre-emptive offer to purchase the property. Consequently, the property was taken off the market, precluding prospective purchasers from engaging in acquisition discussions with the insurance company.

RECENT TAX LAW DEVELOPMENTS. Recently, the New York State legislature voted to abolish the New York State Real Property Transfer Gains Tax, which effectively reduced the cost of sales involving commercial properties that have appreciated in value. Prior to such abolition, sellers of commercial properties located in New York State were subject to a special 10% tax (2.5% in the case of certain

transfers to REITs) on their gains. Further, the Company will have a competitive tax advantage due to recent tax law amendments affecting REITs. Under recent amendments to the New York State and New York City transfer tax laws, transfer tax rates applicable to certain REIT acquisition transactions were reduced 50% through August 1999 (from 3.025% to 1.5125% in the aggregate). Consequently, the Company may be able to structure acquisitions that qualify for these reduced rates and thereby enhance its attractiveness to sellers.

PROPERTY REPOSITIONING

The Company believes that, consistent with its core operating philosophy of maximizing asset value, it can reposition future acquisition properties, where warranted, in order to enhance property cash flow and value. To achieve these goals, the Company works to increase occupancy and rental rates by repositioning buildings to be among the best in their submarkets. The Company considers the amount of capital required to be invested in a property to achieve the repositioning. The Company then judges the benefit of a repositioning on a total return basis, such that for the Company to undertake the project the present value of the projected future increase in net cash flow and property value must exceed the cost of the capital expenditure required to achieve the repositioning.

The repositionings pursued by SL Green in the past have consisted of both intensive large scale renovations as well as smaller scale repositionings. In the case of an intensive large scale renovation, either a property's use is changed (e.g., from light industrial/warehouse to office) or a property is completely rehabilitated. In the case of a smaller scale repositioning, generally cosmetic renovations are made to targeted areas of a building, deferred maintenance is corrected and an intensive leasing program is commenced. The Company believes there are a significant number of potential acquisitions for which this strategy can be successfully implemented due to the large number of Manhattan office properties that have significant deferred maintenance or have been undermanaged. The Company believes this situation has resulted from fragmented ownership that is generally non-institutional and has limited access to capital.

An important component of the Company's repositioning strategy is its construction management capability. SL Green's construction management division has renovated approximately two million square feet of office space, including entire building renovations, at an aggregate cost exceeding $100 million. In the past, SL Green has implemented successful repositioning programs which have involved significant capital investments to improve the physical condition with respect to building facade, entrance and lobby, mechanical systems (including HVAC, fire/safety and elevators) and tenant space layout, while maintaining cost control with respect to these activities. Additionally, SL Green has benefited in its repositioning efforts from its fully-integrated real estate operations. The Company believes that its in-house leasing, property management and construction management capabilities provide it with valuable information regarding the cost of accommodating tenant preferences and the potential rental revenues achievable from various repositioning options.

Examples of successful implementation of this strategy within the Core Portfolio include 673 First Avenue and the Bar Building. At 673 First Avenue, SL Green converted a distribution and warehouse facility into an office property to take advantage of desirable 40,000 square foot floor plates and a strategic location near the United Nations complex. To accomplish the repositioning, SL Green invested approximately $25 million in the Property for (i) a new building entrance, lobby and storefronts, (ii) complete replacement of the elevator systems, (iii) the creation of common areas, (iv) entirely reconfigured HVAC and electrical systems and (v) the build-out of tenant spaces. The repositioning resulted in the conversion of a 43% occupied warehouse/distribution facility into a 97% occupied Class B office building within 24 months. The Property's net operating income (NOI) increased dramatically from approximately $466,000 per annum upon acquisition to approximately $7.6 million per annum following repositioning and lease-up (exclusive of net lease payments and debt service payments). SL Green is currently pursuing a similar strategy at the Bar Building. This Property also suffers from deferred maintenance and is underperforming relative to its market potential. West Forty-Fourth Street, between Fifth Avenue and Avenue of the

Americas, where the Bar Building is located, has many attractive buildings and prominent clubs which, by association, enhance the value of this Property. Therefore, in order to capitalize on the location of the building, a distinctive facade will be created to attract the attention of high quality tenants. Also, a "pre-built" tenant space program has been undertaken as well as public corridor renovations, all which have resulted in the execution of 12 leases encompassing 24,500 square feet since acquisition.

INTEGRATED LEASING AND PROPERTY MANAGEMENT

The Company intends to continue SL Green's strategy of seeking to optimize long-term cash flow from its properties through the implementation and integration of targeted leasing and management programs.

PROACTIVE LEASING PROGRAM. The Company will seek to capitalize on its market position and relationships with an extensive network of brokers and tenants to implement a proactive leasing program. Management believes that its extensive knowledge of the Class B Manhattan office market enhances its ability to monitor, understand and anticipate the current and future space needs of tenants in its submarkets. The leasing process for an acquisition property begins with extensive market research in order to determine the strengths and weaknesses of the property. This review includes an analysis of the building's physical characteristics, aesthetic attributes, floor plate sizes, services, elevators and mechanical systems, followed by an in-depth market analysis to determine the property's competitive position in the marketplace and perception in the brokerage community. The results of these analyses are used to develop the appropriate marketing strategy and the appropriate program to communicate the positive attributes and key features of the property or space to the marketplace and the brokerage community. These strategies may include the development of marketing tools such as brochures, listing sheets, fliers, signage and advertising copy.

The utilization of third-party brokerage firms in implementing a successful leasing program is an integral component of the Company's leasing strategy. By closing transactions quickly and at market terms and paying commissions promptly, SL Green has created a network of relationships with leasing professionals who regularly bring tenants to SL Green owned and managed properties.

An example of SL Green's implementation of its proactive leasing strategy is 16 East 34th Street. When SL Green was hired by new ownership in September, 1991 as the leasing and managing agent for 16 East 34th Street, a 330,000 square foot Class B midtown Manhattan office property, the property was only 50% occupied and suffered from a poor image in its marketplace. The SL Green team developed a cost effective building redevelopment program and a related marketing program designed to reposition quickly the property in its marketplace. The implementation of these programs resulted in over 150,000 square feet of executed leases to high quality tenants within 18 months, bringing occupancy to 90% during a period of rising and historically high vacancy rates in Manhattan office properties.

The Company believes that SL Green's proactive leasing efforts have contributed to average occupancy rates at the Properties that are above the market average. During the period between 1994 and 1996, properties owned by SL Green for more than one year averaged occupancy rates of 94.3%, which exceeded the average of 87.2% for Class B Manhattan office space in the Midtown Markets by 8.1% over the comparable period.

Another key component of the SL Green leasing strategy that will be continued by the Company is a commitment to tenant retention. Each leasing executive regularly conducts in-person interviews with existing tenants in order to gain insight into each tenant's business objectives, financial position and strength and future space requirements. This knowledge, in addition to a full understanding of each tenant's current lease obligation, is utilized to develop a plan to retain existing tenants in order to maximize long term cash flow. SL Green's commitment to tenant service and satisfaction is evidenced by the renewal of approximately 78% of the expiring rentable square footage (77% of the expiring leases

determined by number of leases) at the Properties in the Core Portfolio owned and managed by SL Green during the period from January 1, 1993 through March 31, 1997.

IMPLEMENTATION OF STRATEGIC MANAGEMENT SYSTEMS. SL Green's proactive management begins with a comprehensive operational and physical analysis of a property followed by a preventive maintenance assessment. SL Green professionals evaluate all service contracts, survey electrical capacity and costs and, after interviewing all building personnel, appraise personnel resources and payroll costs on an ongoing basis. Based on the results of the analysis of the contractual lease obligations, building position in the market and the capital/aesthetic improvements needed to bring the property to its desired level relative to its competition, SL Green develops and implements a management program designed to provide tenants with the highest level of service while maintaining the lowest cost to ownership.

An example of SL Green successfully implementing its strategic management systems is the Bar Building. Upon purchasing a mortgage interest in the Property, SL Green implemented a strategic property management program which reduced operating expenses by more than $400,000 per annum. Specifically, the management professionals at SL Green rebid the cleaning and security contracts, evaluated the staffing at the property, and determined the associated costs that could be reduced while improving service. The aggregate contractual operating expense reduction was in excess of $300,000. Meanwhile, SL Green's in-house counsel vigorously managed the real estate tax certiorari process which resulted in an approximately $100,000 real estate tax reduction.

MAXIMIZING TENANT SATISFACTION. SL Green seeks to provide tenants with a level of service more typically found in Class A properties. Characteristics of SL Green office property redevelopments include upgraded or new entrances, lobbies, elevator cabs/mechanicals, hallways, bathrooms, windows, telecom systems and tenant spaces. Additionally, SL Green seeks to provide certain tenant amenities typically associated only with Class A properties. For example, SL Green maintains flowers in its buildings' lobbies and also provides uniformed concierges focused on tenant service as opposed to the security guards found at many Class B Manhattan office buildings. Within particular submarkets, SL Green arranges for the provision of cleaning and 24 hour, seven days per week security services to its tenants. The Company believes that this level of service is unusual in the Class B market, in large part due to the highly fragmented nature of Class B ownership and management. RELocate, a real estate market research firm, estimates that the 630 Class B buildings in the Midtown Markets are owned by over 500 different entities, many of whom own a single property or a few properties. The Company believes that the relatively large size of its operations and focus on the Class B market enables it to provide a level of service superior to that typically provided by the smaller owner/operators that permeate the Class B Manhattan marketplace.

USE OF PROCEEDS

The net cash proceeds to the Company from the Offering, after deducting the underwriting discounts and commissions are estimated to be approximately $150.7 million (approximately $173.3 million if the Underwriters' over-allotment option is exercised in full), based upon the assumed initial public offering price of $20.00 per share.

The net cash proceeds of the Offering will be used by the Company as follows: (i) approximately $42.2 million to repay mortgage indebtedness encumbering the Core Portfolio, including approximately $1.5 million in prepayment penalties and other financing fees and expenses, (ii) approximately $6.4 million to purchase the direct or indirect interests of certain participants in the Formation Transactions in the Properties, (iii) approximately $59.4 million to acquire the Acquisition Properties, (iv) approximately $3.1 million to pay certain expenses incurred in the Formation Transactions, (v) $31.9 million to repay the LBHI Loan (including $2.5 million and $200,000 borrowed under the LBHI Loan to fund Offering expenses and prepayment penalties, respectively, and excluding approximately $7.5 million incurred to finance purchase of the Acquisition Properties) and, (vi) $7.7 million to fund capital expenditures and for general working capital needs.

If the Underwriters' over-allotment option to purchase 1,215,000 additional shares of Common Stock is exercised in full, the Company expects to use the additional net proceeds (which will be approximately $22.6 million) to acquire additional properties and/or for working capital.

Pending application of the net proceeds of the Offering, the Company will invest such portion of the net proceeds in interest-bearing accounts and/or short-term, interest-bearing securities which are consistent with the Company's intention to qualify for taxation as a REIT.

The LBHI Loan was incurred within the 12 month period preceding the date of this Prospectus. Borrowings under the LBHI Loan bear interest at a weighted average interest rate of 6.8% and have an average remaining term to maturity of approximately 10 months as of May 31, 1997. The proceeds of the LBHI Loan were used to acquire interests in the Core Portfolio and Acquisition Properties, to fund property related operating expenses, to fund organizational expenses and to purchase Treasury Securities. See "Structure and Formation of the Company--Benefits to Related Parties."

The mortgages and other indebtedness to be repaid upon the completion of the Offering (excluding the LBHI Loan) had a weighted average interest rate of approximately 9.05% and an average remaining term to maturity of 11 years as of March 31, 1997. The following table sets forth the amount of existing mortgage debt (excluding the LBHI Loan) to be repaid upon completion of the Offering.

PROPERTY	PROCEEDS USED FOR REPAYMENT UPON COMPLETION OF THE OFFERING (IN THOUSANDS) (1)
673 First Avenue	$ 1,000
470 Park Avenue South	$ 13,033
Bar Building	$ 10,200
70 W. 36th Street	$ 6,552
1414 Ave. of Americas	$ 9,866
Total	$ 40,651

(1) Exact repayment amounts may differ due to amortization. The figures are estimated as of July 31, 1997 and exclude prepayment penalties estimated to aggregate approximately $1.5 million.

DISTRIBUTIONS

Subsequent to the completion of the Offering, the Company intends to make regular quarterly distributions to the holders of its Common Stock. The initial distribution, covering a partial quarter commencing on the date of completion of the Offering and ending on September 30, 1997, is expected to be $ per share, which represents a pro rata distribution based on a full quarterly distribution of $.3625 per share and an annual distribution of $1.45 per share (or an annual distribution rate of approximately 7.25%, based on an assumed initial public offering price of $20.00). The Company does not intend to reduce the expected distribution per share if the Underwriters' over-allotment option is exercised. The following discussion and the information set forth in the table and footnotes below should be read in conjunction with the financial statements and notes thereto, the pro forma financial information and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations-- Liquidity and Capital Resources" included elsewhere in this Prospectus.

The Company intends initially to distribute annually approximately % of estimated Cash Available for Distribution. The estimate of Cash Available for Distribution for the 12 months ending March 31, 1998 is based upon pro forma Funds from Operations for the 12 months ended March 31, 1997, adjusted for (i) certain known events and/or contractual commitments that either have occurred or will occur subsequent to March 31, 1997 or during the 12 months ended March 31, 1997, but were not effective for the full 12 months, and (ii) for certain non-GAAP adjustments consisting of (A) revisions to historical rent estimates from a GAAP basis to amounts currently being paid or due from tenants, (B) pro forma amortization of financing costs, and (C) an estimate of amounts anticipated for recurring tenant improvements, leasing commissions and capital expenditures. No effect was given to any changes in working capital resulting from changes in current assets and current liabilities (which changes are not anticipated to be material) or the amount of cash estimated to be used for (i) investing activities for acquisition and other activities and (ii) financing activities. The estimate of Cash Available for Distribution is being made solely for the purpose of setting the initial distribution and is not intended to be a projection or forecast of the Company's results of operations or its liquidity, nor is the methodology upon which such adjustments were made necessarily intended to be a basis for determining future distributions. Future distributions by the Company will be at the discretion of the Board of Directors. There can be no assurance that any distributions will be made or that the estimated level of distributions will be maintained by the Company.

The Company anticipates that its distributions will exceed earnings and profits for Federal income tax reporting purposes due to non-cash expenses, primarily depreciation and amortization, to be incurred by the Company. Therefore, it is expected that approximately % (or $ per share) of the distributions anticipated to be paid by the Company for the 12-month period following the completion of the Offering will represent a return of capital for Federal income tax purposes and in such event will not be subject to Federal income tax under current law to the extent such distributions do not exceed a stockholder's basis in his Common Stock. The nontaxable distributions will reduce the stockholder's tax basis in the Common Stock and, therefore, the gain (or loss) recognized on the sale of such Common Stock or upon liquidation of the Company will be increased (or decreased) accordingly. The percentage of stockholder distributions that represents a nontaxable return of capital may vary substantially from year to year.

The Code generally requires that a REIT distribute annually at least 95% of its net taxable income (excluding any net capital gain). See "Federal Income Tax Consequences--Annual Distribution Requirements." The estimated Cash Available for Distribution is anticipated to be in excess of the annual distribution requirements applicable to REITs under the Code. Under certain circumstances, the Company may be required to make distributions in excess of Cash Available for Distribution in order to meet such distribution requirements. For a discussion of the tax treatment of distributions to holders of Common Stock, see "Federal Income Tax Consequences--Taxation of Stockholders."

The Company believes that its estimate of Cash Available for Distribution constitutes a reasonable basis for setting the initial distribution, and the Company intends to maintain its initial distribution rate for the 12-month period following the completion of the Offering unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in its estimate. The Company's actual results of operations will be affected by a number of factors, including the revenue received from its properties, the operating expenses of the Company, interest expense, the ability of tenants of the Company's properties to meet their financial obligations and unanticipated capital expenditures. Variations in the net proceeds from the Offering as a result of a change in the initial public offering price or the exercise of the Underwriters' over-allotment option may affect Cash Available for Distribution, the payout ratio based on Cash Available for Distribution and available reserves. No assurance can be given that the Company's estimate will prove accurate. Actual results may vary substantially from the estimate.

The following table describes the calculation of pro forma Funds from Operations for the 12 months ended March 31, 1997 and the adjustments to pro forma Funds from Operations for the 12 months ended March 31, 1997 in estimating initial Cash Available for Distribution for the 12 months ending March 31, 1998:

	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)
Pro forma net income before minority interest for the year ended December 31, 1996	$ 10,230
Plus: Pro forma net income before minority interest for the three months ended March 31, 1997	3,768
Less: Pro forma net income before minority interest for the three months ended March 31, 1996	(2,336)
Pro forma net income before minority interest for the 12 months ended March 31, 1997	11,662
Plus: Pro forma real estate depreciation for the 12 months ended March 31, 1997 (1)	5,856
Plus: Pro forma amortization (excluding financing costs) for the 12 months ended March 31, 1997 (2)	349
Pro forma Funds from Operations for the 12 months ended March 31, 1997 (3)	17,867
Adjustments:	
Net increases in rental income (4)	2,414
Provision for lease expirations, assuming no renewals (5)	(432)
Non-recurring lease surrender income and real estate tax refund (6)	(2,120)
Estimated adjusted pro forma Funds from Operations for the 12 months ending March 31, 1998	17,729
Net effect of straight-line rents (7)	(2,520)
Pro forma amortization of financing costs for the 12 months ending March 31, 1997 (8)	199
Estimated recurring capitalized tenant improvements and leasing commissions (9)	(957)
Estimated recurring capital expenditures (10)	(773)
Effect of non-cash transaction (11)	1,395
Scheduled mortgage loan principal payments (12)	
Estimated Cash Available for Distribution for the 12 months ending March 31, 1998	
The Company's share of estimated Cash Available for Distribution (13)	
Minority interest's share of estimated Cash Available for Distribution	
Total estimated initial annual cash distributions	14,006
Estimated initial annual distribution per share (14)	1.45
Payout ratio based on estimated Cash Available for Distribution (15)	%

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(1) Pro forma real estate depreciation for the year ended December 31, 1996 of $5,724 minus pro forma real estate depreciation for the three months ended March 31, 1996 of $1,314 plus pro forma real estate depreciation for the three months ended March 31, 1997 of $1,446.

(2) Pro forma amortization (excluding financing costs) for the year ended December 31, 1996 of $328 minus pro forma amortization (excluding financing costs) for the three months ended March 31, 1996 of $81 plus pro forma amortization (excluding financing costs) for the three months ended March 31, 1997 of $102.

(3) The Company generally considers Funds from Operations an appropriate measure of liquidity of an equity REIT because industry analysts have accepted it as a performance measure of equity REITs. "Funds from Operations" as defined by NAREIT means net income (computed in accordance with GAAP) excluding gains (or losses) from debt restructuring and sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. The Company's Funds from Operations are not comparable to Funds from Operations reported by other REITs that do not define the term using the current NAREIT definition or that interpret the current NAREIT definition differently than does the Company. The Company believes that in order to facilitate a clear understanding of the combined historical operating results of the SL Green Predecessors and the Company, Funds from Operations should be examined in conjunction with net income as presented in the combined financial statements and information included elsewhere in this Prospectus. Funds from Operations does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income as an indication of the Company's performance or to cash flows as a measure of liquidity or ability to make distributions.

(4) Represents the net increases in rental income from (i) new leases and renewals that were not in effect for the entire 12-month period ended March 31, 1997 of $1,330 and (ii) new leases and renewals that went into effect between April 1, 1997 and May 31, 1997 of $1,084.

(5) Assumes no lease renewals or new leases (other than month-to-month leases) for leases expiring after March 31, 1997 unless a new or renewal lease has been entered into by May 31, 1997. The $552 decrease represents the loss in net rental income assuming all leases of space expiring between April 1, 1997 and March 31, 1998 for which no renewals or new leases have been entered into by May 31, 1997 expire in accordance with their terms and space covered by such expiring leases is not re-leased; the decrease is partially offset by a net increase of $120 of rental income from tenants on month-to-month leases which are assumed to continue throughout the period.

(6) The non-recurring transactions consist of lease surrender income at 1372 Broadway and a real estate tax refund at 1140 Avenue of the Americas.

(7) Represents the effect of adjusting straight-line rental revenue included in pro forma net income from the straight-line accrual basis to amounts currently being paid or due from tenants.

(8) Pro forma amortization of financing costs for the year ended December 31, 1996 of $196 minus pro forma amortization of financing costs for the three months ended March 31, 1996 of $35 plus pro forma amortization of financing costs for the three months ended March 31, 1997 of $38. Financing costs for periods are based on principal mortgage indebtedness outstanding of $47,196. See "The Properties--Mortgage Indebtedness."

(9) Reflects recurring tenant improvements and leasing commissions anticipated for the 12 months ending March 31, 1998 which have been calculated by multiplying (i) the weighted average tenant improvements and leasing commissions expenditures for renewed and retenanted space at the Properties incurred during 1994, 1995, 1996 and the three months ended March 31, 1997 of $9.04 per square foot (assuming a renewal rate of 75% of expiring square footage as compared to the actual weighted average renewal rate of 78.3% during the period from January 1, 1994 through March 31,

1997-- See "The Properties--The Portfolio--Historical Tenant Improvements and Leasing Commissions"), by (ii) 106,000 (the average annual square feet of leased space for which leases expire during the years ending December 31, 1997 through December 31, 2002). The weighted average annual per square foot cost of tenant improvements and leasing commission expenditures is presented below:

	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	WEIGHTED AVERAGE JANUARY 1, 1994- MARCH 31,
	1994	1995	1996	1997	1997
RENEWALS:					
Tenant improvement costs ("TI") per square foot	$1.84	$ 0.00	$ 2.38	$ 0.00	$ 1.85
Leasing commission costs ("LC") per square foot	$1.64	$ 1.98	$ 3.45	$ 0.94	$ 2.97
Total Renewal TI and LC per square foot	$3.48	$ 1.98	$ 5.83	$ 0.94	$ 4.82
RE-TENANTED OR NEWLY TENANTED SPACE:					
TI per square foot	$16.41	$ 22.73	$ 13.77	$ 6.06	$ 14.80
LC per square foot	$7.27	$ 4.55	$ 9.42	$ 5.03	$ 6.88
Total Re-tenanted TI and LC per square foot	$23.69	$ 27.28	$ 23.19	$ 11.09	$ 21.68

	3 1/4 YEAR WEIGHTED AVERAGE TI AND LC PER SQUARE FOOT		AVERAGE ANNUAL SQUARE FOOTAGE EXPIRING IN 1997-2002		RATE OF RENEWALS/ RE-TENANTED		TOTAL COST
Renewal	$ 4.82	x	106,000	x	75%(i)	=	$ 383
Re-tenanted	$ 21.68	x	106,000	x	25%	=	$ 574
							$ 957

(i) The historical weighted average renewal rate, based on square footage, for the Company from January 1, 1994 through March 31, 1997 is 78.3%.

(10) Estimated recurring capital expenditures have been calculated by multiplying (i) $0.41 (the weighted average of capital expenditures per square foot for the Core Portfolio during the period January 1, 1994 through December 31, 1996) by (ii) 1,885 (the aggregate square footage of the Core Portfolio and the Acquisition Properties). See "The Properties--The Portfolio--Historical Capital Expenditures." For the 12 months ending March 31, 1998, the estimated cost of recurring building improvements and equipment upgrades and replacements (excluding costs of tenant improvements) at the Properties is approximately $773. Following completion of the Formation Transactions and the Offering, the Company expects to have remaining net proceeds of $7.7 million available for capital expenditures and working capital purposes.

(11) The non-cash transaction relates to the capital lease on 673 First Avenue.

(12) Scheduled mortgage loan principal payments for the 12 months ended March 31, 1998.

(13) The Company's share of estimated Cash Available for Distribution and estimated initial annual cash distributions to stockholders of the Company is based on its approximate 88.3% aggregate partnership interest in the Operating Partnership.

(14) Based on a total of 8,528,605 shares of Common Stock to be outstanding after the Offering (8,100,000 shares to be sold in the Offering, assuming no exercise of the Underwriters' over-allotment option, and 428,605 additional shares to be issued in the Formation Transactions.)

(15) Calculated as estimated initial annual cash distributions to stockholders of the Company divided by the Company's share of estimated Cash Available for Distribution for the 12 months ending March 31, 1998. The payout ratio based on estimated adjusted pro forma Funds from Operations is 79%.

CAPITALIZATION

The following table sets forth the combined historical capitalization of the SL Green Predecessors as of March 31, 1997 and on a pro forma basis giving effect to the Formation Transactions, the Offering, and use of the net proceeds from the Offering as set forth under "Use of Proceeds." The information set forth in the table should be read in conjunction with the financial statements and notes thereto, the pro forma financial information and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" included elsewhere in this Prospectus.

	MARCH 31, 1997	
	COMBINED HISTORICAL	PRO FORMA
	(IN THOUSANDS)	
Mortgage debt	$ 16,544	$ 47,197
Minority interests in Operating Partnership	--	15,746
Stockholders' equity:		
Preferred Stock, $.01 par value; 25,000 shares authorized; none issued and outstanding	--	--
Common Stock, $.01 par value; 100,000 shares authorized; 8,529 issued and outstanding (1)	--	85
Additional paid-in capital	--	118,747
Owners' deficit	(7,563)	--
Total owners' (deficit)/stockholders' equity	(7,563)	118,832
Total capitalization	$ 8,981	$ 181,775

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(1) Includes 8,528,605 shares of Common Stock to be issued in the Formation Transactions and the Offering. Does not include (i) 1,130,395 shares of Common Stock that may be issued upon the exchange of Units issued in connection with the Formation Transactions beginning two years following the completion of the Offering (or earlier in certain circumstances), (ii) 660,000 shares of Common Stock subject to options being granted concurrently with the Offering under the Company's stock option plans or (iii) 1,215,000 shares of Common Stock that are issuable upon exercise of the Underwriters' over-allotment option.

DILUTION

At March 31, 1997, the Company had a deficiency in net tangible book value attributable to continuing investors of approximately $8.7 million. After giving effect to (i) the sale of the shares of Common Stock offered hereby (at an assumed initial public offering price of $20.00 per share) and the receipt by the Company of approximately $147 million in net proceeds from the Offering, after deducting the Underwriters' discounts and commissions and other estimated expenses of the Offering, (ii) the repayment of approximately $80 million of mortgage indebtedness secured by certain of the Properties and the LBHI Loan, and (iii) the other Formation Transactions, the pro forma net tangible book value at March 31, 1997 would have been approximately $114.7 million, or $13.46 per share of Common Stock. This amount represents an immediate increase in net tangible book value of $24.40 per share to the continuing investors and an immediate and substantial dilution in pro forma net tangible book value of $6.54 per share of Common Stock to new investors. The following table illustrates this dilution:

Assumed initial public offering price per share.....		$ 20.00
Deficiency in net tangible book value per share prior to the Offering attributable to continuing investors (1).....	(10.94)	
Increase in net tangible book value per share attributable to the Offering (2).....	24.40	
Pro forma net tangible book value after the Offering (3)....		13.46
Dilution in net tangible book value per share of Common Stock to new investors (4).....		$ 6.54

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(1) Deficiency in net tangible book value per share prior to the Offering attributable to continuing investors is determined by dividing net tangible book value of the Company attributable to continuing investors (based on the March 31, 1997 net book value of the tangible assets (consisting of total assets less intangible assets consisting of deferred lease fees and loan costs and after the Formation Transactions, net of liabilities to be assumed) by the sum of the number of shares of Common Stock (i) issued and outstanding and (ii) issuable (upon the exchange of all Units to be issued) to continuing investors in the Formation Transactions.

(2) Based on an assumed initial public offering price of $20.00 per share and after deducting Underwriters' discounts and commissions and estimated expenses of the Offering and the Formation Transactions.

(3) Based on total pro forma net tangible book value of $114.7 million divided by the total number of shares of Common Stock outstanding after the completion of the Offering (8,528,605 shares), and excluding shares that may be issuable upon exercise of stock options. There is no impact on dilution attributable to the issuance of Common Stock in exchange for Units to be issued to the continuing investors in the Formation Transactions because such Units would be exchanged for Common Stock on a one-for-one basis.

(4) Dilution is determined by subtracting net tangible book value per share of Common Stock after the Offering from an assumed initial public offering price of $20.00.

The following table summarizes, on a pro forma basis giving effect to the Offering and the Formation Transactions, the number of shares of Common Stock to be sold by the Company in the Offering and the number of shares of Common Stock and Units to be issued to the continuing investors in the Formation Transactions, the deficiency in the net tangible book value as of March 31, 1997 of the assets contributed by

the continuing investors in the Formation Transactions and the net tangible book value of the average contribution per share based on total contributions.

	COMMON STOCK/ UNITS ISSUED		CASH/ BOOK VALUE OF CONTRIBUTIONS		PURCHASE PRICE(1) BOOK VALUE OF AVERAGE CONTRIBUTION PER SHARE/UNIT
	SHARES/ UNITS	PERCENT	$	PERCENT	
	(IN THOUSANDS EXCEPT PERCENTAGES)				
New investors in the Offering	8,100	84%	$ 147,028	113%	$ 20.00(1)
Common Stock issued to continuing investors	429	4%	(4,685)	(4)%	$ (10.94)
Units issued to continuing investors	1,130	12%	(12,367)	(9)%	$ (10.94)
Total	9,659	100%	$ 129,976	100%	

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(1) Before deducting Underwriters' discounts and commissions and other estimated expenses of the Offering and the Formation Transactions.

(2) Based on the March 31, 1997 net book value of the assets, less net book value of deferred financing and leasing cost to be contributed in connection with the Formation Transactions, net of liabilities to be assumed.

SELECTED FINANCIAL INFORMATION

The following table sets forth summary selected financial and operating information on a pro forma basis for the Company, and on a historical combined basis for the SL Green Predecessor (as defined below), and should be read in conjunction with all of the financial statements and notes thereto included in this Prospectus. The combined historical balance sheet information as of December 31, 1996 and 1995 and statements of income for the years ended December 31, 1996, 1995, and 1994 of the SL Green Predecessor have been derived from the historical combined financial statements audited by Ernst & Young LLP, independent auditors, whose report with respect thereto is included elsewhere in this Prospectus. The operating data for the three months ended March 31, 1997 and 1996 and the years ended December 31, 1993 and 1992 have been derived from the unaudited combined financial statements of the SL Green Predecessor. In the opinion of management of the SL Green Predecessor, the operating data for the three months ended March 31, 1997 and 1996 and the years ended December 31, 1993 and 1992 include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information set forth therein. The results of operations for the interim periods ended March 31, 1997 and 1996 are not necessarily indicative of the results to be obtained for the full fiscal year.

Historical operating results may not be comparable to future operating results. In addition, the Company believes that the book value of the Properties, which reflects historical costs of such real estate assets less accumulated depreciation, is not indicative of the fair value of the Properties.

The "SL Green Predecessors" consists of 100% of the net assets and results of operations of two Properties, 1414 Avenue of the Americas and 70 West 36th Street, equity interests in four other Properties, 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and the Bar Building (which interests are accounted for under the equity method) and 100% of the net assets and results of operations of the Service Corporations.

The unaudited pro forma financial and operating information for the Company as of and for the three months ended March 31, 1997 and the year ended December 31, 1996 assumes completion of the Offering and the Formation Transactions as of the beginning of the periods presented for the operating data and as of the stated date for the balance sheet data. The pro forma financial information is not necessarily indicative of what the actual financial position and results of operations of the Company would have been as of and for the period indicated, nor does it purport to represent the Company's future financial position and results of operations.

THE COMPANY (PRO FORMA) AND THE SL GREEN PREDECESSOR (HISTORICAL)
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

	THREE MONTHS ENDED MARCH 31,			YEAR ENDED DECEMBER 31,			
					HISTORICAL		
	PRO FORMA 1997 (UNAUDITED)	1997 (UNAUDITED)	1996 (UNAUDITED)	PRO FORMA 1996 (UNAUDITED)	1996	1995	1994
OPERATING DATA:							
Total Revenue	$ 12,525	$ 3,971	$ 2,307	$ 45,837	$ 10,182	$ 6,564	$ 6,600
Property Operating Expense	3,667	814	733	14,908	3,197	2,505	2,009
Real Estate Taxes	1,769	243	118	7,242	703	496	543
Interest	1,479	345	221	5,935	1,357	1,212	1,555
Depreciation and Amortization	1,509	271	175	6,248	975	775	931
Marketing, General and Administration	257	896	1,079	1,027	3,250	3,052	2,351
Total Expenses	8,681	2,569	2,326	35,360	9,482	8,040	7,389
Operating Income(Loss)	3,844	1,402	(19)	10,477	700	(1,476)	(789)
Equity in Net Income (Loss) of Uncombined Joint Ventures	(76)	(287)	(475)	(247)	(1,408)	(1,914)	(1,423)
Income (Loss) Before Extraordinary Item and Minority Interest	$ 3,768	$ 1,115	$ (494)	$ 10,230	$ 708	$ (3,390)	$ (2,212)
Income Before Extraordinary Item and Minority Interest Per Share	$ .39			$ 1.06			

	1993 (UNAUDITED)	1992 (UNAUDITED)
OPERATING DATA:		
Total Revenue	$ 5,926	$ 5,516
Property Operating Expense	1,741	1,431
Real Estate Taxes	592	676
Interest	1,445	1,440
Depreciation and Amortization	850	773
Marketing, General and Administration	1,790	1,531
Total Expenses	6,418	5,851
Operating Income(Loss)	(492)	(335)
Equity in Net Income (Loss) of Uncombined Joint Ventures	88	(2,227)
Income (Loss) Before Extraordinary Item and Minority Interest	$ (404)	$ (2,562)
Income Before Extraordinary Item and Minority Interest Per Share		

	AS OF MARCH 31, 1997		AS OF DECEMBER 31,				
	PRO FORMA	HISTORICAL	PRO FORMA	HISTORICAL	HISTORICAL		
			1996				1993
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	1996	1995	1994	(UNAUDITED)
BALANCE SHEET DATA:							
Commercial Real Estate, Before Accumulated Depreciation	$ 210,000	$ 26,396	$ 209,424	$ 26,284	$ 15,559	$ 15,761	$ 15,352
Total Assets	219,101	30,515	222,045	30,072	16,084	15,098	16,218
Mortgages and Notes Payable	47,196	16,544	47,611	16,610	12,700	12,699	12,699
Accrued Interest Payable	92	90	92	90	2,894	12,699	1,576
Minority Interest	15,746	0	15,780	0	0	0	0

Owners Equity (Deficit).....	118,832	(7,563)	119,096	(8,405)	(18,848)	(15,520)	(13,486)
OTHER DATA:							
Fund from Operations.....	5,239	--	16,282	--			
Net Cash Provided by Operating Activities.....	--	769	--	272			
Net Cash Provided by Financing Activities.....	--	(339)	--	11,960			
Net Cash (Used in) Investing Activities.....	--	(112)	--	(12,375)			

	1992 (UNAUDITED)
BALANCE SHEET DATA:	
Commercial Real Estate, Before Accumulation Depreciation.....	$ 16,080
Total Assets.....	15,645
Mortgages and Notes Payable.....	9,500
Accrued Interest Payable.....	4,757
Minority Interest.....	0
Owners Equity (Deficit).....	(8,449)
OTHER DATA:	
Fund from Operations.....	
Net Cash Provided by Operating Activities.....	
Net Cash Provided by Financing Activities.....	
Net Cash (Used in) Investing Activities.....	

- ------------------------

(1) The Company generally considers Funds from Operations an appropriate measure of liquidity of an equity REIT because industry analysts have accepted it as a performance measure of equity REITs. "Funds from Operations" as defined by the National Association of Real Estate Investment Trusts ("NAREIT") means net income (computed in accordance with generally accepted accounting principles ("GAAP")) excluding gains (or losses) from debt restructuring and sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. The Company's Funds from Operations are not comparable to Funds from Operations reported by other REITs that do not define the term using the current NAREIT definition or that interpret the current NAREIT definition differently than does the Company. The Company believes that in order to facilitate a clear understanding of the combined historical operating results of the SL Green Predecessor and the Company, Funds from Operations should be examined in conjunction with net income as presented in the audited combined financial statements and information included elsewhere in this Prospectus. Funds from Operations does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income as an indication of the Company's performance or to cash flows as a measure of liquidity or ability to make distributions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity--Funds from Operations."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion should be read in conjunction with the Selected Financial Information, the Historical Combined Financial Statements and the Pro Forma Combined Balance Sheet and Pro Forma Combined Statements of Income of the Company contained in this Prospectus.

The Combined Financial Statements of the SL Green Predecessor include 100% of the net assets and results of operations of two Properties, 1414 Avenue of the Americas and 70 West 36th Street, equity interests in four other properties, 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and the Bar Building (which interests are accounted for under the equity method) and 100% of the net assets and results of operations of the Service Corporations.

RESULTS OF OPERATIONS

COMPARISON OF THREE MONTHS ENDED MARCH 31, 1997 TO THREE MONTHS ENDED MARCH 31, 1996

Rental revenue increased $752,000 or 115.9%, to $1,401,000 from $649,000 for the three months ended March 31, 1997 compared to the three months ended March 31, 1996. The increase was due primarily to the acquisition of 1414 Avenue of the Americas during July 1996 which had rental revenue of $867,000, partially offset by a decrease in rental revenue of $27,000 at 70 West 36th Street.

Escalations and reimbursement revenues increased $117,000, or 97.5%, to $237,000 from $120,000 for the three months ended March 31, 1997 compared to the three months ended March 31, 1996. The increase was due primarily to the acquisition of 1414 Avenue of the Americas, offset by a decrease at 70 West 36th Street due to reduced porter wage escalations revenue. New leases with more current base years utilized to calculate the escalations account for the decreased escalation revenue.

Management revenues increased $270,000, or 53.0% to $779,000 from $509,000 for the three months ended March 31, 1997 compared to the three months ended March 31, 1996. The increase in revenue is attributable to the addition of several buildings under service contracts.

Leasing commission revenues increased $595,000, or 67.6%, to $1,475,000 from $880,000 for the three months ended March 31, 1997 compared to the three months ended March 31, 1996 due to the addition of several buildings under service contracts and intensified efforts to perform leasing services for unaffiliated third parties.

Construction revenue increased by $74,000, to $75,000 for the three months ended March 31, 1997 compared to the three months ended March 31, 1996. Overall construction revenue remained constant but a larger amount related to property-owning partnerships in the quarter ended March 31, 1996 and was eliminated pursuant to the equity method of accounting.

Other income for the quarter ended March 31, 1997 consisted of $5,000 of interest.

Equity in net loss of uncombined joint ventures decreased $188,000, or 39.6%, to $287,000 from $475,000 for the quarter ended March 31, 1997 compared to the quarter ended March 31, 1996 as follows:

PROPERTY	INCREASE (DECREASE)
673 First Avenue	$ (129,000)
470 Park Avenue South	(65,000)
29 West 35th Street	9,000
Bar Building	(3,000)
	$ (188,000)

The decrease in net loss for 673 First Avenue was due primarily to lower interest expense as a result of mortgage loan principal amortization and lower amortization expense as a result of deferred leasing commissions written off during 1995 for a tenant that vacated.

The decrease in net loss for 470 Park Avenue South was due primarily to a general reduction in operating expenses.

The decrease in net income of uncombined joint ventures for 29 West 35th Street was due primarily to reduced porter wage escalation revenue as a result of new leases with more current base years utilized in the calculation of the escalation.

The increase in net income for the Bar Building was due to the acquisition of the Property during September 1996.

Operating expenses increased $81,000, or 11.1%, to $814,000 for the three months ended March 31, 1997 compared to the three months ended March 31, 1996. The increase was due primarily to the inclusion of 1414 Avenue of the Americas which was acquired during July 1996, offset by reductions at 70 West 36th Street and the Leasing Corporation.

Interest expense increased $124,000 or 56.1%, to $345,000 for the three months ended March 31, 1997 compared to the three months ended March 31, 1996. The increase was due to the inclusion of 1414 Avenue of the Americas offset by the forgiveness of debt at 70 West 36th Street as of December 31, 1996.

Depreciation and amortization increased $96,000, or 54.9%, to $271,000 from $175,000 for the quarter ended March 31, 1997 compared to the quarter ended March 31, 1996. The increase was due primarily to the inclusion of 1414 Avenue of the Americas.

Real estate taxes increased $125,000, or 105.9% to 243,000 from $$118,000 for the three months ended March 31, 1997 compared to the three months ended March 31, 1996. The increase was due primarily to the inclusion of 1414 Avenue of the Americas.

Marketing, general and administrative expenses decreased $183,000, or 17.0%, to $896,000 for the quarter ended March 31, 1997 compared to the quarter ended March 31, 1996. The decrease was primarily due to reduced expenses at the Management and Leasing Corporations.

As a result of the foregoing, net income increased $1,609,000 to $1,115,000 from a loss of $494,000 for the quarter ended March 31, 1997 compared to the quarter ended March 31, 1996.

COMPARISON OF YEAR ENDED DECEMBER 31, 1996 TO YEAR ENDED DECEMBER 31, 1995

Rental revenue increased $1,783,000, or 73.8%, to $4,199,000 from $2,416,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily to the acquisition of 1414 Avenue of the Americas during July 1996 which had rental revenue of $1,612,000 and increased occupancy plus contractual rent increases amounting to $152,000 at 70 West 36th Street.

Escalations and reimbursement revenues increased $293,000, or 38.6%, to $1,051,000 from $758,000 for the year ended December 31, 1995. The acquisition of 1414 Avenue of the Americas accounted for an increase of $428,000 which was offset by a decrease of $166,000 at 70 West 36th Street due to reduced real estate tax escalations and porter wage escalation revenue. New leases with more current base years utilized to calculate the escalations and a reduction in real estate tax expense accounted for the decreased escalation revenue.

Management revenues remained substantially unchanged with a slight increase for the year ended December 31, 1996 compared to the year ended December 31, 1995.

Leasing commission revenues increased $1,475,000, or 164.4%, to $2,372,000 from $897,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995 due to the addition of

several buildings under service contracts and intensified efforts to perform leasing services for unaffiliated third parties.

Construction revenue decreased by $132,000, or 56.7%, to $101,000 from $233,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. Overall construction revenue remained constant but a larger amount related to property-owning partnerships and was eliminated pursuant to the equity method of accounting.

Other income for the year ended December 31, 1996 was $123,000 which consisted of miscellaneous consulting fees and interest.

Equity in net loss of uncombined joint ventures decreased $506,000 or 26.4% to $1,408,000 from $1,914,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995 as follows:

PROPERTY	INCREASE (DECREASE)
673 First Avenue	$ (392,000)
470 Park Avenue South	(130,000)
29 West 35th Street	22,000
Bar Building	(6,000)
	$ (506,000)

The decrease in net loss for 673 First Avenue was due primarily to lower interest expense as a result of mortgage loan principal amortization and lower amortization expense as a result of deferred leasing commissions written off during 1995 for a tenant that vacated.

The decrease in net loss for 470 Park Avenue South was due primarily to a reduction in real estate tax expense as a result of a decrease in assessed valuation.

The decrease in net income for 29 West 35th Street was due primarily to reduced rental revenue as a result of a vacancy.

The increase in net income for the Bar Building was due to the acquisition of the Property during October 1996.

Operating expenses increased $691,000, or 27.6%, to $3,197,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995 due substantially to the inclusion of 1414 Avenue of the Americas which was acquired during July 1996.

Interest expense increased $146,000 or 12.0%, to $1,357,000 from $1,212,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The inclusion of 1414 Avenue of the Americas accounted for an increase of $446,000 which was offset by a decrease of $300,000 for 70 West 36th Street due to refinancing at a lower interest rate.

Depreciation and amortization increased $200,000, or 25.9%, to $975,000 from $775,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily to the inclusion of 1414 Avenue of the Americas.

Real estate taxes increased $207,000 or 41.7%, to $703,461 from $497,000 for the year ended December 31, 1996 compared to year ended December 31, 1995. The increase was due to the inclusion of $290,000 for 1414 Avenue of the Americas offset by a decrease of $83,000 for 70 West 36th Street which resulted from a reduction in property assessment.

Marketing, general and administrative expenses increased $197,000, or 6.5%, to $3,250,000 from $3,053,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995, due primarily to staff increases for the Leasing Corporation.

As a result of the foregoing, net loss decreased $2,682,000, or 79.1%, to $708,000 from $3,390,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995.

COMPARISON OF YEAR ENDED DECEMBER 31, 1995 TO YEAR ENDED DECEMBER 31, 1994

Rental revenue decreased by $189,000, or 7.2%, to $2,416,000 from $2,605,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994 due to several vacancies at 70 West 36th Street.

Escalation and reimbursed revenues decreased $44,000, or 5.4%, to $758,000 from $802,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994 due primarily to a decrease in electric and sundry charges at 70 West 36th Street.

Management revenues increased $300,000, or 15.3%, to $2,260,000 from $1,960,000 for the year ended December 31, 1995 as compared to the year ended December 31, 1994 due to an increase in unaffiliated third party management assignments.

Leasing commission revenue remained consistent with a slight increase for the year ended December 31, 1995 as compared to the year ended December 31, 1994.

Construction revenue decreased $111,000, or 32.2%, to $233,000 from $344,000 for the year ended December 31, 1995 as compared to the year ended December 31, 1994 due to a decrease in tenant installation work at non-affiliated third party buildings.

Equity in net loss of uncombined joint ventures increased by $491,000, or 34.5%, to $1,914,000 from $1,423,000 for the year ended December 31, 1995 as compared to the year ended December 31, 1994 as follows:

PROPERTY	INCREASE (DECREASE)
673 First Avenue	$ 399,000
470 Park Avenue South	106,000
29 West 35th Street	(14,000)
	$ 491,000

The increase in net loss for 673 First Avenue was due primarily to reduced revenue as a result of a vacancy during 1995 and the write off of related deferred leasing commissions.

The increase in net loss for 470 Park Avenue South was due primarily to increased miscellaneous income in 1994 as result of a tenant buying out of its lease.

The increase in net income for 29 West 35th Street was due primarily to reduced operating expenses.

Operating expenses increased $470,000, or 24.7%, to $2,505,000 from $2,009,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994 due primarily to staff increases in the corporations which provide management, construction and leasing services.

Interest expense decreased $344,000 or 22.1%, to $1,212,000 from $1,555,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994. The decrease was due to a loan restructuring at 70 West 36th Street.

Depreciation and amortization decreased $157,000, or 16.8%, to $775,000 from $931,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994 due to the write off of deferred

leasing commissions and tenant installation work related to vacated tenants during 1994 at 70 West 36th Street.

Real estate taxes decreased $46,000, or 8.5%, to $497,000 from $543,000 for the year ended December 31, 1995 as compared to the year ended December 31, 1994 due to a decrease in assessed valuation for 70 West 36th Street.

Marketing, general and administrative expenses increased $701,000, or 29.8%, to $3,053,000 from $2,351,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994. The increase was due to additional staff and other expense increases, necessitated by increased business, for the corporations which provide management construction and leasing services.

As a result of the foregoing, net loss increased $1,178,000, or 53.2%, to $3,390,000 from $2,212,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994.

PRO FORMA OPERATING RESULTS

THREE MONTHS ENDED MARCH 31, 1997

On a pro forma basis, after giving effect to the Offering, income before minority interest would have been $3,768,000 for the quarter ended March 31, 1997, representing an increase of $2,653,000 over the historical combined income before minority interest for the same period. The increase is accounted for as follows:

INCREASES TO INCOME:	
Decrease in interest expense due to mortgage loans repaid or forgiven	$1,319,000
Additional income due to the acquisition of 1372 Broadway	2,505,000
Additional income due to the inclusion of 1140 Avenue of the Americas	392,000
Straight line rent adjustments related to the acquisition of other partners' interests	188,000
Net increase in depreciation and amortization due to acquisition other partners' interests acquisition of new debt and repayment or forgiveness of mortgage loans	45,000
DECREASES TO INCOME:	
Interest expense related to new mortgage loans	(289,000)
Additional general and administrative expenses associated with a public company	(257,000)
Other partners share of net losses for properties historically accounted for under the equity method	(98,000)
Elimination of the Service Corporations' income under the equity method of accounting	(1,127,000)
Straight line adjustment to 673 First Avenue net lease due to acquisition of non-continuing partners' interest	(25,000)
	$2,653,000

YEAR ENDED DECEMBER 31, 1996

On a pro forma basis, after giving effect to the Offering, income before minority interest would have been $10,230,000 for the year ended December 31, 1996, representing an increase of $10,938,000 over the historical combined income before minority interest and extraordinary income on debt forgiveness for the same period. The increase is accounted for as follows:

INCREASES TO INCOME:	
Decrease in interest expense due to mortgage loans repaid or forgiven	$4,699,000
Additional income due to the acquisition of 1372 Broadway	5,544,000
Additional income due to the inclusion of 1140 Avenue of the Americas	1,699,000
Additional net income due to the inclusion of the Bar Building for the full year	1,132,000
Straight line rent adjustments related to the acquisition of other partners' interests	787,000
Net increase in depreciation and amortization due to acquisition other partners' interests, acquisition of new debt and repayment or forgiveness of mortgage loans	(68,000)
DECREASES TO INCOME:	
Interest expense related to new mortgage loans	(1,155,000)
Additional general and administrative expenses associated with a public company	(1,027,000)
Other partners' share of net losses for properties historically accounted for under the equity method	(425,000)
Elimination of the Service Corporations' income under the equity method of accounting	(284,000)
Straight line adjustment to 673 First Avenue net lease due to acquisition of non-continuing partners' interest	(100,000)
	$10,938,000

LIQUIDITY AND CAPITAL RESOURCES

The SL Green Predecessor historically relied on fixed and floating rate mortgage financing plus the use of its capital for the acquisition, redevelopment and renovation of the Properties. The proceeds from the Offering as well as $14 million in new mortgage loans, which will be secured by 1140 Avenue of the Americas, will be utilized to repay existing mortgage loans, acquire properties, pay transaction expenses and provide working capital. See "Use of Proceeds". The mortgage loans currently secured by the Properties, which will be consolidated in the financial statements of the Company, will be reduced from $91.4 million to $33.2 million as a result of the repayment and cancellation of certain mortgage loans. Total mortgage loans including new mortgage loans will amount to $46.5 million as a result of the Formation Transactions. All mortgage loans assigned to the Company by the Properties have fixed interest rates ranging from 8.25% to 9.0% and it is anticipated that the new mortgage loan will also bear interest at fixed rates. At maturity, the principal balance of the loan encumbering 673 First Avenue will be $2 million and the principal balance of the loan encumbering 470 Park Avenue South will be $8.3 million. Subsequent to the Formation Transactions the mortgage loans would represent approximately 19.4% of the Company's market capitalization based on an estimated total market capitalization of $240 million.

The Company is currently negotiating with several lenders for the Credit Facility, which the Company expects to be in place by the completion of the Offering although there is no assurance that this will be the case. The Credit Facility will be utilized to facilitate acquisitions and fund associated renovations, tenant

improvements and leasing commissions. After paying down mortgage debt as well as expenses of the transaction, the Company expects to have working capital of approximately $7.6 million, which will be used to fund anticipated capital improvements on the Bar Building and general corporate purposes. The Company estimates that for the 12 months ending March 31, 1998, it will incur approximately $2.5 million of expenses attributable to non-incremental revenue generating capital expenditures which includes $1.3 million for the Acquisition Properties, $823,000 for the Bar Building and $419,000 for the balance of the Core Portfolio.

The Company expects to make distributions to its stockholders primarily based on its distribution from the Operating Partnership. The Operating Partnership income will be derived primarily from lease revenue from the Properties and, to a limited extent, from fees generated by the Service Corporations.

The Company also expects to acquire properties in the future. Such acquisitions may require substantial capital leasing of a property. The Company expects that a portion of such costs will be funded from draws under the Credit Facility, to the extent the Credit Facility is obtained, from additional borrowings secured by the target property and from future issuances of equity. In the long term, the Company expects that capital needs will be met through a combination of net cash provided by operations, borrowings and additional equity issuances.

CASH FLOWS

COMPARISON OF THREE MONTHS ENDED MARCH 31, 1997 TO THREE MONTHS ENDED MARCH 31, 1996

Net cash provided by operating activities increased $596,000 to $769,000 from $173,000 for the quarter ended March 31, 1997 compared to the quarter ended March 31, 1996. The increase was due primarily to the acquisition of 1414 Avenue of the Americas, an increase in leasing commission income and a decrease in the equity in net losses of uncombined joint ventures. Net cash used in investing activities increased $53,000 to $112,000 from $59,000 for the quarter ended March 31, 1997 compared to the quarter ended March 31, 1996. The increase was due primarily to the acquisition of 1414 Avenue of the Americas. Net cash used in financing activities increased $164,000 to $339,000 from $175,000 for the quarter ended March 31, 1997 compared to the quarter ended March 31, 1996. The increase was due primarily to the acquisition of 1414 Avenue of the Americas, the refinancing of the mortgage on 70 West 36th Street and net cash distribution to owners.

COMPARISON OF YEAR ENDED DECEMBER 31, 1996 TO YEAR ENDED DECEMBER 31, 1995.

Net cash provided by operating activities increased $506,000 to $272,000 from a deficit of $234,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily to the acquisition of 1414 Avenue of the Americas, an increase in leasing commission income and a decrease in the equity in net losses of uncombined joint ventures. Net cash used in inventory activities increased $11,943,000 to $12,375,000 from $432,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily to the acquisition of 1414 Avenue of the Americas plus contributions to the partnerships that own 470 Park Avenue South and the Bar Building. Net cash provided by financing activities increased $11,987,000 to $11,960,000 form $63,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily to the acquisition of 1414 Avenue of the Americas, the refinancing of the mortgage on 70 West 36th Street and net cash contribution from owners.

COMPARISON OF YEAR ENDED DECEMBER 31, 1995 TO YEAR ENDED DECEMBER 31, 1994.

Net cash used in operating activities increased by $1,173,000 to a deficit of $234,000 from a positive cash flow of $939,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994. The increase was due primarily to an increase in the share of net loss of uncombined joint ventures, operating expense increases related to the Service Corporations and additional marketing, general and

administrative expenses for the Service Corporations. Net cash used in investing activities decreased $135,000 to $432,000 from $567,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994. The decrease was due primarily to reduced investments in building improvements and reduced contributions to investee partnerships. Cash provided by financing activities decreased $115,000 to $63,000 from $178,000 due to reduced contributions from owners.

FUNDS FROM OPERATIONS

The Company generally considers Funds from Operations an appropriate measure of liquidity of an equity REIT because industry analysts have accepted it as a performance measure of equity REITs. "Funds from Operations" as defined by NAREIT means net income (computed in accordance with GAAP) excluding gains (or losses) from debt restructuring and sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. The Company's Funds from Operations are not comparable to Funds from Operatins reported by other REITs that do not define the term using the current NAREIT definition or that interpret the current NAREIT definition differently than does the Company. The Company believes that in order to facilitate a clear understanding of the combined historical operating results of the SL Green Predecessor and the Company, Funds from Operatios should be examined in conjunction with net income as presented in the audited combined financial statements and information included elsewhere in this Prospectus. Funds from Operations does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income as an indication of the Company's performance or to cash flows as a measure of liquidity or ability to make distributions.

On a pro forma basis after giving effect to the Offering, Funds from Operations for the three months ended March 31, 1997 and for the year ended December 31, 1996, respectively, are as follows:

	PRO FORMA	
	THREE MONTHS ENDED MARCH 31, 1997	YEAR ENDED DECEMBER 31, 1996
Net income before minority interest and extraordinary item.....	$ 3,768	$ 10,230
Add:		
Depreciation and amortization.....	1,509	6,248
Amortization of deferred financing costs and depreciation of non-rental real estate assets.....	(38)	(196)
Funds from Operations.....	$ 5,239	$ 16,282

INFLATION

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

MARKET OVERVIEW

UNLESS INDICATED OTHERWISE, INFORMATION CONTAINED HEREIN CONCERNING THE NEW YORK METROPOLITAN ECONOMY AND THE MANHATTAN OFFICE MARKET IS DERIVED FROM A REPORT COMMISSIONED BY THE COMPANY AND PREPARED BY THE ROSEN CONSULTING GROUP, A NATIONALLY KNOWN REAL ESTATE CONSULTING COMPANY, AND IS INCLUDED HEREIN (THE "ROSEN MARKET STUDY"), WITH THE CONSENT OF THE ROSEN CONSULTING GROUP.

The Company believes that the strength of the New York metropolitan economy and the current supply/demand fundamentals in the Manhattan office market provide an attractive environment for acquiring, owning and operating Class B office properties.

NEW YORK ECONOMY

New York City is a leading international city with a large, dynamic and diverse economy. According to the U.S. Bureau of Economic Analysis, as of July 1994, the economy of the New York consolidated metropolitan statistical area ("CMSA") was larger than the economies of the next two largest U.S. CMSAs combined (Los Angeles and Chicago), and larger than the economy of any individual state except California, based on aggregate personal income (which the Company believes is a good proxy for overall economic output). Strong growth of the national economy has benefited New York City, causing the New York metropolitan area (including Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland and Westchester counties) economy to improve significantly in recent years. Private sector employment gained an average of almost 44,000 jobs per year between 1994 and 1996 for an average annual growth rate of 1.4%; between March of 1996 and 1997, private sector employment growth was an even stronger 1.9%, which is the strongest growth rate in more than ten years. In July of 1996, Inc. magazine named New York City as the "Best Place to Do Business," stating that urban, compact areas promote interaction among companies, suppliers and customers.

With its unique appeal, New York City is headquarters to many of the leading corporations and service firms in the U.S., including:

- more Fortune 500 companies (47) than any other U.S. city;
- three of the four largest U.S. commercial banks (400 international banks have offices in New York City--more than any other city in the world);
- 23 of the 25 largest U.S. securities firms;
- four of the 10 largest U.S. money managers;
- 27 of the 100 largest U.S. law firms (64 of the 100 largest U.S. law firms have offices in New York City);
- four of the "Big Six" accounting firms; and
- four of the largest U.S. entertainment/media conglomerates.

New York is also a world leader in the advertising industry and contains a large base of nonprofit organizations. It also has the largest consulate community in the world, contributing to its position as an international center of business and politics.

In addition to its diverse base of large businesses, Manhattan also has a large base of small companies. The New York City Office of the Comptroller reports that small businesses (which are defined as businesses with fewer than 500 employees) comprise approximately 99.7% of all businesses in New York City and employ approximately 70.7% of the private-sector work force. In the three years between 1994 and 1996, during which period some 132,000 private sector jobs were added in the New York metropolitan area (an average of approximately 44,000 each year), the percentage of jobs added from small business has

grown increasingly more significant, especially in New York City, where small businesses added approximately 69,000 jobs during 1994 and 1995 and approximately 22,000 jobs between the third quarters of 1995 and 1996.

The single fastest-growing employment sector in the New York metropolitan economy is the services sector, which grew at a rate of 3.4% during the year ended in March of 1997. With more than 1.4 million jobs, the services sector currently represents 37% of the New York metropolitan area's total employment base and 44% of its private sector employment base. Important components of the services sector are business services, legal services, engineering and management services and membership organizations (including approximately 20,000 nonprofit organizations which are based in New York City). One of the largest components of the services industry is business services, which supplied approximately 285,000 jobs as of March 1997, representing 19.9% of total services employment. Between 1992 and 1996, growth in business services employment averaged 4% per year, and between March 1996 and March 1997, business services employment grew 6.1%. Fueling the growth in the business services sector are the advertising industry, audio recording, software industries and agencies providing temporary workers. One very active sector of business services is the new media industry that is centered south of 41st Street in what is known as midtown south's "Silicon Alley." The companies that work in this industry include entertainment software, online/Internet services, CD-ROM title developers, and web site designers. Roughly 1,250 firms in Manhattan belong to the new media industry, and employment growth in this sector is estimated to be 30% per year through 1998.

The trade sector is the second largest and fastest growing part of the metropolitan economy, with an employment gain of 8,800 jobs during the 12 months ended March 31, 1997, representing a 1.3% annual growth rate. Approximately 68% of the metropolitan area's trade jobs are in the retail sector, where growth was an even stronger 2.2% during the same period. The retail industry has benefited from improved city services, reduced crime and an increase in the number of visitors and their spending volume.

Part of New York City's appeal to employers is a highly educated work-force. Over 40% of New York County's residents over the age of 25 have received a college degree and nearly half of those residents have received a graduate or professional degree, rates that are well above the national average. In addition, with a population of approximately 7.4 million, including approximately 169,000 households that have an annual income in excess of $150,000, New York City also provides a large base of potential consumers with significant disposable income, which is of particular appeal to businesses providing goods and services. Increased spending by local residents combined with a higher level of visitor spending caused retail sales growth in New York City to average 3.2% annually during the period January 1, 1994 to December 31, 1996.

New York City is an international financial and cultural capital that, in addition to housing the United Nations and numerous foreign missions, attracts tourism, is a center for international investment and a favored North American base for many multinational corporations headquartered overseas. The lower cost of office rents when compared internationally with other major cities is a competitive advantage in attracting such overseas companies to New York City. Midtown Manhattan ranks 13th among major business centers around the world in terms of office rental rates, after such cities as Tokyo, London, Paris, Hong Kong and Singapore, while downtown Manhattan ranked 37th.

New York City is the consummate "24-hour city," featuring a wide variety of restaurants, entertainment and cultural offerings, such as Broadway theater and productions at Carnegie Hall and Lincoln Center. In addition, many of the world's finest museums, including The Metropolitan Museum of Art, The Museum of Modern Art, The Guggenheim Museum, The Whitney Museum and The Museum of Natural History, are located in New York City. New York City is also home to major educational institutions, including Columbia University, Fordham University, New York University and Rockefeller University.

The quality of life in New York City also has improved with the implementation of various public/ private ventures and government initiatives. For example, Business Improvement Districts ("BIDs"), which

are public/private ventures that provide security, sanitation and other services within their boundaries, operate in the Grand Central Station, Penn Station and Times Square areas and in thirty-three additional areas within New York City. In addition, crime in New York City has declined. Preliminary estimates for 1996 show that New York City ranked 159th out of the 198 largest U.S. cities in terms of total crimes, lower than such cities as Atlanta (1), Miami (8), Phoenix (42), Milwaukee (83) and Philadelphia (114). According to the New York City Police Department, New York City's crime rate decreased 16% during 1996, and the seven felony categories have declined a cumulative 39% since 1993 (a greater decrease than any other large U.S. city during the last three years).

The New York City government is "reinventing" itself in an effort to streamline its operations and attract and retain businesses. For example, the New York Economic Development Council has been actively involved in encouraging businesses to remain in New York City. New York City also has recently reduced or eliminated numerous taxes, including the real property transfer tax, the unincorporated businesses tax, the commercial rent tax, the hotel occupancy tax and the sidewalk vault tax. New York City also was influential in eliminating the New York State real property gains tax. Even with the reduction or elimination of numerous taxes, New York City estimates a budget surplus for its fiscal year ending June 30, 1997 of approximately $856 million, as a result of savings in operating expenses and improvements in the New York City economy.

With its dynamic and diverse base of businesses, New York City is poised to continue its course of steady growth and economic improvement. Private sector job creation in the New York metropolitan area is anticipated to continue at an average rate of 1.3% per annum, or approximately 42,000 private sector jobs per annum through 1998, and continue to increase at approximately 1.0% annually through 2001.

MANHATTAN OFFICE MARKET

OVERVIEW. The Company believes that current supply/demand fundamentals in the Manhattan office market provide an attractive environment for acquiring, owning and operating Class B Manhattan office properties. Specifically, the Midtown Markets have the following favorable characteristics: (i) the Class A and Class B sectors of the Midtown Markets, collectively, have experienced four consecutive years of positive net absorption and declining vacancy rates; (ii) there have been virtually no new additions to supply in the Midtown Markets since 1992; and (iii) significant new office development is unlikely at the current time because there are relatively few sites available for construction, the lead time required for construction typically exceeds three years and new construction generally is not economically feasible given current market rental rates.

The Manhattan office market consists primarily of midtown, midtown south and downtown submarkets. According to Rosen Consulting Group, the Midtown Markets extends from the north side of 32nd Street to 62nd Street; midtown south is defined as Canal Street to the south side of 32nd Street; and downtown is defined as Battery to Canal Street. In each case the submarkets are defined from the East River on the east to the Hudson River on the west. As referred to herein, the Midtown Markets collectively consist of midtown and midtown south.

SIZE OF MARKET. The Manhattan office market, with an overall stock of approximately 378 million square feet, is the largest office market in the U.S and is larger than the next six largest U.S. central business district office markets combined (Chicago, Washington, D.C., Boston, San Francisco, Philadelphia and Los Angeles). The following chart sets forth the size of the Manhattan office market and the size of certain other U.S. office markets, as of December 31, 1996:

1996 COMPARATIVE OFFICE STOCK

RANK	METROPOLITAN STATISTICAL AREA	STOCK SQUARE FEET (000)
1.....	New York, NY (includes all of Manhattan)	378,000
2.....	Chicago, IL	118,820
3.....	Washington, DC	78,801
4.....	Boston, MA	47,390
5.....	San Francisco, CA	39,940
6.....	Philadelphia, PA-NJ	38,525
7.....	Los Angeles-Long Beach, CA	36,563
8.....	Houston, TX	36,410
9.....	Dallas, TX	30,580
10.....	Pittsburgh, PA	29,390

Within Manhattan, 46% of the office space is classified as Class B space; almost half of the Class B space is located in midtown, and approximately one-fourth of the Class B space is located in each of midtown south and downtown. The following table sets forth the relative sizes of the Class A and Class B office markets and the rents and vacancy rates as of March 31, 1997 existing in such markets:

MANHATTAN OFFICE MARKET OVERVIEW

	% OF CLASS A AND CLASS B STOCK		1ST QUARTER 1997 VACANCY RATE		1ST QUARTER 1997 RENT/SQUARE FEET	
	CLASS A	CLASS B	CLASS A	CLASS B	CLASS A	CLASS B
Midtown Markets (1).....	70.2%	73.9%	10.6%	11.7%	$ 35.49	$ 23.88
Midtown.....	67.9%	48.3%	10.4%	11.6%	$ 35.93	$ 25.87
Midtown South.....	2.4%	25.7%	17.2%	11.9%	$ 27.84	$ 20.21
Downtown.....	29.8%	26.1%	15.2%	18.0%	$ 28.54	$ 21.94
Total.....	54.3%(2)	45.7%(2)	12.0%	13.3%	$ 32.87	$ 23.20

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(1) Consists of midtown and midtown south submarkets.

(2) Represents proportion of total Class A stock and Class B stock in the Manhattan office market.

HISTORICAL PERSPECTIVE. The Midtown Markets experienced rapid growth both in demand for, and supply of, office space during the 1980s. A wave of new construction peaked in the late 1980s and, between 1985 and 1992, 39 buildings containing approximately 20.3 million square feet of space were built. However, since 1992, there has been very little new construction in the Midtown Markets.

NEW CONTRUCTION OF OFFICE SPACE

MIDTOWN MARKETS

Source: Real Estate Board of New York (historical); Rosen Consulting Group (projections).

In the late 1980s and early 1990s, as much of the new supply of office space was being delivered, the demand for space in the Midtown Markets fell off abruptly as a result of the general downturn in the economy and subsequent corporate downsizings. As a result of the increase in inventory and the significant decrease in employment in Manhattan, Class A vacancy rates in the Midtown Markets increased into the double digits, reaching 17.8% in 1991 and Class B vacancy rates in the Midtown Markets increased to 17.3% in 1992.

In the early 1990s, however, conditions began to improve in the Midtown Markets, as a result of the following factors: new jobs were created as the national and New York metropolitan economies recovered from their downturns; existing midtown Manhattan businesses expanded, resulting in an increased need for office space; and some traditional downtown Manhattan tenants, such as banks and securities firms, moved to the Midtown Markets in search of greater amenities and improved access to transportation.

LIMITED SUPPLY OF NEW OFFICE SPACE. The Company expects the supply of office space in the Midtown Markets to remain relatively stable for the foreseeable future because there are relatively few sites available for construction, the lead time required for construction typically exceeds three years and new construction generally is not economically feasible at current market rental rates. Virtually no new construction of office space in the Midtown Markets is anticipated in the near term, except one major Class A development, containing approximately 1.5 million square feet, scheduled to be completed in 1999, which has substantial grandfathered tax benefits. (The Company does not believe that this property will have a material impact on the market because it represents less than 1% of the total Class A midtown office space and is already substantially preleased to two tenants.) In the absence of tax incentives, the Company believes that rents generally would have to increase significantly to justify the cost of new construction. Assuming development costs of approximately $358 per square foot (as estimated by Rosen

Consulting Group), a market base rent in excess of $55 per square foot would be needed to make construction economically viable. This suggests that, in order to justify new construction, market base rents (not taking into account any tax benefits that may apply) generally would have to increase to at least 42% more than current asking rents for Class A office space in midtown Manhattan (as estimated by Rosen Consulting Group).

INCREASING DEMAND FOR OFFICE SPACE IN THE MIDTOWN MARKETS. In addition, net absorption as calculated by Rosen Consulting Group ("Net Absorption") of Class B office space in the Midtown Markets has been positive since 1992 and surged in 1994, 1995 and 1996, reaching 3.0 million, 1.5 million and 1.7 million square feet, respectively. Net Absorption was slightly negative at 250,000 square feet during the first quarter of 1997, but Net Absorption in the Midtown Markets is forecasted to reach 2.0 million square feet for all of 1997. An average of 28,400 office space-consuming jobs are projected to be created annually from 1997 until 2001, leading to an estimated average annual Net Absorption of Class B office space in the Midtown Markets of 1.4 million square feet in 1998 and 1999.

NET ABSORPTION OF CLASS B OFFICE SPACE

MIDTOWN MARKETS

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

	SQUARE FEET (MILLIONS)
1993	1.1
1994	3.0
1995	1.5
1996	1.7
1997 proj.	2.0
1998 proj.	1.5
1999 proj.	1.3
2000 proj.	1.0

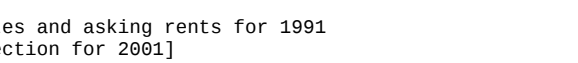
As a result of sustained positive Net Absorption coupled with virtually no new construction since 1992, the Class A office vacancy rate in the Midtown Markets had fallen to 10.6% as of March 31, 1997 from its 1990s high of 17.8% in 1991 and the Class B office vacancy rate in the Midtown Markets had fallen to 11.7% from its 1990s high of 17.3% in 1992. As a result of the projected economic strength and private sector job growth, combined with a lack of projected new construction through 1998, Rosen Consulting Group projects that the Class A vacancy rate in the midtown markets will fall to 8.2% in 1998 and further to 6.4% in 2001; similarly, Rosen Consulting Group projects that the Class B vacancy rate in the Midtown Markets will fall to 8.8% in 1998 and further to 6.0% in 2001. The Company believes the demand for Class B space will increase as a result of the expectation of the following factors: (i) growth in the office space demands of small businesses, which generally choose to locate in office space with lower occupancy costs, (ii) the continued desire of larger corporations to reduce office occupancy costs and (iii) growth in key office-consuming sectors such as finance, securities, legal services and accounting which would reduce the availability of Class A office space.

The following chart shows the history and projections of vacancy rates and asking rents for Class B office space in the Midtown Markets. According to Rosen Consulting Group, rent growth is inversely related to vacancy rates. When market conditions tighten and the market vacancy rate falls below the optional vacancy rate, rent growth accelerates. The optimal vacancy rate is the vacancy rate at which neither excess supply nor excess demand exists, and it is determined by examining the historical relationship between vacancy rates and rent growth. As shown in the chart below, the Class B vacancy rate in the Midtown Markets rose to its highest level in 1992, at which time average asking rents continued to decline to their lowest levels in 1993. Since 1992, the Class B vacancy rate has decreased, and as the actual vacancy rate has approached the optimal vacancy rate, average asking rents stabilized and began to rise in 1995.

The chart further shows that as vacancy rates decline below the optimal rate of 10% (as is projected to occur over the next four years), projected asking rents begin to increase at an accelerated rate over current levels. In light of the supply and demand fundamentals outlined above and the estimate of Class A base rental rates required to justify new office construction (in excess of $55 per square foot), the Company believes the estimate in the chart below of Class B asking rents in the $30 per square foot range at a projected vacancy level of 6% to be reasonable. However, conditions in the Midtown Markets are subject to change and there can be no assurance that any projections will approximate actual results. See "Risk Factors--Dependence on Midtown Markets Due to Limited Geographic Diversification."

OFFICE VACANCY RATES AND ASKING RENTS

MIDTOWN MARKETS CLASS B



POSITIVE OUTLOOK FOR EFFECTIVE RENTAL RATES. As discussed above, the Company anticipates continued growth in the demand for Class A and Class B office space in the Midtown Markets and relatively little new supply of such space being delivered over the next several years. Accordingly, the Company believes that vacancy rates among Class A and Class B properties in the Midtown Markets should continue to decrease, which the Company believes should result in increased rental rates and decreased re-leasing costs in well-managed, well-located Class A and Class B office properties. However, there can be no assurance that any of these expectations will be met.

THE PORTFOLIO

GENERAL. Upon the completion of the Offering, the Company will own or have contracted to acquire interests in eight Class B office Properties located in midtown Manhattan which contain approximately 1.9 million rentable square feet. Of these Properties, six office properties encompassing 1.2 million rentable square feet are currently owned and managed by SL Green and two office properties encompassing approximately 700,000 rentable square feet will be acquired on or after completion of the Offering. See "Structure and Formation of the Company--Formation Transactions." Upon completion of the Offering, the Company will effectively own 100% of the economic interest in each of the Properties. Certain of the Properties include at least a small amount of retail space on the lower floors, as well as basement/storage space. One Property (673 First Avenue) includes an underground parking garage. The Company believes that each of the Properties is adequately covered by property and liability insurance. In addition, upon completion of the Offering, the Company expects to own an option to acquire 50 West 23rd Street, a 333,000 rentable square foot Class B office building in midtown Manhattan. See "--The Option Property" below.

As noted above under "Market Overview," the Manhattan office market is predominantly segregated into two distinct categories: Class A and Class B. The Class B category generally includes office properties that are more than 25 years old, in good physical condition, attract high-quality tenants and are situated in desirable locations in Manhattan. Class B 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 in their markets.

The following table sets forth certain information with respect to each of the Properties as of March 31, 1997:

	YEAR BUILT/ RENOVATED	SUBMARKET	APPROXIMATE RENTABLE SQUARE FEET	PERCENTAGE OF PORTFOLIO RENTABLE SQUARE FEET	PERCENT LEASED	ANNUAL ESCALATED RENT(1)	PERCENTAGE OF PORTFOLIO ANNUAL ESCALATED RENT
CORE PORTFOLIO							
673 First Ave.	1928/1990	Grand Central South	422,000	22.4%	100%	$10,692,472	25.2%
470 Park Ave. S.(4)	1912/1994	Park Avenue South/Flatiron	260,000(4)	13.8	95	5,568,931	13.1
Bar Building (5)	1922/1985	Rockefeller Center	165,000(5)	8.8	81(5)	3,937,435	9.3
70 W. 36th St.	1923/1994	Garment	150,000	8.0	96	2,752,439	6.5
1414 Ave. of Ams.	1923/1990	Rockefeller Center	111,000	5.9	98	3,378,804	8.0
29 W. 35th St.	1911/1985	Garment	78,000	4.1	92	1,433,221	3.4
			1,186,000	63.0	95	27,763,302	65.5
ACQUISITION PROPERTIES							
1372 Broadway	1914/1985	Garment	508,000	26.9	85	9,552,088	22.6
1140 Ave. of Ams.	1926/1951	Rockefeller Center	191,000	10.1	98	5,035,514	11.9
Total/Weighted Average			1,885,000(6)	100.0%	92.5%	$42,350,904	100.0%

	NUMBER OF LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT(2)	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT(3)
CORE PORTFOLIO			
673 First Ave.	16	$ 25.33	$ 21.79
470 Park Ave. S.(4)	25	22.61	19.57
Bar Building (5)	52	29.37	26.09
70 W. 36th St.	39	19.14	15.94
1414 Ave. of Ams.	31	31.01	31.04
29 W. 35th St.	8	20.09	16.20

	171	24.93	21.60
ACQUISITION PROPERTIES			
1372 Broadway.....	31	22.21	21.35
1140 Ave. of Ams....	40	26.93	24.92
Total/Weighted Average.....	242	$ 24.29	$ 28.03

(1) As used throughout this Prospectus, Annual Escalated Rent represents the annualized monthly base rent in effect as of March 31, 1997 (after giving effect to any contractual increases in monthly base rent that have occurred up to such date) including annualized monthly tenant pass-throughs of operating and other expenses (but excluding tenant electricity costs) under each lease executed as of March 31,

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(FOOTNOTES CONTINUED FROM PRECEDING PAGE)

1997, or, if such monthly rent has been reduced by a temporary rent concession, the monthly rent that would have been in effect at such date in the absence of such concession.

(2) Annual Escalated Rent Per Leased Square Foot, as used throughout this Prospectus, represents Annual Escalated Rent, as described in footnote (1) above, presented on a per leased square foot basis.

(3) As used throughout this Prospectus, Annual Net Effective Rent Per Leased Square Foot represents (a) for leases in effect at the time an interest in the relevant property was first acquired by SL Green, the remaining lease payments under the lease divided by the number of months remaining under the lease multiplied by 12 and (b) for leases entered into after an interest in the relevant property was first acquired by SL Green and for leases at the Acquisition Properties, all lease payments under the lease divided by the number of months in the lease multiplied by 12, and, in the case of both (a) and (b), adjusted for tenant improvement costs and leasing commissions, if any, paid or payable by SL Green and presented on a per leased square foot basis. In certain cases, Annual Net Effective Rent Per Leased Square Foot may exceed Annual Escalated Rent Per Leased Square Foot as a result of the provision for future contractual increases in rental payments in the Annual Net Effective Rent Per Leased Square Foot data.

(4) 470 Park Avenue South is comprised of two buildings, 468 Park Avenue South (a 17-story office building) and 470 Park Avenue South (a 12-story office building).

(5) SL Green first acquired an interest in the Bar Building in October 1996. SL Green has commenced an aggressive leasing program at the Property. The Bar Building is comprised of two buildings, 36 West 44th Street (a 14-story building) and 35 West 43rd Street (a four-story building).

(6) Includes approximately 1,718,000 square feet of rentable office space, 137,000 square feet of rentable retail space and 30,000 square feet of garage space.

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

	PERCENT LEASED AT THE PROPERTIES (1)	OCCUPANCY RATE OF CLASS B OFFICE PROPERTIES IN THE MIDTOWN MARKETS (2)
March 31, 1997	95%	88%
December 31, 1996	95	89
December 31, 1995	95	87
December 31, 1994	98	86
December 31, 1993	96	84
December 31, 1992	93	83

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

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

LEASE EXPIRATIONS. Leases at the Properties, as at many other Manhattan office properties, typically extend for a term of ten or more years, compared to typical lease terms of 5-10 years in other large U.S. office markets. From January 1, 1994 through March 31, 1997, SL Green renewed approximately 77% of the leases scheduled to expire at the Properties in the Core Portfolio owned and managed by SL Green during such period, constituting renewal of approximately 78% of the expiring rentable square footage during such period. As a result of these re-leasing efforts, through December 31, 2002, the average annual rollover at the Properties is approximately 111,000 square feet, representing an average annual expiration of 6.3% of the total leased square feet at the Properties per year (assuming no tenants exercise renewal or cancellation options and no tenant bankruptcies or other tenant defaults).

The following table sets out a schedule of the annual lease expirations at the Properties (including the Acquisition Properties) with respect to leases in place as of March 31, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES(1)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES (2)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS(3)
March 31 through December 31, 1997.....	29	79,099	4.5%	$ 2,199,148	$ 27.80(4)	$ 28.00(4)
1998.....	27	72,650	4.2	2,065,204	28.43	30.03
1999.....	29	119,407	6.9	3,232,203	27.07	27.87
2000.....	23	144,460	8.3	2,742,167	25.90	27.39
2001.....	27	83,447	4.8	2,221,181	26.62	29.47
2002.....	22	136,683	7.8	2,813,700	20.59	22.02
2003.....	24	238,929	13.7	5,581,806	23.36	29.42
2004.....	20	317,704	18.2	7,532,635	23.71	28.62
2005.....	10	185,634	10.6	4,212,456	22.69	25.34
2006.....	15	139,528	8.0	3,745,237	26.84	32.17
2007 and thereafter.....	16	226,081	13.0	5,005,163	22.14	28.34
TOTAL.....	242	1,743,622	100.0%	$ 42,350,900	$ 24.29(5)	$ 28.03

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(1) Annual Escalated Rent of Expiring Leases, as used throughout this Prospectus, represents the annualized monthly base rent in effect as of March 31, 1997 (after giving effect to any contractual increases in annualized monthly base rent that have occurred up to such date) including monthly tenant pass-throughs of operating and other expenses (but excluding tenant electricity costs) under each lease executed as of March 31, 1997 which expires in the applicable year or, if such monthly rent has been reduced by a temporary rent concession, the monthly rent that would have been in effect at such date in the absence of such concession.

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

(3) Annual Escalated Rent Per Leased Square Foot of Expiring Leases With Future Step-Ups represents Annual Escalated Rent Per Leased Square Foot of Expiring Leases, as described in footnote (2) above, adjusted to reflect contractual increases in monthly base rent that occur after March 31, 1997.

(4) For comparison purposes, the Direct Weighted Average Rental Rate for the Class B Midtown Markets, according to RELocate (as adjusted by the Company to weight the representation of the Properties in the Grand Central South, Garment, Park Avenue South/Flatiron and Rockefeller Center submarkets), was $23.56 as of March 31, 1997. The Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B office space as it relates to the Properties. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). In addition, the Direct Weighted Average Rental Rate represents a large number of Class B properties in various locations within the Midtown Markets, and, therefore, may not be representative of asking or actual rental rates at the Properties.

(5) Excluding rental payments attributable to retail space at the Properties, the Weighted Average Annual Escalated Rent Per Leased Square Foot of Expiring Leases would be $23.69.

TENANT DIVERSIFICATION. The Properties (including the Acquisition Properties) currently are leased to over 200 tenants which are engaged in a variety of businesses, including publishing, health services, retailing and banking. The following table sets forth information regarding the leases with respect to the 20 largest tenants at the Properties, based on the amount of square footage leased by such tenants as of March 31, 1997:

TENANT	PROPERTY	REMAINING LEASE TERM IN MONTHS	TOTAL LEASED SQUARE FEET	PERCENTAGE OF AGGREGATE PORTFOLIO LEASED SQUARE FEET	ANNUAL ESCALATED RENT	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUAL ESCALATED RENT
Kallir, Philips, Ross	673 First Avenue	87	80,000	4.6%	$ 2,394,175	5.7%
New York Hospital(1)	673 First Avenue	113	76,000	4.4	1,852,156	4.4
Cygne	1372 Broadway	160	70,098	4.0	1,242,838	2.9
Capital-Mercury	1372 Broadway	100	64,122	3.7	1,292,732	3.1
Ann Taylor	1372 Broadway	160	58,975	3.4	1,169,118	2.8
NationsBank	1372 Broadway	36	55,238	3.2	1,364,343	3.2
Newbridge Communications(2)	673 First Avenue	103	49,000	2.8	1,456,518	3.4
UNICEF	673 First Avenue	81	40,300	2.3	1,070,667	2.5
U.S. Committee for UNICEF	673 First Avenue	81	40,000	2.3	1,078,259	2.5
Franklin Strategic	673 First Avenue	85	40,000	2.3	1,308,407	3.1
Republic of South Africa	673 First Avenue	85	40,000	2.3	1,108,913	2.6
Henry Siegel	1372 Broadway	101	34,045	2.0	578,765	1.4
Meredith Garage Corp	673 First Avenue	88	30,000	1.7	372,058	0.9
Ross Stores(3)	1372 Broadway	67	29,949	1.7	566,246	1.3
AJ Contracting	470 Park Ave. So.	153	27,870	1.6	635,803	1.5
Cowles Business Media	470 Park Ave. So.	71.5	24,767	1.4	582,774	1.4
Workbench	470 Park Ave. So.	69	22,000	1.3	375,000	0.9
House of Ronnie	1372 Broadway	72	20,500	1.2	429,987	1.0
Institute for Office Management	29 W 35th St.	84	19,500	1.1	535,322	1.3
Solomon Page (4)	1140 Avenue of the Americas	96	18,800	1.1	476,956	1.1
Total/Weighted Average(5)		95	841,164	48.2%	$ 19,891,037	47.0%

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(1) This tenant occupies an additional 65,000 square feet of space at 673 First Avenue pursuant to two subleases expiring December 31, 2003 and April 29, 2004.

(2) This tenant occupies an additional 13,000 square feet of space at 673 First Avenue pursuant to a sublease expiring April 29, 2004.

(3) Since March 31, 1997, this tenant has contracted to lease an additional 18,655 square feet at 1372 Broadway and has extended its lease with respect to the space indicated in the table to June 30, 2007.

(4) Since March 31, 1997, this tenant has contracted to lease an additional 9,400 square feet at 1140 Avenue of the Americas.

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

LEASE DISTRIBUTION. The following table sets forth information relating to the distribution of leases at the Properties (including the Acquisition Properties), based on rentable square feet under lease, as of March 31, 1997:

SQUARE FEET UNDER LEASE	NUMBER OF LEASES	PERCENT OF ALL LEASES	TOTAL LEASED SQUARE FEET	PERCENTAGE OF AGGREGATE PORTFOLIO LEASED SQUARE FEET	ANNUAL ESCALATED RENT	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUAL ESCALATED RENT
2,500 or less	106	43.8%	147,478	8.5%	$ 4,422,650	10.4%
2,501-5,000	55	22.7	190,095	10.9	5,136,717	12.1
5,001-7,500	19	7.9	117,891	6.8	2,905,392	6.9
7,501-10,000	21	8.7	190,946	10.9	4,491,121	10.6
10,001-20,000	23	9.5	303,368	17.4	7,248,676	17.1
20,001-39,999	7	2.9	189,131	10.8	3,540,633	8.4
40,000 +	11	4.5	604,733	34.7	14,605,174	34.5
TOTAL	242	100.0%	1,743,642	100.0%	$ 42,350,903	100.0%

TENANT RETENTION AND HISTORICAL LEASE RENEWALS. The Company works closely with its tenants to provide a high level of tenant services. The Company continually seeks to improve its tenant roster by attracting high-quality tenants to the Properties and seeks to stabilize its rent roll through the early extension of near-term expiring leases. From January 1, 1994 through March 31, 1997, SL Green renewed 77% of the leases scheduled to expire at the Properties in the Core Portfolio owned and managed by SL Green during such period, constituting renewal of approximately 78% of the expiring rentable square footage in the Core Portfolio during such period. The following table sets forth certain historical information regarding tenants at the Properties in the Core Portfolio who renewed an existing lease at or prior to the expiration of such lease:

	1994	1995	1996	THREE MONTHS ENDED MARCH 31, 1997	TOTAL/ WEIGHTED AVERAGE JANUARY 1, 1994- MARCH 31, 1997
Number of leases expired during calendar year or period	5	12	31	4	52
Number of leases renewed	5	7	26	2	40
Percentage of leases renewed	100.00%	58.33%	83.87%	50.00%	76.92%
Aggregate rentable square footage of expiring leases	14,223	38,008	136,582	5,683	194,496
Aggregate rentable square footage of lease renewals	14,223	28,055	107,408	2,564	152,250
Percentage of expiring rentable square foot renewed	100.00%	73.81%	78.64%	45.12%	78.28%

HISTORICAL TENANT IMPROVEMENTS AND LEASING COMMISSIONS. The following table sets forth certain historical information regarding tenant improvement and leasing commission costs for tenants at the Properties in the Core Portfolio for the years 1994 through 1996 and for the first quarter of 1997:

	1994	1995	1996	THREE MONTHS ENDED MARCH 31, 1997	TOTAL/WEIGHTED AVERAGE JANUARY 1, 1994-MARCH 31, 1997
RENEWALS					
Number of leases	5	7	26	2	40
Square feet	14,223	28,055	107,408	2,564	152,250
Tenant improvement costs per square foot	$ 1.84	$ 0.00	$ 2.38	$ 0.00	$ 1.85
Leasing commission costs per square foot	$ 1.64	$ 1.98	$ 3.45	$ 0.94	$ 2.97
Total tenant improvement and leasing commission costs per square foot	$ 3.48	$ 1.98	$ 5.83	$ 0.94	$ 4.82
RE-TENANTED OR NEWLY TENANTED SPACE					
Number of leases	8	7	11	9	35
Square feet	42,632	25,787	36,911	26,890	132,220
Tenant improvement costs per square foot	$ 16.41	$ 22.73	$ 13.77	$ 6.06	$ 14.80
Leasing commission costs per square foot	$ 7.27	$ 4.55	$ 9.42	$ 5.03	$ 6.88
Total tenant improvement and leasing commission costs per square foot	$ 23.69	$ 27.28	$ 23.19	$ 11.09	$ 21.68
TOTAL					
Number of leases	13	14	37	11	75
Square feet	56,855	53,842	144,319	29,454	284,470
Tenant improvement costs per square foot	$ 12.77	$ 10.89	$ 5.29	$ 5.53	$ 7.87
Leasing commission costs per square foot	$ 5.86	$ 3.21	$ 4.98	$ 4.67	$ 4.79
Total tenant improvement and leasing commission costs per square foot	$ 18.63	$ 14.10	$ 10.27	$ 10.21	$ 12.66(1)

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(1) The cost of leasing vacant space (i.e., newly-tenating) generally exceeds the cost of renewing or retenating occupied space. During the period January 1, 1994 through March 31, 1997, certain of the Properties were in a lease-up phase. In the event the weighted average of total tenant improvement costs and leasing commission per square foot were calculated assuming a 75% renewal rate on expiring square footage and an occupancy rate throughout such period equal to 92.5% (the occupancy rate at the Properties as of March 31, 1997), such weighted average per share amount would be $9.04.

HISTORICAL CAPITAL EXPENDITURES. Each property within the Core Portfolio, except for the Bar Building, has been substantially renovated. Within the next 18 months the Company anticipates spending $5.3 million in capital improvements at the Properties, of which approximately $1.1 million is designated for the Bar Building, an interest in which was first purchased by SL Green in October 1996, and approximately $3.0 million is designated for the Acquisition Properties. See "--36 West 44th Street (The Bar Building)" and "--Acquisition Properties" below. These costs are expected to be paid from remaining net proceeds from the Offering after completion of the Formation Transactions (estimated to be $7.7 million) and/or from operating cash flows. See "Use of Proceeds."

Prior to acquisition each property under consideration is evaluated to determine an initial capital budget. The extent of these improvements is predicated on the physical condition and vacancy at the property, and the anticipated target market rent. Ongoing capital budgets are determined annually and are geared toward addressing tenant rollover and changing target market rent.

The following table sets forth information regarding historical capital expenditures at the Properties in the Core Portfolio (except for the Bar Building, an interest in which was first acquired by SL Green in October 1996) for the years 1994 through 1996:

	1994	1995	1996	TOTAL
673 First Ave.	$ 10,929	$ 52,369	$ 15,636	$ 78,934
470 Park Ave. So.	$ 241,923(1)	$ --	$ 130,700(2)	$ 372,623
70 W. 36th St.	$ 129,721(3)	$ 24,717	$ 178,521(4)	$ 332,959
1414 Ave. of Americas (5)	$ --	$ --	$ 132,459(6)	$ 132,459
29 W. 35th St.	$ 68,585	$ 176,123(7)	$ 98,786(8)	$ 343,494
Total	$ 451,158	$ 253,209	$ 556,102	$ 1,260,469
Total Square Feet	1,021,000	1,021,000	1,021,000	1,021,000
Capital Expenditures Per Square Foot	$0.44	$0.25	$0.54	$0.41

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(1) Expenditures included asbestos abatement, new boiler and new roof-top structures.

(2) Expenditures included partial elevator modernization.

(3) Expenditures included elevator modernization.

(4) Expenditures included new boiler, exit signs and fire doors.

(5) SL Green's interest in 1414 Avenue of the Americas was acquired in May, 1996; however, SL Green managed the Property for prior ownership since December 1989.

(6) Expenditures included floor renovations, ADA bathrooms, new windows and parapet.

(7) Expenditures included elevator modernization.

(8) Expenditures included new roof.

673 FIRST AVENUE

673 First Avenue is a 12-story office building that occupies the entire block front on the west side of First Avenue between East 38th Street and East 39th Street in the Grand Central South submarket of the Manhattan office market. 673 First Avenue contains approximately 422,000 rentable square feet (including approximately 366,600 square feet of office space, 26,000 square feet of retail space and a 30,000 square foot garage), with floor plates of approximately 40,000 square feet on all but the top two floors. The building, located three blocks from the United Nations, was completed in 1928 and converted from a warehouse/distribution facility to an office building by SL Green in 1989 and 1990. SL Green acquired a net leasehold interest (which expires in 2037) in the Property and a ground leasehold interest (which expires in 2037) in the land underlying the Property in 1988. Upon completion of the Formation Transactions, such leasehold interests will be transferred to the Company.

At 673 First Avenue, SL Green converted a distribution and warehouse facility into an office property to take advantage of desirable 40,000 square foot floor plates and a strategic location near the United Nations complex. To accomplish the repositioning, SL Green invested approximately $25 million in the Property for (i) new building entrance, lobby and storefronts, (ii) complete replacement of the elevator systems, (iii) the creation of common areas, (iv) entirely reconfigured HVAC and electrical systems and (v) the build-out of tenant spaces. The repositioning resulted in the conversion of a 43% occupied warehouse/distribution facility into a 100% occupied Class B office building within 24 months. The Property's net operating income (NOI) increased dramatically from approximately $466,000 per annum upon acquisition to approximately $7.6 million per annum following repositioning and lease-up (exclusive of net lease payments and debt service payments).

As of March 31, 1997, 100% of the rentable square footage in 673 First Avenue was leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	100%	$ 25.33	$ 21.79
1996	100	25.12	21.79
1995	97	24.83	21.66
1994	100	23.83	21.47
1993	100	23.48	21.50
1992	100	22.18	21.50

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(1) Information is as of March 31, 1997.

As of March 31, 1997, 673 First Avenue was leased to 16 tenants operating in various industries, including healthcare, advertising and publishing, three of whom occupied 10% or more of the rentable square footage at the Property. A major New York City hospital occupied approximately 141,000 square feet (approximately 33% of the Property) under two leases expiring on August 31, 2006 and two subleases expiring December 31, 2003 and April 29, 2004, respectively, that provide for an aggregate annualized base rent as of March 31, 1997 of approximately $3.05 million (approximately $21.63 per square foot) and renewal options for five years on the two direct leases. In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

In addition, an advertising firm occupied approximately 80,000 square feet (approximately 19% of the Property) under a lease expiring on June 30, 2004 that provides for annualized base rent as of March 31, 1997 of approximately $1.8 million (approximately $22.00 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

Also, a publishing company occupied approximately 62,000 square feet (approximately 14.7% of the Property) under two leases expiring on October 31, 2005 and a sublease expiring on April 30, 2004 that provide for an aggregate annualized base rent as of March 31, 1997 of approximately $1.66 million (approximately $26.77 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year payment.

The following table sets out a schedule of the annual lease expirations at 673 First Avenue for leases executed as of March 31, 1997 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	ANNUAL ESCALATED RENT OF EXPIRING LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES (1)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
March 31 through December 31, 1997	--	--	--	--	--	--
1998	--	--	--	--	--	--
1999	1	1,018	0.20%	$ 10,180	$ 10.00	$ 10.00
2000	1	100	0.02	44,223	442.00(2)	511.94(2)
2001	--	--	--	--	--	--
2002	1	1,046	0.20	21,480	20.53	24.57
2003	2	80,300	19.00	2,148,926	26.76	36.25
2004	6	203,944	48.00	4,893,855	24.00	28.64
2005	2	49,000	12.00	1,456,518	29.73	32.48
2006	1	76,000	18.00	1,852,156	24.37	27.58
2007 and thereafter	2	10,659	2.50	265,134	24.87	35.55
SUBTOTAL/WEIGHTED AVERAGE	16	422,067	100.00%	$ 10,692,472	$ 25.33	$ 30.57(3)
Unleased at 3/31/97	0					
TOTAL		422,067	100.00%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Grand Central South submarket (which, according to RELocate is the area bounded by 32nd Street to 40th Street, Fifth Avenue east to the East River) was $26.75 as of March 31, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 673 First Avenue.

(2) These rental rates reflect the lease of approximately 100 square feet of roof and office space at the Property for the placement of cellular telephone antennas and equipment.

(3) The differential between Annual Escalated Rent Per Leased Square Foot of Expiring Leases and Annual Escalated Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

The aggregate undepreciated tax basis of depreciable real property at 673 First Avenue for Federal income tax purposes was $22,583,658 as of December 31, 1996. 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 $10.252 per $100 of assessed value. The total annual tax for 673 First Avenue at this rate for the 1996-97 tax year is $1,235,469 (at a taxable assessed value of $12,051,000).

470 PARK AVENUE SOUTH

470 Park Avenue South is comprised of two buildings, 468 Park Avenue South (a 17-story building) and 470 Park Avenue South (a 12-story building), that occupy the entire blockfront on the west side of Park Avenue South between East 31st and East 32nd Streets in the Park Avenue South/Flatiron submarket of the Manhattan office market. The buildings are joined together by a single lobby and common base building systems. 468 Park Avenue South was completed in 1912 and 470 Park Avenue South was completed in 1917. Various portions of the common areas of both buildings were substantially renovated in 1987, 1990 and 1994. SL Green acquired a 100% fee simple interest in the Property in 1986. Upon completion of the Formation Transactions, this fee simple interest will be transferred to the Company. The Property contains an aggregate of approximately 260,000 rentable square feet (including approximately 232,000 square feet of office space and approximately 28,000 square feet of retail space), with floor plates of approximately 8,400 square feet in the 468 building and floor plates of approximately 9,735 square feet in the 470 building.

As of March 31, 1997, 95% of the rentable square footage in 470 Park Avenue South was leased (including space for leases that were executed as of March 31, 1997). The office space was 94% leased and the retail space was 100% leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FEET
1997(1)	95%	$ 22.61	$ 19.57
1996	95	21.93	19.57
1995	93	21.79	18.50
1994	99	21.23	17.82
1993	98	21.15	17.62
1992	84	21.48	17.36

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(1) Information is as of March 31, 1997.

As of March 31, 1997, 470 Park Avenue South was leased to 25 tenants operating in various industries, including financial services, publishing and general contracting, one of whom leased 10% or more of the Property's rentable square feet. A general contractor occupied approximately 27,870 square feet (approximately 11% of the Property) under a lease expiring on December 31, 2009 that provides for annualized base rent as of March 31, 1997 of approximately $636,000 (approximately $22.81 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 470 Park Avenue South with respect to leases executed as of March 31, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FOOT	ANNUAL ESCALATED RENT OF EXPIRING LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
March 31 through December 31, 1997	--	--	--	--	--	--
1998	2	3,536	1.4%	$ 80,466	$22.76	$23.22
1999	3	18,800	7.2	435,594	23.17	24.38
2000	2	18,135	7.0	412,446	22.74	27.17
2001	2	18,135	7.0	442,369	24.39	28.64
2002	5	51,310	19.7	1,135,858	22.14	24.11
2003	5	61,062	23.5	1,290,923	21.14	26.47
2004	2	18,364	7.1	316,582	17.24	21.56
2005	1	9,735	3.7	198,096	20.35	22.40
2006	1	16,400	6.3	464,792	28.34	37.06
2007 and thereafter	2	30,870	11.9	791,803	25.65	33.90
SUBTOTAL/WEIGHTED AVERAGE	25	246,347	94.8%	$5,568,931	$22.61	$27.09(2)
Unleased at 3/31/97		13,602	5.2%			
TOTAL		259,949	100%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Park Avenue South/Flatiron submarket (which, according to RELocate, is the area bounded by the northside of 32nd Street, the southside of 20th Street, First Avenue and east to Fifth Avenue from 20th Street to 23rd Street and Broadway from 24th Street to 32nd Street) was $21.99 as of March 31, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 470 Park Avenue South.

(2) The differential between Annual Escalated Rent Per Leased Square Foot of Expiring Leases and Annual Escalated Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

In 1987, 1990 and 1994, 470 Park Avenue South was substantially renovated by SL Green to upgrade the building's amenities and services to accommodate first class office use. The renovations were completed at a total cost of approximately $2.6 million and included a significant restoration of the exterior of the building, a new lobby, a cosmetic upgrade of the elevator cabs, modernization of the elevator machinery, new plumbing risers, electrical service upgrades, heating plant replacement, asbestos abatement, installation of a new roofing system and new windows and replacement of the bathrooms and HVAC systems on a floor by floor basis. Over the next 18 months, the Company anticipates replacing the sidewalk in front of the building, upgrading the elevators, completing a modest facade restoration and scraping and painting the windows, at an estimated aggregate cost of $337,000.

The aggregate undepreciated tax basis of depreciable real property at 470 Park Avenue South for Federal income tax purposes was $15,265,099 as of March 31, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.252 per $100 of assessed value. The total annual tax for 470 Park Avenue South at this rate for the 1996-97 tax year is $673,556 (at an assessed value of $6,570,000).

36 WEST 44TH STREET (THE BAR BUILDING)

36 West 44th Street (the Bar Building) is comprised of two buildings, 36 West 44th Street (a 14-story building) and 35 West 43rd Street (a four-story building), located on the south side of West 44th Street through to the north side of West 43rd Street between Fifth and Avenue of the Americas in the Rockefeller Center submarket of the Manhattan office market. The buildings were completed in 1922 and, as discussed below, a renovation is scheduled for 1997/1998. The Property contains approximately 165,000 rentable square feet (including approximately 148,500 square feet of office space and approximately 16,500 square feet of retail space), with floor plates of approximately 12,000 square feet at the 44th Street building and floor plates of approximately 2,200 square feet at the 43rd Street building. A limited liability company owned by SL Green and an unaffiliated real estate fund (the "Bar Building Joint Venture") acquired non-performing mortgage indebtedness encumbering the Property from an institutional lender in October 1996. Pursuant to a subsequent agreement with the mortgagor, the Bar Building Joint Venture obtained the right to foreclose on the Bar Building no earlier than September 30, 1998. Upon recording of the conveyancing instruments, the Bar Building Joint Venture is required to pay to the mortgagor and/or its affiliates the sum of $350,000, and to pay the New York City and New York State Real Property Transfer Gains Taxes imposed upon recording of the conveyancing instruments. Upon completion of the Formation Transactions, the Company will acquire all of the mortgage indebtedness encumbering the Property (representing effectively a 100% economic interest therein) as well as such right of foreclosure. Upon exercising such right of foreclosure, the Company would obtain a leasehold interest (which expires in 2080) in the land and building at 35 West 43rd Street and fee simple title to the building at 36 West 44th Street.

The Bar Building is centrally located on 44th Street between Fifth Avenue and Avenue of the Americas, in the heart of midtown Manhattan, a block that includes the headquarters of the Association of the Bar of the City of New York, the University of Pennsylvania Alumni Club, the Harvard Club, the Algonquin Hotel, the Royalton Hotel and the Mansfield Hotel. A new Sofitel hotel is planned for the vacant parcel of land located across the street from the Bar Building. This location is within two and one half blocks of Grand Central Terminal, four blocks of Rockefeller Center and five blocks of the Port Authority Bus Terminal, a major transportation hub for commuters from New Jersey.

When SL Green first purchased its interest in the Bar Building in October 1996, approximately 35,000 square feet of space was vacant and approximately 70,000 square feet of space was subject to leases expiring within 18 months. The Property was nearing the end of a consensual foreclosure process during which little capital was spent on preventive maintenance or leasing incentives. Since the purchase of its interest, SL Green has implemented an aggressive leasing and marketing campaign in conjunction with a strategic property-wide renovation program. The Company is planning to spend $1.1 million over the next 18 months on this upgrade and renovation program at the Property, which expense will be funded out of the net proceeds of the Offering. Some of this work includes roof repair, facade restoration and steam cleaning, window upgrade, entrance and lobby upgrade, sidewalk replacement and public corridor renovations. As of May 15, 1997, approximately 11,800 square feet of space at the Property was vacant and approximately 64% of the expiring leases were renewed.

As of March 31, 1997, approximately 81% of the rentable square footage in The Bar Building was leased. The office space was 80% leased and the retail space was 89% leased. As noted above, SL Green has commenced an aggressive leasing program at the Property and as of May 31, 1997, approximately 93%

of the rentable square feet in the Property was leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	81%	$ 29.37	$ 26.09
1996	78	29.56	26.56

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(1) Information is as of March 31, 1997.

As of March 31, 1997, the Bar Building was leased to 52 tenants operating in various businesses, including legal, not-for-profit and the theater, one of whom occupied 10% or more of the rentable square footage at the Property. A professional organization for lawyers occupied approximately 16,777 square feet (approximately 10.7% of the Property) under two leases expiring on September 30, 1999 that provide for an aggregate annualized base rent as of March 31, 1997 of approximately $403,000 (approximately $24.00 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at The Bar Building with respect to leases executed as of March 31, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
March 31 through December 31, 1997	13	32,023	23.9%	$ 934,815	$ 29.19	$ 29.23
1998	5	5,136	3.8	141,589	27.57	28.41
1999	5	22,176	16.5	864,628	38.99	39.59
2000	10	23,223	17.3	661,586	28.49	29.66
2001	8	16,702	12.5	463,699	27.76	31.04
2002	3	7,967	5.9	200,370	25.15	26.75
2003	3	8,069	6.0	156,424	19.39	22.99
2004	2	9,982	7.4	273,645	27.41	29.40
2005	--	--	--	--	--	--
2006	2	8,095	6.0	209,407	25.87	28.74
2007 and thereafter	1	700	0.5	31,272	44.67	83.03
SUBTOTAL/WEIGHTED AVERAGE	52	134,073	81.4%	$ 3,937,435	$ 29.37(2)	$ 30.93
Unleased at 3/31/97		30,711	18.6%			
TOTAL		164,784	100.0%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Rockefeller Center submarket (which, according to RELocate, is the area between 40th Street to 59th Street along Avenue of the Americas and 40th Street to 52nd Street between 5th Avenue and Avenue of the Americas) was $27.09 per square foot as of March 31, 1997. Direct

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(FOOTNOTES CONTINUED FROM PRECEDING PAGE)

Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at the Bar Building.

(2) Excluding rental payments attributable to retail space at this Property, the weighted average Annual Escalated Rent Per Leased Square Foot of Expiring Leases would be $28.38.

The aggregate tax basis of the mortgage indebtedness encumbering The Bar Building for Federal income tax purposes was $11,063,546 as of March 31, 1997.

The current real estate tax rate for all Manhattan office properties is $10.252 per $100 of assessed value. The total annual tax for The Bar Building at this rate for the 1996-97 tax year is $838,409 (at an assessed value of $8,178,000).

70 WEST 36TH STREET

70 West 36th Street is a 16-story office building located on the south side of West 36th Street between Fifth Avenue and Sixth Avenue in the Garment submarket of the Manhattan office market. The building, situated between Grand Central Terminal and Penn Station, was completed in 1923 and various portions of the common areas were renovated in 1985, 1993 and 1994. SL Green acquired a 100% fee simple interest in the Property in 1984. Upon completion of the Formation Transaction, this fee simple interest will be transferred to the Company. The Property contains approximately 150,000 rentable square feet (including approximately 129,000 square feet of office space and approximately 21,000 square feet of retail space including the basement), with floor plates ranging from 6,500 square feet to 10,000 square feet. The Company's headquarters is located at 70 West 36th Street.

As of March 31, 1997, approximately 96% of the rentable square footage in 70 West 36th Street was leased (including space for leases that were executed as of March 31, 1997). The office space was 95% leased and the retail space was 100% leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	96%	$ 19.14	$ 15.94
1996	95	19.50	15.92
1995	94	21.13	16.08
1994	92	21.31	16.09
1993	89	21.99	16.59
1992	92	22.08	16.31

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(1) Information is as of March 31, 1997.

As of March 31, 1997, 70 West 36th Street was leased to 39 tenants operating in various industries, including textiles, not-for-profit and advertising, one of whom occupied 10% or more of the rentable square footage at the Property. A textile company occupied approximately 16,222 square feet (approximately 10.8% of the Property) under one lease expiring on December 31, 2003 that provides for an aggregate annualized base rent as of March 31, 1997 of approximately $266,000 (approximately $25.83 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 70 West 36th Street with respect to leases executed as of March 31, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
March 31 through December 31, 1997	5	14,179	9.5%	$ 304,819	$ 21.50	$ 21.50
1998	7	24,314	16.3	487,373	20.05	21.88
1999	3	7,078	4.7	117,575	16.61	17.15
2000	2	7,245	4.8	141,864	19.58	19.95
2001	7	12,147	8.1	243,276	20.03	21.17
2002	6	19,122	12.8	358,489	18.75	20.28
2003	3	29,714	19.9	536,014	18.04	20.01
2004	1	2,589	1.7	58,017	22.41	22.41
2005	2	9,047	6.1	178,309	19.71	20.47
2006	3	18,356	12.3	326,702	17.80	23.42
2007 and thereafter	--	--	--	--	--	--
SUBTOTAL/WEIGHTED AVERAGE	39	143,791	96.2%	$ 2,752,439	$ 19.14	$ 20.80
Unleased at 3/31/97		5,732	3.8%			
TOTAL		149,523	100.0%			

(1) For comparison purposes, according to RELocate the Direct Weighted Average Rental Rate for the direct Class B Garment Center submarket (which, according to RELocate is the area from 32nd Street to 40th Street, west of Avenue of the Americas to the Hudson River) was $22.27 as of March 31, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 70 West 36th Street.

In 1984, a complete renovation of 70 West 36th Street was commenced to convert the Property from a manufacturing loft building into an office building. The conversion included the creation of a new lobby and building entrance, installation of office quality public corridors and lavatories, steam cleaning and repainting of the Property's facade and upgrading and reconfiguration of the building's plumbing system and electric service. In addition, a monitored, state-of-the-art security system was installed for the building's entrance and all tenant spaces. In 1994, further renovations included a new heating plant, asbestos abatement and elevator modernization, including new cabs. The aggregate cost of these renovations was approximately $3 million.

70 West 36th Street is located in the Fashion Center Business Improvement District (BID). The Fashion Center BID encompasses the area bordered to the north and south by 41st Street and 35th Street, respectively, and to the east and west by Avenue of the Americas and Ninth Avenue, respectively. The BID includes approximately 450 buildings with over 5,000 fashion-related tenants occupying more than 34 million square feet of office space. The Fashion Center BID provides a private, uniformed security force for on-street, five-day-per week surveillance and response and a private, uniformed sanitation force. In

addition, the BID has been responsible for the implementation of various special projects in the area, including the construction of handicapped access curbs and the installation of enhanced street lighting.

The aggregate undepreciated tax basis of depreciable real property at 70 West 36th Street for Federal income tax purposes was $6,749,498 as of March 31, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.252 per $100 of assessed value. The total annual tax for 70 West 36th Street at this rate for the 1996-97 tax year, including the applicable BID tax, is $383,955 (at an assessed value of $3,645,000).

1414 AVENUE OF THE AMERICAS

1414 Avenue of the Americas is a 19-story office building located on the southeast corner of Avenue of the Americas (Sixth Avenue) and West 58th Street in the Rockefeller Center submarket of the Manhattan office market. The building, situated one block from Central Park, was completed in 1923 and a renovation program is scheduled for 1997/1998. The program will include new windows, lobby and entrance as well as steam cleaning of the facade, at an estimated aggregate cost of $660,000. SL Green acquired a 100% fee simple interest in the Property in 1996. Upon completion of the Formation Transactions, such fee simple interest will be transferred to the Company. The Property contains approximately 111,000 rentable square feet (including approximately 103,000 square feet of office space and approximately 8,000 square feet of retail space), with floor plates of approximately 6,400 square feet on all but the top floor.

Located on the easterly blockfront of Sixth Avenue between 57th and 58th Streets, the Property is at the heart of the Avenue of the Americas corridor which is host to many of world's most recognizable corporate names in domestic and international banking, legal services, manufacturing, securities, printing, publishing, advertising and communications. The Property also benefits from being strategically located one block north of 57th Street. 57th Street has become the focal point of the resurgence of high end and specialty retail development in New York in recent years. Warner Brothers recently expanded their successful company store on 57th Street and Fifth Avenue. In addition, the Nike Town Store recently opened on 57th Street between Fifth and Madison Avenues. High-profile theme retail restaurants such as the Harley Davidson Cafe, the Hard Rock Cafe, the Motown Cafe, Planet Hollywood and the Jekyll and Hyde Cafe have all also opened restaurant/theme stores on 57th Street and Avenue of the Americas. These developments have made the 57th Street corridor a major shopping and tourist destination which accommodates clientele generated by the area's concentration of businesses and tourist attractions.

As of March 31, 1997, approximately 98% of the rentable square footage in 1414 Avenue of the Americas was leased (including space for leases that were executed as of March 31, 1997). The office space was 98% leased and the retail space was 100% leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	98%	$ 31.01	$ 31.04
1996	97	30.40	31.11

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(1) Information is as of March 31, 1997.

As of March 31, 1997, 1414 Avenue of the Americas was leased to 31 tenants operating in various industries including financial services, shoe manufacturing and travel, two of whom occupied 10% or more of the rentable square footage at the Property. A shoe manufacturer and retailer occupied approximately 12,200 square feet (approximately 11% of the Property) under a lease expiring on September 30, 1998 that

provides for annualized base rent as of March 31, 1997 of approximately $420,268 (approximately $34.45 per square foot) and a cancellation option that has been exercised and takes effect as of September 30, 1998. All of the space subject to the expiration has been released to two tenants. In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

In addition, an entertainment product developer occupied approximately 13,975 square feet (approximately 12.5% of the Property) under a lease expiring on May 31, 2004 that provides for annualized base rent as of March 31, 1997 of approximately $305,725 (approximately $21.88 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 1414 Avenue of the Americas with respect to leases executed as of March 31, 1997 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:

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
March 31 through December 31, 1997	4	6,480	5.8%	$ 162,912	$ 25.14	$ 27.42
1998	6	12,533(2)	19.3	853,235	39.62	43.01
1999	2	12,300	11.0	432,980	35.20	38.94
2000	2	4,200	3.8	108,985	25.95	32.92
2001	5	14,265	12.8	378,614	26.54	31.64
2002	1	1,100	1.0	26,400	24.00	26.50
2003	5	21,465	19.3	575,602	26.82	35.09
2004	1	13,975	12.6	355,950	25.47	31.84
2005	1	2,187	2.0	59,150	27.05	34.66
2006	2	3,100	2.8	82,600	26.65	39.62
2007 and thereafter	2	8,346	7.5	342,375	41.02	59.98
SUBTOTAL/WEIGHTED AVERAGE	31	108,951	97.8%	$ 3,378,804	$ 31.01(3)	$ 37.62(4)
Unleased at 3/31/97		2,400	2.2%			
TOTAL		111,351	100.0%			

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(1) For comparison purposes, according to RELocate the Direct Weighted Average Rental Rate for the direct Class B Rockefeller Center submarket (which, according to RELocate, is the area between 40th Street to 59th Street along Avenue of the Americas and 40th Street to 52nd Street between Fifth Avenue and Avenue of the Americas) was $27.09 as of March 31, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 1414 Avenue of the Americas.

(2) As noted above, 12,200 square feet of the space expiring during 1998 has been released to two tenants.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(FOOTNOTES CONTINUED FROM PRECEDING PAGE)

(3) Excluding rental payments attributable to retail space at this Property, the weighted average Annual Escalated Rent Per Leased Square Foot of Expiring Leases would be $28.34.

(4) The differential between Annual Escalated Rent Per Leased Square Foot of Expiring Leases and Annual Escalated Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

The aggregate undepreciated tax basis of depreciable real property at 1414 Avenue of the Americas for Federal income tax purposes was $11,888,660 as of March 31, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.252 per $100 of assessed value. The total annual tax for 1414 Avenue of the Americas at this rate for the 1996-97 tax year is $576,675 (at an assessed value of $5,625,000).

29 WEST 35TH STREET

29 West 35th Street is a 12-story building located on the north side of West 35th Street between Fifth Avenue and Sixth Avenue in the Garment submarket of the Manhattan office market. The building, situated between Grand Central Terminal and Penn Station, was completed in 1911 and substantially renovated in 1985. SL Green acquired a 100% fee simple interest in the Property in 1983. Upon completion of the Formation Transactions, such fee simple interest will be transferred to the Company. The Property contains approximately 78,000 rentable square feet (including approximately 72,000 square feet of office space and approximately 6,000 square feet of retail space), with floor plates of approximately 6,500 square feet.

As of March 31, 1997, approximately 92% of the rentable square footage in 29 West 35th Street was leased (including space for leases executed as of March 31, 1997). The office space was 90% leased and the retail space was 100% leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	92%	$ 20.09	$ 16.20
1996	92	21.06	15.60
1995	92	21.26	15.77
1994	100	19.90	15.77
1993	88	19.53	15.94
1992	92	19.13	15.75

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(1) Information is as of March 31, 1997.

As of March 31, 1997, 29 West 35th Street was leased to eight tenants operating in the publishing, executive recruiting and specialty apparel industries, three of whom occupied 10% or more of the rentable square footage at the Property. A publishing company occupied approximately 19,500 square feet (approximately 25% of the Property) under three leases expiring on April 8, 2004 that provide for an aggregate annualized base rent as of March 31, 1997 of approximately $522,000 (approximately $26.75 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalation in excess of a base year amount.

Also, a second publishing company occupied approximately 16,250 square feet (approximately 20.9% of the Property) under a lease expiring on December 31, 1999 that provides for annualized base rent as of March 31, 1997 of approximately $260,000 (approximately $16.00 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalation in excess of a base year amount.

In addition, an executive recruiting firm occupied approximately 9,750 square feet (approximately 12.5% of the Property) under a lease expiring on August 14, 1998 that provides for annualized base rent as of March 31, 1997 of approximately $184,000 (approximately $18.85 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 29 West 35th Street with respect to leases executed as of March 31, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
March 31 through December 31, 1997	1	3,835	4.9%	$ 108,112	$ 28.19	$ 28.19
1998	1	9,750	12.5	184,122	18.88	20.42
1999	1	16,250	20.9	268,533	16.53	16.53
2000	--	--	--	--	--	--
2001	--	--	--	--	--	--
2002	--	--	--	--	--	--
2003	--	--	--	--	--	--
2004	3	28,500	36.6	696,953	24.45	33.74
2005	--	--	--	--	--	--
2006	--	--	--	--	--	--
2007 and thereafter	2	13,000	16.7	175,500	13.50	17.56
SUBTOTAL/WEIGHTED AVERAGE	8	71,335	91.6%	$ 1,433,222	$ 20.09	$ 24.75(2)
Unleased at 3/31/97		6,500	8.4%			
TOTAL		77,835	100.0%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Garment submarket (which, according to RELocate, is the area from 32nd Street to 40th Street west of Avenue of the Americas to the Hudson River) was $22.27 as of March 31, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 29 West 35th Street.

(2) The differential between Annual Escalated Rent Per Leased Square Foot of Expiring Leases and Annual Escalated Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

In 1985, 29 West 35th Street was substantially renovated by SL Green at a total cost of approximately $1 million. The program included the renovation of the building's lobby, entrance and storefronts, modernization of the elevator equipment, including new cabs, new electric service and distribution, code compliant lavatories and fire protection system and a new roof and sidewalk.

29 West 35th Street is located in the Fashion Center BID, which encompasses the area bordered to the north and south by 41st Street and 35th Street and to the east and west by Avenue of the Americas and Ninth Avenue, respectively. The BID includes approximately 450 buildings with over 5,000 fashion-related tenants occupying more than 34 million square feet of office space. The Fashion Center BID provides a private, uniformed security force for on-street, five-day-per week surveillance and response and a private, uniformed sanitation force. In addition, the BID has been responsible for the implementation of various special projects in the area, including the construction of handicapped access curbs and the installation of enhanced street lighting.

The aggregate undepreciated tax basis of depreciable real property at 29 West 35th Street for Federal income tax purposes was $1,478,769 as of March 31, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.252 per $100 of assessed value. The total annual tax for 29 West 35th Street at this rate for the 1996-97 tax year, including the applicable BID tax, is $179,654 (at an assessed value of $1,705,500).

ACQUISITION PROPERTIES

1372 BROADWAY. The Company has contracted to acquire a 100% fee interest in 1372 Broadway from an unaffiliated seller. Pursuant to a contractual arrangement with the seller, the closing for the acquisition of such fee interest may not occur prior to January 1998. However, the Company has also contracted to acquire, at the time of the closing of the Offering, from an unaffiliated institutional lender, certain mortgage indebtedness that will effectively entitle the Company to receive all of the cash flow derived from the Property. The aggregate purchase price for such fee interest and such mortgage indebtedness is approximately $52.5 million.

1372 Broadway is a 21-story office building located on the northeast corner of West 37th Street in the Garment submarket of the Manhattan office market. The building, situated within four blocks of the Port Authority Bus Terminal and Penn Station, was completed in 1914 and a renovation is anticipated to commence in the fall of 1997. The Property contains approximately 508,000 rentable square feet (including approximately 475,000 square feet of office space, approximately 24,000 square feet of retail space and 9,000 square feet of mezzanine space), with floor plates ranging from 34,000 square feet to 11,000 square feet.

The Property is located within five blocks of Times Square, arguably the most vibrant development area in New York City. Times Square has undergone large-scale redevelopment in recent years that has transformed the area into a popular family entertainment destination.

The Company has targeted the Fall of 1997 for commencement of a $2 million capital improvement program geared toward enhancing the infrastructure and marketability of the Property. Included in this renovation is a new lobby, elevator cab modernization, freight elevator upgrade, facade restoration and cleaning, sidewalk replacement and asbestos abatement.

As of March 31, 1997, approximately 85% of the rentable square footage in 1372 Broadway was leased (including space for leases that were executed as of March 31, 1997). As of May 15, 1997, approximately 83% of the rentable square feet in the Property was leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	85%	$ 22.21	$ 21.35
1996	89	22.05	21.20

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(1) Information is as of March 31, 1997.

As of March 31, 1997, 1372 Broadway was leased to 31 tenants operating in various industries including financial services, textiles and retailing, four of whom occupied 10% or more of the rentable square footage at the Property. A clothing manufacturer occupied approximately 70,098 square feet (approximately 13.8% of the Property) under a lease expiring on March 31, 2010 that provides for annualized base rent as of March 31, 1997 of approximately $1.24 million (approximately $17.73 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

In addition, a shirt manufacturer occupied approximately 64,000 square feet (approximately 12.6% of the Property) under a lease expiring on July 31, 2005 that provides for annualized base rent as of March 31, 1997 of approximately $1.28 million (approximately $20.00 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

Also, a women's fashion retailer occupied approximately 58,975 square feet (approximately 11.6% of the Property) under a lease expiring on July 31, 2010 that provides for annualized base rent as of March 31, 1997 of approximately $1.17 million (approximately $19.82 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

In addition, a commercial bank occupied approximately 55,238 square feet (approximately 10.9% of the Property) under a lease expiring on March 31, 2000 that provides for annualized base rent as of March 31, 1997 of approximately $1.24 million (approximately $22.37 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 1372 Broadway with respect to leases executed as of March 31, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES (1)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
March 31 through December 31, 1997	1	506	0.1%	$ 11,119	$ 21.97	$ 21.97
1998	2	2,847	0.6	138,128	48.52	48.67
1999	5	10,266	2.0	233,683	27.76	23.66
2000	4	78,157	15.4	1,996,071	25.54	26.14
2001	--	--	--	--	--	--
2002	6	56,138	11.1	1,071,103	19.08	19.90
2003	1	20,500	4.0	429.987	20.97	21.97
2004	--	--	--	--	--	--
2005	2	98,167	19.3	1,871,498	19.06	21.41
2006	4	8,177	1.6	595,542	72.83	86.90
2007 and thereafter	6	155,331	30.6	3,204,957	20.63	25.47
SUBTOTAL/WEIGHTED AVERAGE	31	430,089	84.7%	$ 9,552,088	$ 22.21(2)	$ 25.05(3)
Unleased at 3/31/97		77,849	15.3%			
TOTAL		507,938	100.0%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Garment submarket (which, according to RELocate is the area from 32nd Street to 40th Street, west of Avenue of the Americas to the Hudson River) was $22.27 as of March 31, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 1372 Broadway.

(2) Excluding rental payments attributable to retail space at this Property, the weighted average Annual Escalated Rent Per Leased Square Foot of Expiring Leases would be $20.36.

(3) The differential between Annual Escalated Rent Per Leased Square Foot of Expiring Leases and Annual Escalated Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

1372 Broadway is located in the Fashion Center BID, which encompasses the area bordered to the north and south by 41st Street and 35th Street, respectively, and to the east and west by Avenue of the Americas and Ninth Avenue, respectively. The BID includes approximately 450 buildings with over 5,000 fashion-related tenants occupying more than 34 million square feet of office space. The Fashion Center BID provides a private, uniformed security force for on-street, five-day-per week surveillance and response and a private, uniformed sanitation force. In addition, the BID has been responsible for the implementation of various special projects in the area, including the construction of handicapped access curbs and the installation of enhanced street lighting.

1140 AVENUE OF THE AMERICAS. The Company has contracted to acquire a 100% interest in the leasehold position in 1140 Avenue of the Americas from an unaffiliated seller for an aggregate cash purchase price of approximately $20.9 million. The Company intends to encumber the Property with an approximately $14 million first mortgage loan at the time of closing of the Offering and is currently negotiating the terms of such loan with prospective lenders. 1140 Avenue of the Americas is a 22-story office building completed in 1926 and renovated in 1951 and located in the Rockefeller Center submarket of the Manhattan office market. The Property contains approximately 191,000 rentable square feet (including approximately 175,000 square feet of office space, approximately 7,600 square feet of retail space and 8,400 square feet of mezzanine space), with floor plates ranging from 3,500 square feet to 9,400 square feet.

1140 Avenue of the Americas is centrally located at the northeast corner of West 44th Street and Avenue of the Americas, in the heart of midtown Manhattan, at the end of a block that includes the headquarters of the Association of the Bar of the City of New York, the University of Pennsylvania Alumni Club, the Harvard Club, the Algonquin Hotel, the Royalton Hotel and the Mansfield Hotel. A new Sofitel hotel is planned for a vacant parcel of land located on the block. The location is within three blocks of Grand Central Terminal, four blocks of Rockefeller Center and five blocks of the Port Authority Bus Terminal, a major transportation hub for commuters from New Jersey.

As of March 31, 1997, approximately 98% of the rentable square footage in 1140 Avenue of the Americas was leased (including space for leases that were executed as of March 31, 1997). The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	98%	$ 26.93	$ 24.92
1996	99	27.77	24.91

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(1) Information is as of March 31, 1997.

As of March 31, 1997, 1140 Avenue of the Americas was leased to 40 tenants operating in various industries including executive placement, financial services and precious stones, none of whom occupied 10% or more of the rentable square footage at the Property.

The following table sets out a schedule of the annual lease expirations at 1140 Avenue of the Americas with respect to leases executed as of March 31, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUAL ESCALATED RENT OF EXPIRING LEASES	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES (1)	ANNUAL ESCALATED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
March 31 through December 31, 1997	5	22,076	11.6%	$ 677,371	$ 30.68	$ 30.68
1998	4	5,534	2.9	180,291	32.58	33.04
1999	9	31,519	16.5	869,030	27.57	27.57
2000	2	13,400	7.0	376,992	28.13	29.73
2001	5	22,198	11.6	693,223	31.23	32.10
2002	--	--	--	--	--	--
2003	5	17,819	9.3	443,930	24.91	29.30
2004	5	40,370	21.4	937,632	23.23	27.20
2005	3	17,498	9.2	448,885	25.65	30.43
2006	1	9,400	4.9	214,038	27.77	30.77
2007 and thereafter	1	7,175	3.8	194,122	27.06	33.06
SUBTOTAL/WEIGHTED AVERAGE	40	186,989	97.9%	$ 5,035,514	$ 26.93(2)	$ 29.52(3)
Unleased at 3/31/97		3,982	2.1%			
TOTAL		190,971	100.0%			

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(1) For comparison purposes, according to RELocate the Direct Weighted Average Rental Rate for the direct Class B Rockefeller Center submarket (which, according to RELocate, is the area between 40th Street to 59th Street along Avenue of the Americas and 40th Street to 52nd Street between Fifth Avenue and Avenue of the Americas) was $27.09 as of March 31, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 1140 Avenue of the Americas.

(2) Excluding rental payments attributable to retail space at this Property, the weighted average Annual Escalated Rent Per Leased Square Foot of Expiring Leases would be $25.65.

(3) The differential between Annual Escalated Rent Per Leased Square Foot of Expiring Leases and Annual Escalated Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

THE OPTION PROPERTY

SL Green expects to obtain an option from an unaffiliated seller to acquire a 100% fee interest in 50 West 23rd Street, a 330,000 rentable square foot 13-story Class B office building located in the Chelsea submarket of Manhattan. The cost of obtaining the option is expected to be $500,000 and the purchase price for the property is expected to be approximately $36 million. In connection with the Formation Transactions, the option, if acquired, will be assigned to the Operating Partnership at cost and will be

exercisable through July 31, 1997. The term of the option is expected to be extendable for up to three successive one month periods (I.E., through October 31, 1997) at a cost of $100,000 per extension.

GENERAL TERMS OF LEASES IN THE MIDTOWN MARKETS

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

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

Electricity is most often supplied by the landlord either on a submetered basis or rent inclusion basis (i.e., a fixed fee is included in the rent for electricity, which amount may increase based upon increases in electricity rates or increases in electrical usage by the tenant). Base building services other than electricity (such as heat, air-conditioning and freight elevator service during business hours, and base building cleaning) typically are provided at no additional cost, with the tenant paying additional rent only for services which exceed base building services or for services which are provided other than during normal business hours.

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

MORTGAGE INDEBTEDNESS

Upon completion of the Offering, the Company expects to have outstanding approximately $46.5 million of indebtedness secured by four of the Properties.

The Company currently is negotiating with each of its lenders (and the Property-owning entities are negotiating with each of their lenders) regarding the terms of the indebtedness that will be outstanding after the Offering. The following table sets forth the mortgage debt of the Company expected to be outstanding after completion of the Offering and the Formation Transactions and the Company's best estimate of the expected terms of such indebtedness.

MORTGAGE INDEBTEDNESS TO BE OUTSTANDING AFTER THE COMPLETION OF THE OFFERING

PROPERTY	ESTIMATED INTEREST RATE	EXPECTED PRINCIPAL BALANCE(1)	ESTIMATED ANNUAL DEBT SERVICE	ESTIMATED MATURITY DATE	ESTIMATED BALANCE AT MATURITY
673 First Avenue	9.0%	$ 18,618,630	$ 3,140,964	12/13/03	$ 2,000,000
470 Park Avenue South	8.25	10,934,798	1,206,528	04/14/04	8,284,863
29 West 35th Street	8.46	2,991,454	323,912	02/01/01	2,704,409
1140 Avenue of the Americas (2)	8.25(3)	14,000,000	1,155,000	07/31/07	14,000,000
Total		$ 46,544,882	$ 5,826,404		$ 26,989,272

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(1) As of August 1, 1997.

(2) The Company expects to encumber this Acquistion Property with a first mortgage loan upon approximately the terms set forth in this table.

(3) Estimated based upon current market interest rates.

CREDIT FACILITY

The Company currently is engaged in discussions with various lenders regarding the establishment of a revolving Credit Facility that will be used to facilitate acquisitions and for working capital purposes. Although the Company expects that the Credit Facility will be established shortly after the completion of the Offering, there can be no assurance at this time as to whether the Company will be successful in obtaining the Credit Facility, or, if the Credit Facility is established, the terms governing the Credit Facility.

ENVIRONMENTAL MATTERS

The Company engaged independent environmental consulting firms to perform Phase I environmental site assessments on the Properties, in order to assess existing environmental conditions. All of the Phase I assessments have been conducted since March 1997, except for the Bar Building, where a Phase I assessment was conducted in September 1996. 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, a historical record review, a review of regulatory agency data bases and records, interviews, and a report, with the purpose of identifying potential environmental concerns associated with real estate. The Phase I assessments conducted at the Properties also addressed certain issues that are not covered by the ASTM Standard, including asbestos, radon, lead-based paint and lead in drinking water. These environmental site assessments did not reveal any known environmental liability that the Company believes will have a material adverse effect on the Company's financial condition or results of operations or would represent a material environmental cost.

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

The asbestos surveys conducted as part of the Phase I site assessments identified immaterial amounts of damaged, friable asbestos-containing material ("ACM") in isolated locations in three of the Core Properties (470 Park Avenue South, 29 West 35th Street and the Bar Building) and in the Acquisition Properties (1140 Avenue of the Americas and 1372 Broadway). At each of these Properties, the environmental consultant recommended abatement of the damaged, friable ACM. At all of the Properties except 50 West 23rd Street, non-friable ACM, in good condition, was identified. For each of these Properties, the consultant recommended preparation and implementation of an asbestos Operations and Maintenance ("O & M") program, to monitor the condition of ACM and to ensure that any ACM that becomes friable

and damaged is properly addressed. The Company does not believe that any risks associated with ACM are likely to have a material adverse effect on the Company's business.

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

PROPERTY MANAGEMENT AND LEASING SERVICES

The Company (through the Management Entities and the Leasing Corporation) will conduct its management and leasing business largely in the same manner as it currently is conducted by SL Green. SL Green currently provides management and leasing services for 28 properties (including the Properties in the Core Portfolio) in the New York metropolitan area. Of these properties, SL Green currently has an ownership interest in the six Properties in the Core Portfolio to be owned by the Company.

SL Green's management and leasing business is an established office property management and leasing business with extensive experience. SL Green has been managing and leasing Manhattan office properties since 1981. SL Green seeks to provide tenants with a level of service more typically found in Class A properties. The Company's comprehensive tenant service program and property amenities have been designed to maximize tenant satisfaction and retention as well as to establish long-term relationships with its tenant base. See "Business and Growth Strategies" above.

The Company believes that its fully integrated management structure enhances its ability to respond to tenant needs and permits the Company to maintain control over certain costs associated with the management and renovation of its properties. The Company maintains a staff of 40 professionals experienced in the management of Manhattan Class B office properties. This management team has developed a comprehensive knowledge of the Class B Manhattan office market, an extensive network of local tenant and other business relationships and is experienced in acquiring office properties and repositioning them into profitable Class B properties through intensive full service management and leasing efforts.

In addition, the Company seeks to capitalize on its market position and relationships with an extensive network of brokers and tenants to implement a proactive leasing program. Management believes that its extensive knowledge of the Class B Manhattan office market enhances its ability to monitor, understand and anticipate the current and future space needs of tenants in its submarkets. See "Business and Growth Strategies" above.

After the completion of the Offering and the Formation Transactions, the Company (through the Management LLC) will provide management and leasing services for the Properties to be owned by the Company. In addition, it is anticipated that the Company (through the Management Corporation and the Leasing Corporation) will provide management and leasing services for properties in which the Company owns no interest.

CONSTRUCTION SERVICES

The Company (through the Construction Corporation and the Management Entities) will conduct the construction business largely in the same manner as it currently is conducted by SL Green. Construction services will be provided both as a part of the Company's management business and through the Construction Corporation as a general contractor.

CONSTRUCTION MANAGEMENT AS PART OF MANAGEMENT SERVICE AGREEMENTS. A fee from 1.5% to 5% of costs incurred for capital improvements or tenant installations is paid to the Management Entities for construction management services. These services are comprised of (i) preconstruction scope of work development

and preliminary cost estimating for the leasing department in connection with potential leasing transactions, plan review and approval of proposed tenant installation plans; coordination with property management with respect to tenant installation construction as it relates to building systems; and, coordination and supervision of tenant's architects, engineers and contractors in managed properties from the beginning of lease workletter negotiations through construction of the tenant's build-out to move-in and (ii) capital improvement programs, including major building renovations, system upgrades, local law compliance requirements, and completion of deferred maintenance items requiring replacement (rather than repair).

GENERAL CONTRACTOR SERVICES PROVIDED THROUGH THE CONSTRUCTION CORPORATION. The Construction Corporation will charge from 5% to 10% over the costs of construction for the building of tenant installations in properties managed and leased by the Management Entities and the Leasing Corporation. This service enables the leasing agent to offer "turn-key" and "prebuilt" spaces to prospective tenants who want to have space prepared for them to move into without having to go through the designing/building process, while holding down the costs of tenant improvements.

EMPLOYEES

The Company initially intends to employ approximately 50 persons. Of such 50 employees, approximately 48 will be "home office" executive and administrative personnel and approximately two will be on-site management and administrative personnel. Following the completion of the Offering and the Formation Transactions, the Company currently expects that none of these employees will be represented by a labor union.

TRANSFER OF PROPERTIES

Interests in the Properties in the Core Portfolio will be acquired by the Company (through the Operating Partnership) pursuant to agreements for contribution of interests (each a "Contribution Agreement"). The acquisitions are subject to all of the terms and conditions of such agreements. The holders of interests in the Property-owning entities (which own partial or complete interests in the individual Properties) will transfer their interests to entities controlled by the Company for cash or Units. The Company will assume all the rights, obligations and responsibilities of the contributors of interests. The transfer of ownership interests in each Property is subject to the completion of the Offering.

The Contribution Agreements generally contain representations only with respect to the ownership of the interests by the holders thereof and certain other limited matters. Pursuant to a Supplemental Representations and Warranties Agreement (the "Supplemental Agreement"), certain SL Green entities will agree to indemnify the Company against certain breaches of representations and warranties made by such SL Green entities with respect to the Properties and the management, leasing and construction businesses being transferred to the Company for a period of 12 months following the completion of the Offering. The maximum aggregate liability of such SL Green entities under the Supplemental Agreement is limited to the value of the Units received by the SL Green entities in the Formation Transactions, with no liability being assumed until the aggregate liability exceeds $250,000. Recourse for any liabilities under the Supplemental Agreement will be limited to Units received by such SL Green entities in the Formation Transactions. Certain SL Green entities will pledge an aggregate of approximately $17.75 million of Units (based on the initial public offering price of shares of Common Stock) to secure their indemnification obligations under the Supplemental Agreement.

ASSETS NOT BEING TRANSFERRED TO THE COMPANY

In addition to the interests of SL Green in the Properties which are being acquired by the Company, SL Green also owns interests in certain other properties which the Company will not acquire at the time of the completion of the Offering and the Formation Transactions. These interests are (i) a portion of a net leasehold interest scheduled to expire in 2000, in a substantially vacant showroom building located at 305

East 63rd Street in Manhattan which is slated for conversion to residential space, (ii) a one-third non-controlling interest in a loft building located at 133 West 21st Street in Manhattan substantially occupied by one tenant pursuant to leases scheduled to expire in the near term, (iii) the net leasehold of an office building located at 215 Park Avenue South in Manhattan, the equity in which is controlled by the leasehold mortgagee and which the Company believes has no value to SL Green, (iv) interests in ground floor retail and other non-office commercial space in various predominantly residential buildings located in Manhattan (830/832 Broadway, 5 East 16th Street, 12 East 12th Street, 8 East 12th Street and 30 West 15th Street), (v) an 89% interest in a warehouse/distribution center in Bethlehem, Pennsylvania and (vi) a 12% interest in a limited liability company that owns a mortgage interest in a 300,000 square foot office building in midtown Manhattan, which interest cannot be transferred to the Company without the consent of the owner of the remaining 88% interest.

The Company also will not acquire at the time of the completion of the Offering any interest in certain office property service businesses currently conducted by companies which are owned by a son of Stephen L. Green. These services include office cleaning (and related) services and security services with respect to the Company's properties and properties in which the Company will not own any interest, as well as facilities management services with respect to third parties. The interests in these service businesses are not being transferred to the Company at the time of the completion of the Offering in order to maintain the Company's qualification as a REIT for Federal income tax purposes or because the Company does not believe such services are directly related or material to the Company's business strategy.

After the completion of the Offering, the Company may retain two entities (both of which are owned by a son of Stephen L. Green) to provide cleaning and security services for the Properties. Such services would be provided to the Company at competitive rates.

The Company expects these services would be provided under contracts with such SL Green entities with an initial one-year term, but will be terminable by either party upon 30 days' notice. Any actions with respect to the contracts to provide these services that may be taken by the Company in the future would need to be approved by a vote of the disinterested members of the Board of Directors of the Company. See "Policies with Respect to Certain Activities--Conflict of Interest Policies." After the completion of the Offering, certain employees of the Management LLC will supervise the provision of cleaning and security services by SL Green entities with respect to the Company's properties.

COMPETITION

All of the Properties are located in highly developed areas of midtown Manhattan that include a large number of other office properties. Manhattan is by far the largest office market in the United States and contains more rentable square feet than the next six largest central business district office markets in the United States combined. Of the total inventory of 378 million rentable square feet in Manhattan approximately 205 million rentable square feet is comprised of Class A office space and 173 million of Class B office space. Class A office properties are generally newer than Class B office properties, have higher finishes and command higher rental rates. Many tenants have been attracted to Class B properties in part because of their relatively less expensive rental rates and the tightening of the Class A office market in midtown Manhattan. See "Market Overview." Consequently, an increase in vacancy rates and/or a decrease in rental rates for Class A office space would likely have an adverse effect on rental rates for Class B office space. Also, the number of competitive Class B office properties in Manhattan (some of which are newer and better located) could have a material adverse effect on the Company's ability to lease office space at its properties, and on the effective rents the Company is able to charge. In addition, the Company may compete with other property owners that have greater resources than the Company. See "Risk Factors--Competition."

REGULATION

GENERAL. Office properties in Manhattan are subject to various laws, ordinances and regulations, including regulations relating to common areas. The Company believes that each Property has the necessary permits and approvals to operate its business.

AMERICANS WITH DISABILITIES ACT. The Company's properties must comply with Title III of the ADA to the extent that such properties are "public accommodations" as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of the Company's properties where such removal is readily achievable. The Company believes that the Properties are in substantial compliance with the ADA and that it will not be required to make substantial capital expenditures with respect to the Properties to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and the Company will continue to assess its properties and to make alterations as appropriate in this respect.

ENVIRONMENTAL MATTERS. Under various Federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up certain hazardous substances released at a property, and may be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by the parties in connection with the contamination. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. See "Risk Factors."

INSURANCE

The Operating Partnership carries comprehensive liability, fire, extended coverage and rental loss insurance covering all of the Properties, with policy specifications and insured limits which the Company believes are adequate and appropriate under the circumstances. There are, however, certain types of losses that are not generally insured because they are either uninsurable or not economically feasible to insure. Should an uninsured loss or a loss in excess of insured limits occur, the Operating Partnership could lose its capital invested in the property, as well as the anticipated future revenues from the property and, in the case of debt which is with recourse to the Operating Partnership, would remain obligated for any mortgage debt or other financial obligations related to the property. Any such loss would adversely affect the Company. Moreover, as a general partner of the Operating Partnership, the Company will generally be liable for any unsatisfied obligations other than non-recourse obligations. The Company believes that the Properties will be adequately insured; however no assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

LEGAL PROCEEDINGS

The Company currently is not a party to any legal proceedings. Certain SL Green entities are parties to a variety of legal proceedings relating to their ownership of the Properties in the Core Portfolio and SL Green's activities with regard to its construction, management and leasing businesses, respectively, arising in the ordinary course of business. Because the Company may be acquiring certain of the Properties subject to associated liabilities, it may therefore become a successor party-in-interest to certain of these proceedings as a result of the Formation Transactions. The Company believes that substantially all of this liability is covered by insurance. All of these matters, taken together, are not expected to have a material adverse impact on the Company.

DIRECTORS, DIRECTOR NOMINEES AND EXECUTIVE OFFICERS

The Board of Directors of the Company will be expanded immediately following the completion of the Offering to include the director nominees named below, each of whom has been nominated for election and has consented to serve. Upon election of the director nominees, a majority of directors will not be employees or affiliates of the Company or SL Green. Pursuant to the Company's Charter, the Board of Directors is divided into three classes of directors. The initial terms of the first, second and third classes will expire in 1998, 1999 and 2000, respectively. Beginning in 1998, directors of each class will be chosen for three-year terms upon the expiration of their current terms and each year one class of directors will be elected by the stockholders. The Company believes that classification of the Board of Directors will help to assure the continuity and stability of the Company's business strategies and policies as determined by the Board of Directors. Holders of shares of Common Stock will have no right to cumulative voting in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the shares of Common Stock will be able to elect all of the successors of the class of directors whose terms expire at that meeting.

The following table sets forth certain information with respect to the directors, director nominees and executive officers of the Company immediately following the completion of the Offering:

NAME	AGE	POSITION
Stephen L. Green	59	Chairman of the Board, Chief Executive Officer and President (term will expire in 2000)
Nancy Ann Peck	53	Executive Vice President--Development and Operations
Steven H. Klein	37	Executive Vice President--Acquisitions
Benjamin P. Feldman	45	Executive Vice President, General Counsel and Director (term will expire in 1999)
Gerard Nocera	40	Executive Vice President--Leasing
Louis A. Olsen	53	Treasurer and Chief Financial Officer
Edwin Thomas Burton, III	54	Director Nominee (term will expire in 1998)
John S. Levy	61	Director Nominee (term will expire in 1999)
John J. Robbins	58	Director Nominee (term will expire in 2000)

STEPHEN L. GREEN will serve as the Chairman of the Board of Directors, Chief Executive Officer and President of the Company. Stephen L. Green founded S.L. Green Real Estate in 1980. Since then he has been involved in the acquisition of over 30 Manhattan office buildings containing in excess of four million square feet and the management of 50 Manhattan office buildings containing in excess of 10 million square feet. His clients have included Aldrich Eastman & Waltch, Bank of New York, CalPERS, Dai-lchi Kangyo Bank, and CS First Boston. Mr. Green is a Governor of the Real Estate Board of New York and an at-large member of the Executive Committee of the Board of Governors of the Real Estate Board of New York. Additionally, Mr. Green is a Co-Chairman of the Real Estate Tax Fairness Coalition. Mr. Green received a B.A. degree from Hartwick College and a J.D. degree from Boston College Law School. Mr. Green is the husband of Nancy A. Peck.

NANCY ANN PECK will serve as Executive Vice President-Development and Operations of the Company. Since 1983, Ms. Peck has supervised redevelopment of the SL Green projects and has overseen the management and construction of all properties owned and managed by SL Green. Prior to joining SL Green, Ms. Peck served as project coordinator for projects valued inexcess of $500 million, one of which was the renovation and conversion of the two million square foot American Furniture Mart in Chicago into a multi-use complex. Ms. Peck worked for McKeon Construction Corp., Paul Properties and Shelter Rock Holdings Corp. She recently was appointed to the Board of Directors of the Real Estate Board of New

York, Management Division. Ms. Peck received a B.A. degree from the University of California at Berkeley and an MBA in finance from New York University Business Scool. She is the wife of Stephen L. Green.

STEVEN H. KLEIN will serve as Executive Vice President-Acquisitions of the Company. Mr. Klein has overseen the Asset Management division of SL Green since 1991 and participates in acquisition, sale and investment analysis decisions. Mr. Klein has played a major role in the redevelopment of SL Green's managed portfolio. Prior to joining SL Green, Mr. Klein worked at Gallin Realty Company in marketing and leasing. Mr. Klein received a B.A. degree from the University of Michigan.

BENJAMIN P. FELDMAN will serve as Executive Vice President and General Counsel of the Company and as a Director of the Company. He has served as General Counsel of SL Green since 1987. Mr. Feldman handles the legal aspects of all leasing, financing and acquisition decisions. Prior to joining the Company, Mr. Feldman was vice-president and general counsel for Bruce Berger Realty. Mr. Feldman received a B.A. degree from Columbia University and a J.D. degree from Columbia University School of Law.

GERARD NOCERA will serve as Executive Vice President-Leasing of the Company. Since 1991, Mr. Nocera has been responsible for the development and implementation of marketing and leasing programs at SL Green owned and managed properties. Prior to joining SL Green, Mr. Nocera worked for The Cohen Brothers as a landlord representative. Mr. Nocera is a member of the Real Estate Board of New York. Mr. Nocera received a B.A. degree from Duquesne University.

LOUIS A. OLSEN will serve as Treasurer and Chief Financial Officer of the Company. Since 1988, Mr. Olsen has overseen all financial and accounting functions at SL Green. Before joining SL Green, Mr. Olsen was vice president and comptroller of the management division of Edward S. Gordon Company where he was responsible for the financial accounting of an 8 million square foot commercial office portfolio managed by Edward S. Gordon. Mr. Olsen also served for four years as vice president of Chase Manhattan Bank where he was responsible for financial reporting for the $200 million Real Estate Owned Portfolio. Mr. Olsen also worked as a manager in the real estate department at Peat, Marwick & Mitchell. Mr. Olsen received a B.S. degree in accounting from Bloomfield College and an M.B.A. degree in accounting and taxation from Fairleigh Dickenson University. Mr. Olsen is a licensed New York State Certified Public Accountant.

EDWIN THOMAS BURTON, III has been Chairman of the Board of Trustees and a member of the Investment Advisory Committee of the Virginia Retirement System ("VRS") for state and local employees of the Commonwealth of Virginia ($25 billion in assets) since 1994. Mr. Burton also served as the Chairman of the VRS Special Committee on the sale of RF&P Corporation, a $70 million real estate company. He is also currently a visiting professor of commerce and economics at the University of Virginia, where he has received several awards of distinction. From 1994 until 1995, Mr. Burton served as Senior Vice President, Managing Director and member of the Board of Directors of Interstate Johnson Lane, Incorporated, an investment banking firm where he was responsible for the Corporate Finance and Public Finance Divisions. From 1987 to 1994, Mr. Burton served as President of Rothschild Financial Services, Incorporated (a subsidiary of Rothschild, Inc. of North America), an investment banking company headquartered in New York City that is involved in proprietary trading, securities lending and other investment activities. From 1985 until 1987, Mr. Burton was a partner of First Capital Strategists, a partnership that managed security lending and investment activities for large endowment portfolios. Mr. Burton also served as a consultant to the American Stock Exchange from 1985 until 1986 and a senior vice president with Smith Barney (or its corporate predecessor) from 1976 until 1984. Mr. Burton currently serves on the Board of Directors of Capstar, a publicly traded hotel company and SNL Securities, a private securities date company. He has held various teaching positions at York College, Rice University and Cornell University and has written and lectured extensively in the field of economics. Mr. Burton also serves as a member of the Children's Medical Center Committee of the University of Virginia Hospital Advisory Board, a member of the Jefferson Scholar Selection Committee at the University of Virginia, a board member of

Madison House in Charlottesville, Virginia and a member of the Governor's Commission on Governmental Reform for the Commonwealth of Virginia. Mr. Burton received a B.A. and an M.A. in economics from Rice University and a Ph.D in economics from Northwestern University.

JOHN S. LEVY is a private investor. Mr. Levy was associated with Lehman Brothers Inc. (or its corporate predecessors) from 1983 until 1995. During this period, Mr. Levy served as Managing Director and Chief Administrative Officer of the Financial Services Division, Senior Executive Vice President and Co-Director of the International Division overseeing the International Branch System and Managing Partner of the Equity Securities Division, where he managed the International, Institutional, Retail and Research Departments. Prior to that period, Mr. Levy was associated with A.G. Becker Incorporated (or its corporate predecessors) from 1960 until 1983. During this period, Mr. Levy served as Managing Director of the Execution Services Division, Vice President-Manager of Institutional and Retail Sales, Manager of the Institutional Sales Division, Manager of the New York Retail Office and a Registered Representative. Mr. Levy received a B.A. degree from Dartmouth College.

JOHN J. ROBBINS has served as a Trustee of Keene Creditors Trust (a trust which compensates holders of asbestos-related claims) since August 1996. He was a partner of Kenneth Leventhal & Company from 1972 to 1992, serving as Managing Partner of the firm's New York office from 1979 to 1992 and as a member of the firm's Executive Committee from 1982 to 1992. Mr. Robbins is a member of the American Institute of Certified Public Accountants ("AICPA") and served as a member of the Accounting Standards Executive Committee of the AICPA, as well as the AICPA Task Forces on Income Taxes and Interest Capitalization. He also served as Chairman of the AICPA Task Forces on Bankruptcy and Consolidations. In addition, Mr. Robbins was a member of the Emerging Issues Task Force of the Financial Accounting Standards Board. Mr. Robbins received a B.A. in accounting from the University of Texas.

COMMITTEES OF THE BOARD OF DIRECTORS

EXECUTIVE COMMITTEE. Promptly following the completion of the Offering, the Board of Directors will establish an Executive Committee. Subject to the Company's conflict of interest policies, the Executive Committee will be granted the authority to acquire and dispose of real estate and the power to authorize, on behalf of the full Board of Directors, the execution of certain contracts and agreements, including those related to the borrowing of money by the Company (and, consistent with the Partnership Agreement of the Operating Partnership, to cause the Operating Partnership to take such actions). The Executive Committee initially will consist of Stephen L. Green and at least two additional directors.

AUDIT COMMITTEE. Promptly following the completion of the Offering, the Board of Directors will establish an Audit Committee. The Audit Committee will make recommendations concerning the engagement of independent public accountants, review with the independent public accountants the scope and results of the audit engagement, approve professional services provided by the independent public accountants, review the independence of the independent public accountants, consider the range of audit and non-audit fees and review the adequacy of the Company's internal accounting controls. The Audit Committee initially will consist of two or more independent directors.

COMPENSATION COMMITTEE. Promptly following the completion of the Offering, the Board of Directors will establish a Compensation Committee consisting of at least two independent directors to establish remuneration levels for executive officers of the Company and to implement and administer the Company's stock option plans and any other incentive programs.

The Board of Directors may from time to time establish certain other committees to facilitate the management of the Company.

COMPENSATION OF DIRECTORS

The Company intends to pay its non-employee directors annual compensation of $12,000 for their services. In addition, non-employee directors will receive a fee of $1,000 for each Board of Directors meeting attended (in person or by telephone). Non-employee directors will receive an additional fee of $500 for each committee meeting attended (in person or by telephone), unless the committee meeting is held on the day of a meeting of the Board of Directors. Non-employee directors also will be reimbursed for reasonable expenses incurred to attend director and committee meetings. Compensation and fees may be paid to non-employee directors in the form of cash or Common Stock, at the election of each such director. Officers of the Company who are directors will not be paid any director's compensation or fees. Pursuant to the Company's stock option plan, non-employee directors will receive, upon initial election to the Board of Directors, options to purchase 6,000 shares of Common Stock (at the initial public offering price or, if elected following the completion of the Offering, at the prevailing market price) which will vest after one year.

EXECUTIVE COMPENSATION

The following table sets forth the annual base salary rates and other compensation expected to be paid in 1997 to the Company's Chief Executive Officer and each of the Company's other four most highly compensated executive officers.

NAME	TITLE	1997 BASE SALARY RATE (1)	OPTIONS ALLOCATED (2)
Stephen L. Green.....	Chairman of the Board, President and Chief Executive Officer	$ 250,000	
Nancy A. Peck.....	Executive Vice President-- Development and Operations	$ 150,000	
Steven H. Klein.....	Executive Vice President-- Acquisitions	$ 175,000	
Benjamin P. Feldman.....	Executive Vice President and General Counsel	$ 150,000	
Gerard Nocera.....	Executive Vice President--Leasing	$ 175,000	

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(1) Does not include bonuses that may be paid to the above individuals. See "--Incentive Compensation" below.

(2) Upon the effective date of the Offering, options to purchase a total of 660,000 shares of Common Stock will be granted to officers and other employees of the Company under the Company's stock option plan at a price equal to the initial public offering price. See "--Stock Option Plan" below."

OPTION GRANTS IN FISCAL YEAR 1997

NAME	OPTIONS TO BE GRANTED(1)	PERCENT OF TOTAL OPTIONS TO BE GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE PER SHARE(2)	EXPIRATION DATE
Stephen L. Green.....				
Nancy A. Peck.....				
Benjamin P. Feldman.....				
Steven H. Klein.....				
Gerard Nocera.....				
Louis A. Olsen.....				

	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF SHARE PRICE APPRECIATION FOR OPTION TERM	
NAME	5%	10%
Stephen L. Green.....		
Nancy A. Peck.....		
Benjamin P. Feldman.....		
Steven H. Klein.....		
Gerard Nocera.....		
Louis A. Olsen.....		

- ------------------------

(1) The options for one-third of the covered shares (disregarding fractional shares, if any) will become exercisable on each of the first, second and third anniversaries of the date of the grant.

(2) Based on the assumed initial public offering price. The exercise price per share will be the initial public offering price.

EMPLOYMENT AND NONCOMPETITION AGREEMENTS

Each of Stephen L. Green, Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen will enter into an employment and noncompetition agreement with the Company which will be effective as of the completion of the Offering. Each agreement will expire on the third anniversary of the closing of the Offering, unless otherwise extended and provides for certain severance payments in the event of the employee's death, disability, termination without cause or resignation with good reason. The employment and noncompetition agreements will, subject to certain exceptions, prohibit each of such persons from engaging, directly or indirectly, during the term of his or her employment, in any business which engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management or leasing of any office real estate property within the New York City metropolitan area (the "Competitive Activities"). Pursuant to the agreements, each of such persons will devote substantially all of his or her business time to the Company. The employment and noncompetition agreement of Stephen L. Green will also, subject to certain exceptions, prohibit Mr. Green from engaging, directly or indirectly, during the Noncompetition Period in any Competitive Activities. The Noncompetition Period is the period beginning on the date of the termination of employment and ending on the later of (i) three years from the closing of the Offering and (ii) one year from the termination of his employment with the Company.

STOCK OPTION PLAN

Prior to the Offering, the Board of Directors will adopt, and the stockholders will approve, the 1997 Stock Option Plan. On and after the closing of the Offering, the 1997 Stock Option Plan will be administered by the Compensation Committee of the Board of Directors. Officers and certain other employees of the Company and its subsidiaries generally will be eligible to participate in the 1997 Stock Option Plan. Non-employee Directors of the Company are eligible to receive stock options under the 1997 Stock Option Plan on a limited basis. See "--Compensation of Directors."

The following summary of the 1997 Stock Option Plan is qualified in its entirety by reference to the full text of the 1997 Stock Option Plan, a copy of which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part.

The 1997 Stock Option Plan authorizes (i) the grant of stock options that qualify as incentive stock options under Section 422 of the Code ("ISOs"), (ii) the grant of stock options that do not so qualify

("NQSOs"), (iii) the grant of stock options in lieu of cash Directors' fees and employee bonuses, (iv) grants of shares of Common Stock, in lieu of cash compensation and (v) the making of loans to acquire shares of Common Stock, in lieu of compensation. The exercise price of stock options will be determined by the Compensation Committee, but may not be less than 100% of the fair market value of the shares of Common Stock on the date of grant in the case of ISOs; provided that, in the case of grants of NQSOs granted in lieu of cash Directors' fees and employee bonuses, the exercise price may not be less than 50% of the fair market value of the shares of Common Stock on the date of grant. The Company has reserved 1,100,000 shares of Common Stock for issuance under the 1997 Stock Option Plan.

INCENTIVE COMPENSATION PLAN

Prior to the completion of the Offering, the Company intends to establish an incentive compensation plan for key officers of the Company and the Company's subsidiaries and affiliates. This plan will provide for payment of cash bonuses to participating officers after an evaluation of the officer's performance and the overall performance of the Company has been completed. The Chief Executive Officer will make recommendations to the Compensation Committee of the Board of Directors, which will make the final determination for the award of bonuses in its sole discretion. The Compensation Committee will determine the amount of such bonuses, if any, for the Chief Executive Officer in its sole discretion.

401(k) PLAN

Effective upon the completion of the Offering, the Company intends to maintain a 401(k) Savings/ Retirement Plan (the "401(k) Plan") to cover eligible employees of the Company and any designated affiliate.

The 401(k) Plan will permit 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.

LIMITATION OF LIABILITY AND INDEMNIFICATION

The MGCL permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services, or (ii) active and deliberate dishonesty established by a final judgment as being material to the cause of action. The Charter contains such a provision which eliminates such liability to the maximum extent permitted by the MGCL.

The Charter authorizes the Company, to the maximum extent permitted by Maryland law, to obligate itself to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (i) any present or former director or officer, or (ii) any individual who, while a director of the Company and at the request of the Company serves or has served another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, member, partner or trustee of such corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise from and against any claim or liability which such persons may incur by reason of his status as a present or former stockholder, director or officer of the Company. The Bylaws obligate the Company, to the maximum extent permitted by Maryland law, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (i) any present or former director or officer who is made a party to the proceeding by reason of his service in that capacity, or (ii) any individual who while a director of the Company and at the request of the Company serves or has served another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, member, partner or trustee of such corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or

other enterprise and who is made a party to the proceeding by reason of his service in that capacity against any claim or liability to which he may become subject by reason of such service. The Charter and the Bylaws also permit the Company to indemnify and advance expenses to any person who served a predecessor of the Company in any of the capacities described above and to any employee or agent of the Company or a predecessor of the Company.

The MGCL requires a corporation (unless its charter provides otherwise, which the Company's Charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (A) was committed in bad faith, or (B) was the result of active and deliberate dishonesty, (ii) the director or officer actually received an improper personal benefit in money, property or services, or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation. In addition, the MGCL requires the Company, as a condition to advancing expenses, to obtain (i) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by the Bylaws, and (ii) a written statement by or on his behalf to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met.

The Partnership Agreement also provides for indemnification and advance of expenses of the Company and its officers and directors to the same extent indemnification and advance of expenses is provided to officers and directors of the Company in the Charter and Bylaws, and limits the liability of the Company and its officers and directors to the Operating Partnership and its partners to the same extent liability of officers and directors of the Company to the Company and its stockholders is limited under the Charter. See "Partnership Agreement--Liability and Indemnification."

THE OPERATING ENTITIES OF THE COMPANY

Following the completion of the Offering and the Formation Transactions, the operations of the Company will be carried on through the Operating Partnership. The Formation Transactions were designed to (i) enable the Company to raise the necessary capital to acquire the Properties, repay certain mortgage indebtedness secured by certain of the Properties and establish a working capital reserve, (ii) provide a vehicle for future acquisitions, (iii) enable the Company to comply with certain requirements under the Code (and the regulations promulgated by the IRS thereunder (the "Treasury Regulations")) relating to REITs, and (iv) preserve certain tax advantages for certain participants in the Formation Transactions.

THE OPERATING PARTNERSHIP. Following the completion of the Offering and the Formation Transactions, substantially all of the Company's assets will be held by, and its operations conducted through, the Operating Partnership and its subsidiaries and affiliates. The Company is the sole general partner of the Operating Partnership and will have the exclusive power under the Partnership Agreement to manage and conduct the business of the Operating Partnership. Except with respect to the Lock-out Provisions, limited partners generally will have only limited consent rights. See "Partnership Agreement." The Board of Directors of the Company will manage the affairs of the Company by directing the affairs of the Operating Partnership. The Operating Partnership will continue until December 31, 2095, unless sooner dissolved or terminated. The Operating Partnership cannot be dissolved for a period of 50 years without the consent of the limited partners, except in connection with a sale of all or substantially all of its assets, which also requires the consent of the limited partners. See "Partnership Agreement." The Company's limited and general partner interests in the Operating Partnership will entitle it to share in cash distributions from, and in the profits and losses of, the Operating Partnership in proportion to the Company's percentage interest therein and will entitle the Company to vote on substantially all matters requiring a vote of the limited partners.

Following the completion of the Offering and the Formation Transactions, the Company initially will own an approximate 88.3% interest in the Operating Partnership. Certain participants in the Formation Transactions, including entities owned by Stephen L. Green, will own the remaining Units. The Operating Partnership anticipates that it will acquire additional properties in exchange for Units in the future, in which case partners in the partnerships that own such properties will become limited partners of the Operating Partnership.

After the completion of the Offering and the Formation Transactions, the Operating Partnership expects to make regular quarterly cash distributions to its partners (including the Company) in proportion to their percentage interests in the Operating Partnership. The Company, in turn, will pay cash dividends to its stockholders in an amount per share of Common Stock equal to the amount distributed by the Operating Partnership per Unit. In addition, after a holding period of up to two years following the completion of the Offering, and at any time thereafter (for as long as the Operating Partnership is in existence and subject to compliance with the securities laws and the ownership limits of the Company's organizational documents), limited partners in the Operating Partnership will be able to have their Units redeemed by the Operating Partnership. In the event that the Company elects to acquire Units in exchange for shares of Common Stock upon the exercise of a redemption right by a limited partner, each such acquisition will increase the Company's percentage ownership interest in the Operating Partnership and will decrease the aggregate percentage ownership interest of the limited partners (other than the Company) in the Operating Partnership.

THE MANAGEMENT CORPORATION. In order to maintain the Company's qualification as a REIT while realizing income from management contracts with third parties, all of the management operations with respect to properties in which the Company will not own 100% of the interest will be conducted through the Management Corporation. The Company, through the Operating Partnership, will own 100% of the

non-voting common stock (representing 95% of the total equity) of the Management Corporation. Through dividends on its equity interest, the Operating Partnership expects to receive substantially all of the cash flow from the Management Corporation's operations. All of the voting common stock of the Management Corporation (representing 5% of the total equity) will be held by an SL Green affiliate. This controlling interest will give the SL Green affiliate the power to elect all directors of the Management Corporation.

THE MANAGEMENT LLC. All of the management and leasing and construction operations with respect to the Properties and properties to be acquired by the Company will be conducted through the Management LLC. The Operating Partnership will own a 100% interest in the Management LLC.

THE LEASING CORPORATION. In order to maintain the Company's qualification as a REIT while realizing income from leasing and tenant representation services performed for third parties, all of the leasing operations and tenant representation services with respect to properties in which the Company will not own 100% of the interest will be conducted through the Leasing Corporation. The Company, through the Operating Partnership, will own 100% of the non-voting common stock (representing 95% of the total equity) of the Leasing Corporation. Through dividends on its equity interest, the Operating Partnership expects to receive substantially all of the cash flow from the Leasing Corporation's operations. All of the voting common stock of the Leasing Corporation (representing 5% of the total equity) will be held by an SL Green affiliate. This controlling interest will give the SL Green affiliate the power to elect all directors of the Leasing Corporation.

THE CONSTRUCTION CORPORATION. In order to maintain the Company's qualification as a REIT while realizing income from construction services all of the Company's construction operations will be conducted through the Construction Corporation. The Company, through the Operating Partnership, will own 100% of the non-voting common stock (representing 95% of the total equity) of the Construction Corporation. Through dividends on its equity interest, the Operating Partnership expects to receive substantially all of the cash flow from the Construction Corporation's operations. All of the voting common stock of the Construction Corporation (representing 5% of the total equity) will be held by an SL Green affiliate. This controlling interest will give the SL Green affiliate the power to elect all directors of the Construction Corporation.

FORMATION TRANSACTIONS

The following Formation Transactions have been consummated or will be consummated concurrently with the completion of the Offering.

- The Company was organized as a Maryland corporation and the Operating Partnership was organized as a Delaware limited partnership in June 1997

- LBHI entered into the LBHI Loan with SL Green pursuant to which LBHI agreed to loan to SL Green up to $40 million, which will be used to acquire interests in the Core Portfolio and the Acquisition Properties, to fund property related operating expenses, to fund organizational expenses of the Company and to purchase Treasury Securities. The LBHI Loan will be secured by partnership interests in certain Property-owning entities and the Treasury Securities.

- The Company will sell 8,100,000 shares of Common Stock in the Offering and will contribute the net proceeds therefrom to the Operating Partnership in exchange for 8,100,000 Units (representing approximately an 84% economic interest in the Operating Partnership after the Offering).

- The Operating Partnership will receive a contribution of its interests in the Core Portfolio as well as 95% of the economic interest in the Service Corporations from the Property-owning entities, the partners or members of such entities and the holders of interests in the Service Corporations. As consideration therefor, the Operating Partnership will issue to such entities, partners or members

and holders 1,130,395 Units (having an aggregate value of approximately $22.6 million, based on the assumed initial offering price) approximately and $6.4 million.

- The management and leasing business of SL Green with respect to the Properties in which the Company will have a 100% membership interest will be transferred to the Management LLC.

- The Operating Partnership will obtain for $500,000 an option to acquire 50 West 23rd Street, a 333,000 rentable square foot office property in midtown Manhattan from an unaffiliated seller for a purchase price of $36 million in cash. See "The Properties--The Option Property."

- The Operating Partnership will acquire interests in the Acquisition Properties for an aggregate purchase price of approximately $73.4 million, to be funded with net proceeds from the Offering and mortgage financing.

- The Operating Partnership will use approximately $74.1 million of net proceeds from the Offering to repay mortgage debt encumbering the Core Portfolio and the LBHI Loan (including $1.7 million in prepayment penalties, fees and other costs and excluding approximately $7.5 million in proceeds drawn under the LBHI Loan to fund purchase of the Acquisition Properties).

- The Company will issue to Victor Capital 45,495 shares of restricted Common Stock and the Operating Partnership will pay $900,000 (funded with borrowings under the LBHI Loan and proceeds from the Offering) to Victor Capital as consideration for financial advisory services rendered to the Company in connection with the Formation Transactions.

CONSEQUENCES OF THE OFFERING AND THE FORMATION TRANSACTIONS

The Offering and the Formation Transactions will have the following consequences:

- The Operating Partnership directly or indirectly will own substantially all of the interests in the Properties currently owned by SL Green and its affiliates.

- The purchasers of the Common Stock offered in the Offering will own approximately 95% of the outstanding Common Stock.

- The Company will be the general partner of, and will own approximately 88.3% of the ownership interests in, the Operating Partnership and 95% of the non-voting stock in the Service Corporations.

If all limited partners in the Operating Partnership were to exchange their Units for Common Stock immediately after the completion of the Offering (notwithstanding the provision of the Partnership Agreement which prohibits such exchange for up to two years following the completion of the Offering), but subject to the Ownership Limit, then the participants in the Formation Transactions would beneficially own approximately 11.7% of the outstanding shares of Common Stock.

See "Risk Factors--Conflicts of Interests in the Formation Transactions and the Business of the Company--Substantial Benefits to Related Parties" and "Principal Stockholders."

BENEFITS TO RELATED PARTIES

Certain affiliates of the Company will realize certain material benefits in connection with the Formation Transactions and the Offering, including the following:

- Certain SL Green entities (including entities owned by Stephen L. Green) will receive 887,895 Units in consideration for their interests in the Properties, Property-owning entities and the management, leasing and construction businesses of SL Green with a total value of approximately $17.8 million, based on the assumed initial public offering price (representing approximately 9.2% of the equity of the Company on a fully-diluted basis).

- The Operating Partnership will use $20 million to repay a portion of the LBHI Loan that was made to an SL Green entity (which is indirectly owned by Stephen L. Green) and invested in Treasury Securities pledged as collateral therefor (which, upon repayment of the LBHI Loan, were released to such SL Green entity).

- Certain members of SL Green management (including Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) own an aggregate of 383,110 shares of restricted Common Stock that initially will have a value of $7.7 million, based on the assumed initial public offering price.

- Certain members of SL Green management (including Stephen L. Green, Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) will become officers and/or directors of the Company. In addition, each of such persons will enter into three year employment and noncompetition agreements with the Company. See "Management--Employment and Noncompetition Agreements." Also, the Company will grant to directors, officers and employees of the Company options to purchase an aggregate of 660,000 shares of Common Stock at the initial public offering price under the Company's stock option plan, subject to certain vesting requirements. See "Management."

- The structure of the Formation Transactions will provide the Unit recipients (including the members of management referred to above) the opportunity for deferral of the tax consequences of their contribution to the Operating Partnership of their interest in the Properties, Property-owning entities and Service Corporations.

- An SL Green entity will own all of the voting stock of each of the Service Corporations (representing a 5% equity interest therein).

- Pursuant to the Lock-out Provisions, the Company will be restricted in its ability to sell, or reduce the amount of mortgage indebtedness on, two of the Properties (673 First Avenue and 470 Park Avenue South) for up to 12 years following the completion of the Offering, which could enable certain participants in the Formation Transactions (including the Green Group) to defer certain tax consequences associated with the Formation Transactions.

- Persons or entities receiving Units in the Formation Transactions (including entities owned by Stephen L. Green) will have registration rights with respect to shares of Common Stock issued in exchange for Units.

See "Risk Factors--Conflicts of Interests in the Formation Transactions and the Business of the Company," "Management" and "Certain Relationships and Transactions."

POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain investment, financing and other policies of the Company. These policies have been determined by the Company's Board of Directors and may be amended or revised from time to time by the Board of Directors without a vote of the stockholders, except that (i) the Company cannot change its policy of holding its assets and conducting its business only through the Operating Partnership and its affiliates without the consent of the holders of Units as provided in the Partnership Agreement, (ii) changes in certain policies with respect to conflicts of interest must be consistent with legal requirements, and (iii) the Company cannot take any action intended to terminate its qualification as a REIT without the approval of the holders of a majority of the outstanding shares of Common Stock.

INVESTMENT POLICIES

INVESTMENT IN REAL ESTATE OR INTERESTS IN REAL ESTATE. The Company will conduct all of its investment activities through the Operating Partnership and its affiliates. The Company's primary business objective is to maximize total return to stockholders through growth in distributable cash flow and appreciation in the value of its assets. For a discussion of the Properties and the Company's corporate and growth strategies, see "The Properties" and "Business and Growth Strategies."

The Company expects to pursue its investment objectives primarily through the direct or indirect ownership by the Operating Partnership of the Properties and other acquired office properties. The Company currently intends to invest primarily in existing improved properties but may, if market conditions warrant, invest in development projects as well. Furthermore, the Company currently intends to invest in or develop commercial office properties, primarily in midtown Manhattan. However, future investment or development activities will not be limited to any geographic area or product type or to a specified percentage of the Company's assets. The Company does not have any limit on the amount or percentage of its assets that may be invested in any one property or any one geographic area. The Company intends to engage in such future investment or development activities in a manner which is consistent with the maintenance of its status as a REIT for Federal income tax purposes. In addition, the Company may purchase or lease income-producing commercial properties and other types of properties for long-term investment, expand and improve the real estate presently owned or other properties purchased, or sell such real estate or other properties, in whole or in part, if and when circumstances warrant.

The Company also may participate with third parties in property ownership, through joint ventures or other types of co-ownership. Such investments may permit the Company to own interests in larger assets without unduly restricting diversification and, therefore, may add flexibility in structuring its portfolio. The Company will not, however, enter into a joint venture or partnership to make an investment that would not otherwise meet its investment policies.

Equity investments may be subject to existing mortgage financing and other indebtedness or such financing or indebtedness as may be incurred in connection with acquiring or refinancing these investments. Debt service on such financing or indebtedness will have a priority over any distributions with respect to the Common Stock. Investments also are subject to the Company's policy not to be treated as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act").

INVESTMENTS IN REAL ESTATE MORTGAGES. While the Company's business objectives emphasize equity investments in commercial real estate, the Company may, in the discretion of the Board of Directors, invest in mortgages and other types of equity real estate interests consistent with the Company's qualification as a REIT. In that regard, upon completion of the Formation Transactions, the Company will acquire mortgage interests in the Bar Building and 1372 Broadway which will provide the Company with substantially all control over, and economic interest derived from, such Properties. Although the Company does not presently intend to emphasize investments in mortgages or deeds of trust, it may invest in non-performing mortgages on an opportunistic basis in order to acquire an equity interest in the underlying property or in participating or convertible mortgages if the Company concludes that it would be in the Company's interest to do so. Investments in real estate mortgages are subject to the risk that one or more borrowers may default under such mortgages and that the collateral securing such mortgages may not be sufficient to enable an investor to recoup its full investment.

SECURITIES OR INTERESTS IN PERSONS PRIMARILY ENGAGED IN REAL ESTATE ACTIVITIES AND OTHER ISSUERS. Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, the Company also may invest in securities of other REITs, securities of other entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. See "Federal Income Tax Considerations--Taxation of the Company." No such investment will be made, however, unless the Board of Directors determines that the proposed investment would not cause the

Company or the Operating Partnership to be an "investment company" within the meaning of the 1940 Act. The Company may acquire all or substantially all of the securities or assets of other REITs or similar entities if such investments would be consistent with the Company's investment policies.

DISPOSITION POLICIES

The Company does not currently intend to dispose of any of the Properties, although it reserves the right to do so, subject to the Lock-out Provisions, if, based upon management's periodic review of the Company's portfolio, the Board of Directors determines that such action would be in the best interests of the Company. The tax consequences of the disposition of the Properties may, however, influence the decision of certain directors and executive officers of the Company who hold Units as to the desirability of a proposed disposition. See "Risk Factors--Conflicts of Interests in the Formation Transactions and the Business of the Company" and "--Limitations on Ability to Sell or Reduce the Mortgage Indebtedness on Certain Properties."

Any decision to dispose of a Property must be approved by a majority of the Board of Directors (and in accordance with the applicable partnership agreement). In addition, under the Lock-out Provisions contained in the Partnership Agreement, the Company may not sell (except in certain events, including certain transactions that would not result in the recognition of any gain for tax purposes) 673 First Avenue and 470 Park Avenue South during the Lock-out Period without, in the case of either Property, the consent of holders of 75% of the Units originally issued to limited partners in the Operating Partnership who immediately prior to completion of the Formation Transactions owned direct or indirect interests in such Property that remain outstanding at the time of such vote (other than Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise). The Lock-out Provisions apply even if it would otherwise be in the best interest of the stockholders for the Company to sell one or more of these three Properties.

FINANCING POLICIES

As a general policy, the Company intends to limit its total consolidated indebtedness, and its pro rata share of unconsolidated indebtedness, so that at the time any debt is incurred, the Company's Debt Ratio does not exceed 50%. Upon the completion of the Offering and the Formation Transactions, the Debt Ratio of the Company will be approximately 19.4%. The Charter and Bylaws do not, however, limit the amount or percentage of indebtedness that the Company may incur. In addition, the Company may from time to time modify its debt policy in light of current economic conditions, relative costs of debt and equity capital, market values of its Properties, general conditions in the market for debt and equity securities, fluctuations in the market price of its Common Stock, growth and acquisition opportunities and other factors. Accordingly, the Company may increase its Debt Ratio beyond the limits described above. If this policy were changed, the Company could become more highly leveraged, resulting in an increased risk of default on its obligations and a related increase in debt service requirements that could adversely affect the financial condition and results of operations of the Company and the Company's ability to make distributions to stockholders.

The Company has established its debt policy relative to the total market capitalization of the Company computed at the time the debt is incurred, rather than relative to the book value of its assets, a ratio that is frequently employed, because it believes the book value of its assets (which to a large extent is the depreciated value of real property, the Company's primary tangible asset) does not accurately reflect its ability to borrow and to meet debt service requirements. Total market capitalization, however, is subject to greater fluctuation than book value, and does not necessarily reflect the fair market value of the underlying assets of the Company at all times. Moreover, due to fluctuations in the value of the Company's portfolio of properties over time, and since any measurement of the Company's total consolidated

indebtedness, and its pro rata share of unconsolidated indebtedness incurred, to total market capitalization is made only at the time debt is incurred, the Debt Ratio could exceed the 50% level.

The Company has not established any limit on the number or amount of mortgages that may be placed on any single property or on its portfolio as a whole.

Although the Company will consider factors other than total market capitalization in making decisions regarding the incurrence of debt (such as the purchase price of properties to be acquired with debt financing, the estimated market value of properties upon refinancing, and the ability of particular properties and the Company as a whole to generate sufficient cash flow to cover expected debt service), there can be no assurance that the Debt Ratio, or any other measure of asset value, at the time the debt is incurred or at any other time will be consistent with any particular level of distributions to stockholders.

CONFLICT OF INTEREST POLICIES

The Company has adopted certain policies and entered into agreements with its executive officers designed to eliminate or minimize certain potential conflicts of interest. See "Management--Employment and Noncompetition Agreements." In that regard, the Company has adopted a policy that, without the approval of a majority of the disinterested Directors, it will not (i) acquire from or sell to any director, officer or employee of the Company, or any entity in which a director, officer or employee of the Company beneficially owns more than a 1% interest, or acquire from or sell to any affiliate of any of the foregoing, any of the assets or other property of the Company, (ii) make any loan to or borrow from any of the foregoing persons or (iii) engage in any other transaction with any of the foregoing persons.

In addition, the Company's Board of Directors is subject to certain provisions of Maryland law, which are designed to eliminate or minimize certain potential conflicts of interest. There can be no assurance, however, that these policies and provisions or these agreements always will be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that may fail to reflect fully the interests of all stockholders.

INTERESTED DIRECTOR AND OFFICER TRANSACTIONS

Under Maryland law, a contract or other transaction between the Company and a director or between the Company and any other corporation or other entity in which a director is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of the director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director's vote in favor thereof if (i) the transaction or contract is authorized, approved or ratified by the board of directors or a committee of the board, after disclosure of the common directorship or interest, by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum, or by a majority of the votes cast by disinterested stockholders, or (ii) the transaction or contract is fair and reasonable to the Company.

Under Delaware law (where the Operating Partnership is formed), the Company, as general partner, has a fiduciary duty to the Operating Partnership and, consequently, such transactions also are subject to the duties of care and loyalty that the Company, as general partner, owes to limited partners in the Operating Partnership (to the extent such duties have not been eliminated pursuant to the terms of the Partnership Agreement). The Company will adopt a policy which requires that all contracts and transactions between the Company, the Operating Partnership or any of its subsidiaries, on the one hand, and a director or executive officer of the Company or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of the disinterested directors. Where appropriate in the judgment of the disinterested directors, the Board of Directors may obtain a fairness opinion or engage independent counsel to represent the interests of non-affiliated security holders, although the Board of Directors will have no obligation to do so.

BUSINESS OPPORTUNITIES

Pursuant to Maryland law, each director is obligated to offer to the Company any business opportunity (with certain limited exceptions) that comes to him and that the Company reasonably could be expected to have an interest in pursuing. After the Formation Transactions, SL Green will continue to own interests in certain other properties as well as entities that will provide cleaning (and related) services to office properties and security services to office properties, including the Properties. The Company will not have any interest in these properties or businesses. See "The Properties--Assets Not Being Transferred to the Company."

POLICIES WITH RESPECT TO OTHER ACTIVITIES

The Company and the Operating Partnership have authority to offer Common Stock, Preferred Stock, Units, preferred Units or options to purchase capital stock or Units in exchange for property and to repurchase or otherwise acquire its Common Stock or Units or other securities in the open market or otherwise and may engage in such activities in the future. Except in connection with the Formation Transactions, the Company has not issued Common Stock, Units or any other securities in exchange for property or any other purpose, and the Board of Directors has no present intention of causing the Company to repurchase any Common Stock. The Company may issue Preferred Stock from time to time, in one or more series, as authorized by the Board of Directors without the need for stockholder approval. See "Capital Stock--Preferred Stock." The Company has not engaged in trading, underwriter or agency distribution or sale of securities of other issuers other than the Operating Partnership, nor has the Company invested in the securities of other issuers other than the Operating Partnership for the purposes of exercising control, and does not intend to do so. At all times, the Company intends to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Code (or the Treasury Regulations), the Board of Directors determines that it is no longer in the best interest of the Company to qualify as a REIT and such determination is approved by a majority vote of the Company's stockholders, as required by the Charter. The Company has not made any loans to third parties, although it may in the future make loans to third parties, including, without limitation, to joint ventures in which it participates. The Company intends to make investments in such a way that it will not be treated as an investment company under the 1940 Act. The Company's policies with respect to such activities may be reviewed and modified or amended from time to time by the Company's Board of Directors without a vote of the stockholders.

CERTAIN RELATIONSHIPS AND TRANSACTIONS

FORMATION TRANSACTIONS

The terms of the acquisitions of interests in the Properties and the Service Corporations by the Operating Partnership are described in "Structure and Formation of the Company--The Formation Transactions."

CLEANING SERVICES

First Quality Maintenance, L.P. ("First Quality") provides cleaning and related services with respect to the Properties. First Quality is owned by Gary Green, a son of Stephen L. Green. The cost of cleaning and related services generally is passed through to tenants as part of the operating expense escalation clause under leases. First Quality also provides additional services directly to tenants on a separately negotiated basis. The aggregate amount of fees to First Quality for services provided (excluding services provided directly to tenants) was approximately $188,000 in 1994, $164,000 in 1995 and $296,000 in 1996. After the completion of the Offering, the Company may retain First Quality to provide cleaning and related services for the Company's properties at market rates. In addition, the cleaning entity will continue to have 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. The cleaning entity will provide such services to individual tenants pursuant to agreements on customary terms (including at market rates). First Quality leases 3,740 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2005 and provides for annual rental payments of approximately $68,660.

SECURITY SERVICES

Class Security LLC ("Classic Security") provides security services with respect to the Properties. Classic Security is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees for such services was approximately $24,000 in 1996 (no fees were paid to such entity in 1994 or 1995). After the completion of the Offering, Classic Security may continue to provide security services for the Company's properties at market rates.

PARTNERSHIP AGREEMENT

THE FOLLOWING SUMMARY OF THE AGREEMENT OF LIMITED PARTNERSHIP OF THE OPERATING PARTNERSHIP (THE "PARTNERSHIP AGREEMENT"), INCLUDING THE DESCRIPTIONS OF CERTAIN PROVISIONS SET FORTH ELSEWHERE IN THIS PROSPECTUS, IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PARTNERSHIP AGREEMENT, WHICH IS FILED AS AN EXHIBIT TO THE REGISTRATION STATEMENT OF WHICH THIS PROSPECTUS IS A PART.

OPERATIONAL MATTERS

GENERAL. Holders of Units (other than the Company in its capacity as general partner) will hold a limited partnership interest in the Operating Partnership, and all holders of Units (including the Company in its capacity as general partner) will be entitled to share in cash distributions from, and in the profits and losses of, the Operating Partnership. Each Unit generally will receive distributions in the same amount paid on each share of Common Stock. See "Distributions."

Holders of Units will have the rights to which limited partners are entitled under the Partnership Agreement and, to the extent not limited by the Partnership Agreement, the Delaware Revised Uniform Limited Partnership Act (the "Act"). The Units have not been and are not expected to be registered pursuant to any Federal or state securities laws or listed on any exchange or quoted on any national market system. The Partnership Agreement imposes certain restrictions on the transfer of Units, as described below.

PURPOSES, BUSINESS AND MANAGEMENT. The purpose of the Operating Partnership includes the conduct of any business that may be lawfully conducted by a limited partnership formed under the Act, except that the Partnership Agreement requires the business of the Operating Partnership to be conducted in such a manner that will permit the Company to be classified as a REIT under Section 856 of the Code, unless the Company ceases to qualify as a REIT for reasons other than the conduct of the business of the Operating Partnership. Subject to the foregoing limitation, the Operating Partnership may enter into partnerships, joint ventures or similar arrangements and may own interests directly or indirectly in any other entity.

The Company, as the general partner of the Operating Partnership, has the exclusive power and authority to conduct the business of the Operating Partnership, subject to the consent of the limited partners in certain limited circumstances discussed below. No limited partner may take part in the operation, management or control of the business of the Operating Partnership by virtue of being a holder of Units.

The Company may not conduct any business other than the business of the Operating Partnership without the consent of the holders of a majority of the limited partnership interests (not including the limited partnership interests held by the Company in its capacity as a limited partner in the Operating Partnership).

DISTRIBUTIONS. The Partnership Agreement provides for the quarterly distribution of Available Cash (as defined below), as determined in the manner provided in the Partnership Agreement, to the Company and the limited partners in proportion to their percentage interests in the Operating Partnership. "Available Cash" is generally defined as net income plus any reduction in reserves and minus interest and principal payments on debt, capital expenditures, any additions to reserves and other adjustments. Neither the Company nor the limited partners are entitled to any preferential or disproportionate distributions of Available Cash.

BORROWING BY THE OPERATING PARTNERSHIP. The Company is authorized to cause the Operating Partnership to borrow money and to issue and guarantee debt as it deems necessary for the conduct of the activities of the Operating Partnership. Such debt may be secured by mortgages, deeds of trust, liens or encumbrances on properties of the Operating Partnership. The Company also may cause the Operating Partnership to borrow money to enable the Operating Partnership to make distributions, including distributions in an amount sufficient to permit the Company, as long as it qualifies as a REIT, to avoid the payment of any Federal income tax. See "Policies with Respect to Certain Activities--Financing Policies." Pursuant to the Lock-out Provisions, the Operating Partnership may not, earlier than one year prior to its maturity, repay the mortgage indebtedness on 673 First Avenue or 470 Park Avenue South and may not consent to any such prepayment of mortgage indebtedness on 673 First Avenue or 470 Park Avenue South (other than pursuant to scheduled amortization) during the Lock-out Period without, in the case of each such Property, the consent of holders of 75% of the Units originally issued to limited partners in the Operating Partnership who immediately prior to completion of the Formation Transactions owned direct or indirect interests in such Property that remain outstanding at the time of such vote (whether held by the original recipient of such Units or by a successor or transferee of the original recipient, but excluding Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise) unless the repayment is in connection with either a refinancing of the outstanding debt (on a basis that is nonrecourse to the Operating Partnership and providing for the least amount of principal amortization that is available on commercially reasonable terms and permitting certain guarantees by the holders of the Units originally issued with respect to the affected Property) or an involuntary sale pursuant to foreclosure of a mortgage securing the debt (or other similar event). In addition, during the Lock-out Period, the Company is obligated to use commercially reasonable efforts, commencing one year prior to the stated maturity, to refinance at maturity (on a basis that is nonrecourse to the Operating Partnership and providing for the least amount of principal amortization that is available on commercially reasonable terms and permitting certain guarantees by the holders of the Units originally issued with

respect to the affected Property) the mortgage indebtedness secured by each of these two Properties at not less than the principal amount outstanding on the maturity date. Finally, during the Lock-out Period, the Company may not incur debt secured by either of these two Properties if the amount of the new debt would exceed the greater of 75% of the value of the Property securing the debt or the amount of existing debt being refinanced (plus the costs associated therewith).

REIMBURSEMENT OF THE COMPANY; TRANSACTIONS WITH THE COMPANY AND ITS AFFILIATES. The Company will not receive any compensation for its services as general partner of the Operating Partnership. The Company, however, as a partner in the Operating Partnership, has the same right to allocations and distributions as other partners in the Operating Partnership. In addition, the Operating Partnership will reimburse the Company for substantially all expenses it incurs relating to the ongoing operation of the Company and offerings of Units or shares of Common Stock (or rights, options, warrants or convertible or exchangeable securities).

Except as expressly permitted by the Partnership Agreement, affiliates of the Company will not engage in any transactions with the Operating Partnership except on terms that are fair and reasonable and no less favorable to the Operating Partnership than would be obtained from an unaffiliated third party.

SALES OF ASSETS. Under the Partnership Agreement, the Company generally has the exclusive authority to determine whether, when and on what terms the assets of the Operating Partnership (including the Properties) will be sold, subject to the Lock-out Provisions. A sale of all or substantially all of the assets of the Operating Partnership (or a merger of the Operating Partnership with another entity) generally requires an affirmative vote of the holders of a majority of the outstanding Units (including Units held by the Company), but also is subject to the Lock-out Provisions.

Under the Lock-out Provisions, the Operating Partnership may not sell or otherwise dispose of 673 First Avenue or 470 Park Avenue South (or any direct or indirect interest therein) during the Lock-out Period (except pursuant to a sale or other disposition of all or substantially all of the Operating Partnership's assets approved as described below, an involuntary sale pursuant to foreclosure of a mortgage secured by one of these Properties or a bankruptcy proceeding, and certain transactions, including a "Section 1031 like-kind exchange," that would not result in the recognition of any gain for tax purposes by the holders of Units issued in the Formation Transactions with respect to these Properties) without, in the case of each such Property, the consent of holders of 75% of the Units originally issued to limited partners in the Operating Partnership who immediately prior to the completion of the Formation Transactions owned direct or indirect interests in such Property that remain outstanding at the time of such vote (whether held by the original recipient of such Units or by a successor or transferee of the original recipient, but excluding Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise). Under the Lock-out Provisions, a sale or other disposition of all or substantially all of the assets of the Operating Partnership during the Lock-out Period generally would require the approval of the holders, as a group, of 75% of the aggregate Units originally issued with respect to 673 First Avenue and 470 Park Avenue South that remain outstanding (whether held by the original recipient of such Units or by a successor or transferee of the original recipient, but excluding Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise). The consent requirement under the Lockout Provisions, however, would not apply in the event of a merger or consolidation involving the Operating Partnership and substantially all of its assets if (i) the transaction would not result in the recognition of any gain with respect to the Units originally issued with respect to 673 First Avenue and 470 Park Avenue South, (ii) the Lock-out Provisions would continue to apply with respect to each of these two Properties, and (iii) the surviving entity agrees to a number of restrictions and conditions for the benefit of the holders of such Units designed to preserve the benefit of certain provisions and restrictions in the Partnership Agreement for the holders of such Units.

NO REMOVAL OF THE GENERAL PARTNER. The Partnership Agreement provides that the limited partners may not remove the Company as general partner of the Operating Partnership with or without cause (unless neither the General Partner nor its parent entity is a "public company," in which case the General Partner may be removed for cause).

ISSUANCE OF LIMITED PARTNERSHIP INTERESTS. The Company is authorized, without the consent of the limited partners, to cause the Operating Partnership to issue Units to the Company, to the limited partners or to other persons for such consideration and upon such terms and conditions as the Company deems appropriate. The Operating Partnership also may issue partnership interests in different series or classes, which may be senior to the Units. If Units are issued to the Company, then the Company must issue shares of Common Stock and must contribute to the Operating Partnership the proceeds received by the Company from such issuance. In addition, the Company may cause the Operating Partnership to issue to the Company partnership interests in different series or classes of equity securities, which may be senior to the Units, in connection with an offering of securities of the Company having substantially similar rights upon the contribution of the proceeds therefrom to the Operating Partnership. Consideration for partnership interests may be cash or any property or other assets permitted by the Act. No limited partner has preemptive, preferential or similar rights with respect to capital contributions to the Operating Partnership or the issuance or sale of any partnership interests therein.

AMENDMENT OF THE PARTNERSHIP AGREEMENT. Generally, the Partnership Agreement may be amended with the approval of the Company, as general partner, and limited partners (including the Company) holding a majority of the Units. Certain provisions regarding, among other things, the rights and duties of the Company as general partner or the dissolution of the Operating Partnership, may not be amended without the approval of a majority of the Units not held by the Company. Notwithstanding the foregoing, the Company, as general partner, has the power, without the consent of the limited partners, to amend the Partnership Agreement in certain circumstances. Certain amendments that would affect the fundamental rights of a limited partner must be approved by the Company and each limited partner that would be adversely affected by such amendment. In addition, any amendment that would affect the Lock-out Provisions with respect to 673 First Avenue or 470 Park Avenue South during the Lock-out Period would require, in the case of each such Property affected by the Amendment, the consent of holders of 75% of the Units originally issued with respect to such Property that remain outstanding at the time of such vote (whether held by the original recipient of such Units or by a successor or transferee of the original recipient, but excluding Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise).

DISSOLUTION, WINDING UP AND TERMINATION. The Operating Partnership will continue until December 31, 2095, unless sooner dissolved and terminated. The Operating Partnership will be dissolved prior to the expiration of its term, and its affairs wound up upon the occurrence of the earliest of: (i) the withdrawal of the Company as general partner without the permitted transfer of the Company's interest to a successor general partner (except in certain limited circumstances); (ii) the sale of all or substantially all of the Operating Partnership's assets and properties (subject to the Lock-out Provisions during the Lockout Period); (iii) the entry of a decree of judicial dissolution of the Operating Partnership pursuant to the provisions of the Act; (iv) the entry of a final non-appealable order for relief in a bankruptcy proceeding of the general partner, or the entry of a final non-appealable judgment ruling that the general partner is bankrupt or insolvent (except that, in either such case, in certain circumstances the limited partners (other than the Company) may vote to continue the Operating Partnership and substitute a new general partner in place of the Company); and (v) on or after January 1, 2046, at the option of the Company, in its sole and absolute discretion. Upon dissolution, the Company, as general partner, or any liquidator will proceed to liquidate the assets of the Operating Partnership and apply the proceeds therefrom in the order of priority set forth in the Partnership Agreement.

LIABILITY AND INDEMNIFICATION

LIABILITY OF THE COMPANY AND LIMITED PARTNERS. The Company, as general partner of the Operating Partnership, is liable for all general recourse obligations of the Operating Partnership to the extent not paid by the Operating Partnership. The Company is not liable for the nonrecourse obligations of the Operating Partnership. Assuming that a limited partner does not take part in the control of the business of the Operating Partnership and otherwise acts in conformity with the provisions of the Partnership Agreement and the Act, the liability of a limited partner for obligations of the Operating Partnership under the Partnership Agreement and the Act will be limited, subject to certain exceptions, generally to the loss of such limited partner's investment in the Operating Partnership represented by his Units. The Operating Partnership will operate in a manner that the Company deems reasonable, necessary or appropriate to preserve the limited liability of the limited partners.

EXCULPATION AND INDEMNIFICATION OF THE COMPANY. The Partnership Agreement generally provides that the Company, as general partner of the Operating Partnership, will incur no liability to the Operating Partnership or any limited partner for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission, if the Company carried out its duties in good faith. In addition, the Company is not responsible for any misconduct or negligence on the part of its agents, provided the Company appointed such agents in good faith.

The Partnership Agreement also provides for indemnification (including, in certain circumstances, the advancement of expenses) of the Company, the directors and officers of the Company and such other persons as the Company may from time to time designate against any judgments, penalties, fines, settlements and reasonable expenses that are actually (or will be) incurred by such person in connection with a proceeding in which any such person is involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the indemnified person was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the indemnified person actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful.

TRANSFERS OF INTERESTS

RESTRICTIONS ON TRANSFER OF THE COMPANY'S INTEREST. The Company may not transfer any of its interests as general or limited partner in the Operating Partnership, except in connection with a merger or sale of all or substantially all of its assets, in which (i) the limited partners in the Operating Partnership either will receive, or will have the right to receive, substantially the same consideration as holders of shares of Common Stock, and (ii) such transaction has been approved by the holders of a majority of the interests in the Operating Partnership (including interests held by the Company). The Lock-out Provisions do not apply to a sale or other transfer by the Company of its interests as a partner in the Operating Partnership, but they would apply to transfers of assets of the Operating Partnership undertaken during the Lock-out Period in connection with or as part of any such transaction by the Company. See "--Operational Matters--Sales of Assets" above.

RESTRICTIONS ON TRANSFERS OF UNITS BY LIMITED PARTNERS. For up to two years after the completion of the Offering, a limited partner may not transfer any of his rights as a limited partner without the consent of the Company, which consent the Company may withhold in its sole discretion. Any attempted transfer in violation of this restriction will be void ab initio and without any force or effect. Beginning two years after the completion of the Offering, limited partners (other than the Company) will be permitted to transfer all or any portion of their Units without restriction as long as they satisfy certain requirements set forth in the Partnership Agreement. In addition, limited partners will be permitted to dispose of their Units following the expiration of up to a two-year period following the completion of the Offering by exercising the redemption right described below. See "--Redemption of Units" below.

The right of any permitted transferee of Units to become a substituted limited partner is subject to the consent of the Company, which consent the Company may withhold in its sole and absolute discretion. If the Company does not consent to the admission of a transferee of Units as a substituted limited partner, then the transferee will succeed to all economic rights and benefits attributable to such Units (including the redemption right described below), but will not become a limited partner or possess any other rights of limited partners (including the right to vote).

REDEMPTION OF UNITS. Subject to certain limitations and exceptions, holders of Units (other than the Company) have the right to have each of their Units redeemed by the Operating Partnership at any time beginning two years after the completion of the Formation Transactions. Unless the Company elects to assume and perform the Operating Partnership's obligation with respect to the redemption right, as described below, the limited partner will receive cash from the Operating Partnership in an amount equal to the market value of the Units to be redeemed. The market value of a Unit for this purpose will be equal to the average of the closing trading price of a share of Common Stock on the NYSE for the ten trading days before the day on which the redemption notice was given to the Operating Partnership of exercise of the redemption right. In lieu of the Operating Partnership's acquiring the Units for cash, the Company will have the right (except as described below, if the Common Stock is not publicly traded) to elect to acquire the Units directly from a limited partner exercising the redemption right, in exchange for either cash or shares of Common Stock, and, upon such acquisition, the Company will become the owner of such Units. The redemption generally will occur on the tenth business day after the notice to the Operating Partnership, except that no redemption or exchange can occur if delivery of shares of Common Stock would be prohibited either under the provisions of the Company's Charter designed primarily to protect the Company's qualification as a REIT or under applicable Federal or state securities laws as long as the shares of Common Stock are publicly traded. See "Capital Stock--Restrictions on Transfer--Ownership Limits."

In the event that the Common Stock is not publicly traded but another entity whose stock is publicly traded owns more than 50% of the capital stock of the Company (referred to as the "Parent Entity"), the redemption right will be determined by reference to the publicly traded stock of the Parent Entity and the Company will have the right to elect to acquire the Units to be redeemed for publicly traded stock of the Parent Entity. In the event that the Common Stock is not publicly traded and there is no Parent Entity with publicly traded stock, the redemption right will be based upon the fair market value of the Operating Partnership's assets at the time the redemption right is exercised (as determined in good faith by the Company based upon a commercially reasonable estimate of the amount that would be realized by the Operating Partnership if each asset of the Operating Partnership were sold to an unaffiliated purchaser in an arm's length transaction where neither the purchaser nor the seller were under economic compulsion to enter into the transaction), and the Company and the Operating Partnership will be obligated to satisfy the redemption right in cash (unless the redeeming partner, in such partner's sole and absolute discretion, consents to the receipt of Common Stock), payable on the thirtieth business day after notice was given to the Operating Partnership of exercise of the redemption right.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of Common Stock (or Common Stock for which Units are exchangeable) by (i) each director (and director nominee) of the Company, (ii) each executive officer of the Company, (iii) all directors (including director nominees) and executive officers of the Company as a group, and (iv) each person or entity which is expected to be the beneficial owner of 5% or more of the outstanding shares of Common Stock immediately following the completion of the Offering. Except as indicated below, all of such Common Stock is owned directly, and the indicated person or entity has sole voting and investment power. The extent to which a person will hold shares of Common Stock as opposed to Units is set forth in the footnotes below.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES AND UNITS BENEFICIALLY OWNED	PERCENT OF ALL SHARES(1)	PERCENT OF ALL SHARES AND UNITS(2)
Stephen L. Green (3)	887,895	9.4%	9.2%
Nancy A. Peck (4)	136,825	1.6%	1.4%
Steven H. Klein (4)	54,730	0.1%	0.1%
Benjamin P. Feldman (4)	82,095	0.1%	0.1%
Gerard Nocera (4)	54,730	0.1%	0.1%
Louis A. Olsen (4)	54,730	0.1%	0.1%
Edwin Thomas Burton, III	0	N/A	N/A
John S. Levy	0	N/A	N/A
John J. Robbins	0	N/A	N/A
All directors, director nominees and executive officers as a group (9 persons)	1,271,005	13.5%	13.2%

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(1) Assumes 8,528,605 shares of Common Stock outstanding immediately following the Offering. Assumes that all Units held by the person are redeemed for shares of Common Stock. The total number of shares of Common Stock outstanding used in calculating this percentage assumes that none of the Units held by other persons are redeemed for shares of Common Stock.

(2) Assumes a total of 9,659,000 shares of Common Stock and Units outstanding immediately following the Offering (8,528,605 shares of Common Stock and 1,130,395 Units, which may be redeemed for cash or shares of Common Stock under certain circumstances). Assumes that all Units held by the person are redeemed for shares of Common Stock. The total number of shares of Common Stock outstanding used in calculating this percentage assumes that all of the Units held by other persons are redeemed for shares of Common Stock.

(3) Represents Units issued in the Formation Transactions.

(4) Represents shares of restricted Common Stock.

CAPITAL STOCK

GENERAL

The Company's Charter provides that the Company may issue up to 100 million shares of common stock, $.01 par value per share ("Common Stock"), 25 million shares of preferred stock, $.01 par value per share ("Preferred Stock"), and 75 million shares of excess stock, $.01 par value per share ("Excess Stock"). Upon completion of the Offering, 8,528,605 shares of Common Stock will be issued and outstanding (9,743,605 shares if the Underwriters' over-allotment option is exercised in full) and no shares of Preferred Stock will be issued and outstanding. Under Maryland law, stockholders generally are not liable for the corporation's debts or obligations.

COMMON STOCK

All shares of Common Stock offered hereby will be duly authorized, fully paid and nonassessable. Subject to the preferential rights of any other shares or series of stock and to the provisions of the Charter regarding Excess Stock, holders of shares of Common Stock are entitled to receive dividends on such stock if, as and when authorized and declared by the Board of Directors of the Company out of assets legally available therefor and to share ratably in the assets of the Company legally available for distribution to its stockholders in the event of its liquidation, dissolution or winding up after payment of or adequate provision for all known debts and liabilities of the Company.

Subject to the provisions of the Charter regarding Excess Stock, each outstanding share of Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of such shares will possess the exclusive voting power. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of Common Stock can elect all of the directors then standing for election and the holders of the remaining shares will not be able to elect any directors.

Holders of shares of Common Stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any securities of the Company. Subject to the provisions of the Charter regarding Excess Stock, shares of Common Stock will have equal dividend, liquidation and other rights.

The Charter authorizes the Board of Directors to reclassify any unissued shares of Common Stock into other classes or series of classes of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such class or series.

PREFERRED STOCK

The Charter authorizes the Board of Directors to classify any unissued shares of Preferred Stock and to reclassify any previously classified but unissued shares of Preferred Stock of any series. Prior to issuance of shares of each series the Board is required by the MGCL and the Charter to set, subject to the provisions of the Charter regarding Excess Stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such series. Thus, the Board could authorize the issuance of shares of Preferred Stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control of the Company that might involve a premium price for holders of Common Stock or otherwise be in their best interest. As of the date hereof, no shares of Preferred Stock are outstanding and the Company has no present plans to issue any Preferred Stock.

EXCESS STOCK

For a description of Excess Stock, see "--Restrictions on Transfer."

POWER TO ISSUE ADDITIONAL SHARES OF COMMON STOCK AND PREFERRED STOCK

The Company believes that the power of the Board of Directors to issue additional authorized but unissued shares of Common Stock or Preferred Stock and to classify or reclassify unissued shares of Common Stock or Preferred Stock and thereafter to cause the Company to issue such classified or reclassified shares of stock will provide the Company with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. The additional classes or series, as well as the Common Stock, will be available for issuance without further action by the Company's stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which the Company's securities may be listed or traded. Although the Board of Directors has no intention at the present time of doing so, it could authorize the Company to issue a class or series that could, depending upon the terms of such class or series, delay, defer or prevent a transaction or a change of control of the Company that might involve a premium price for holders of Common Stock or otherwise be in their best interest.

The Company intends to furnish its stockholders with annual reports containing audited consolidated financial statements and an opinion thereon expressed by an independent public accounting firm and quarterly reports for the first three quarters of each fiscal year containing unaudited financial information.

RESTRICTIONS ON TRANSFER

For the Company to qualify as a REIT under the Code, among other things, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (defined in the Code to include certain entities) during the last half of a taxable year (other than the first taxable year) (the "Five or Fewer Requirement"), and such shares of capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first taxable year) or during a proportionate part of a shorter taxable year. Pursuant to the Code, Common Stock held by certain types of entities, such as pension trusts qualifying under Section 401(a) of the Code, United States investment companies registered under the Investment Company Act of 1940, partnerships, trusts and corporations, will be attributed to the beneficial owners of such entities for purposes of the Five or Fewer Requirement (I.E., the beneficial owners of such entities will be counted as persons). See "Federal Income Tax Consequences." In order to protect the Company against the risk of losing it status as a REIT due to a concentration of ownership among its stockholders, the Charter, subject to certain exceptions, provides that no stockholder may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.0% (the "Ownership Limit") of the aggregate number or value of the Company's outstanding shares of Common Stock. In the event the Company issues Preferred Stock, it may, in the Articles Supplementary creating such Preferred Stock, determine a limit on the ownership of such stock. Any direct or indirect ownership of shares of stock in excess of the Ownership Limit or that would result in the disqualification of the Company as a REIT, including any transfer that results in shares of capital stock being owned by fewer than 100 persons or results in the Company being "closely held" within the meaning of Section 856(h) of the Code, shall be null and void, and the intended transferee will acquire no rights to the shares of capital stock. The foregoing restrictions on transferability and ownership will not apply if the Board of Directors determines that it is no longer in the best interests of the Company to attempt to qualify, or to continue to qualify, as a REIT. The Board of Directors may, in its sole discretion, waive the Ownership Limit if evidence satisfactory to the Board of Directors and the Company's tax counsel is presented that the changes in ownership will not then or in the future jeopardize the Company's REIT status and the Board of Directors otherwise decides that such action is in the best interest of the Company.

Shares of capital stock owned, or deemed to be owned, or transferred to a stockholder in excess of the Ownership Limit will automatically be converted into shares of Excess Stock that will be transferred, by operation of law, to the trustee of a trust for the exclusive benefit of one or more charitable organizations described in Section 170(b)(1)(A) and 170(c) of the Code (the "Charitable Beneficiary"). The trustee of the trust will be deemed to own the Excess Stock for the benefit of the Charitable Beneficiary on the date of the violative transfer to the original transferee-stockholder. Any dividend or distribution paid to the original transferee-stockholder of Excess Stock prior to the discovery by the Company that capital stock has been transferred in violation of the provisions of the Company's Charter shall be repaid to the trustee upon demand. Any dividend or distribution authorized and declared but unpaid shall be rescinded as void ab initio with respect to the original transferee-stockholder and shall instead be paid to the trustee of the trust for the benefit of the Charitable Beneficiary. Any vote cast by an original transferee-stockholder of shares of capital stock constituting Excess Stock prior to the discovery by the Company that shares of capital stock have been transferred in violation of the provisions of the Company's Charter shall be rescinded as void ab initio. While the Excess Stock is held in trust, the original transferee-stockholder will be deemed to have given an irrevocable proxy to the trustee to vote the capital stock for the benefit of the Charitable Beneficiary. The trustee of the trust may transfer the interest in the trust representing the Excess Stock to any person whose ownership of the shares of capital stock converted into such Excess Stock would be permitted under the Ownership Limit. If such transfer is made, the interest of the Charitable Beneficiary shall terminate and the proceeds of the sale shall be payable to the original transferee-stockholder and to the Charitable Beneficiary as described herein. The original transferee-stockholder shall receive the lesser of (i) the price paid by the original transferee-stockholder for the shares of capital stock that were converted into Excess Stock or, if the original transferee-stockholder did not give value for such shares (E.G., the stock was received through a gift, devise or other transaction), the average closing price for the class of shares from which such shares of capital stock were converted for the ten trading days immediately preceding such sale or gift, and (ii) the price received by the trustee from the sale or other disposition of the Excess Stock held in trust. The trustee may reduce the amount payable to the original transferee-stockholder by the amount of dividends and distributions relating to the shares of Excess Stock which have been paid to the original transferee-stockholder and are owned by the original transferee-stockholder to the trustee. Any proceeds in excess of the amount payable to the original transferee-stockholder shall be paid by the trustee to the Charitable Beneficiary. Any liquidation distributions relating to Excess Stock shall be distributed in the same manner as proceeds of a sale of Excess Stock. If the foregoing transfer restrictions are determined to be void or invalid by virtue of any legal decision, statue, rule or regulation, then the original transferee-stockholder of any shares of Excess Stock may be deemed, at the option of the Company, to have acted as an agent on behalf of the Company in acquiring the shares of Excess Stock and to hold the shares of Excess Stock on behalf of the Company.

In addition, the Company will have the right, for a period of 90 days during the time any shares of Excess Stock are held in trust, to purchase all or any portion of the shares of Excess Stock at the lesser of (i) the price initially paid for such shares by the original transferee-stockholder, or if the original transferee-stockholder did not give value for such shares (E.G., the shares were received through a gift, devise or other transaction), the average closing price for the class of stock from which such shares of Excess Stock were converted for the ten trading days immediately preceding such sale or gift, and (ii) the average closing price for the class of stock from which such shares of Excess Stock were converted for the ten trading days immediately preceding the date the Company elects to purchase such shares. The Company may reduce the amount payable to the original transferee-stockholder by the amount of dividends and distributions relating to the shares of Excess Stock which have been paid to the original transferee-stockholder and are owed by the original transferee-stockholder to the trustee. The Company may pay the amount of such reductions to the trustee for the benefit of the Charitable Beneficiary. The 90-day period begins on the later date of which notice is received of the violative transfer if the original transferee-stockholder gives notice to the Company of the transfer or, if no such notice is given, the date the Board of Directors determines that a violative transfer has been made.

These restrictions will not preclude settlement of transactions through the New York Stock Exchange.

All certificates representing shares of stock will bear a legend referring to the restrictions described above.

Each stockholder shall upon demand be required to disclose to the Company in writing any information with respect to the direct, indirect and constructive ownership of capital stock of the company as the Board of Directors deems necessary to comply with the provisions of the Code applicable to REITs, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

The Ownership Limit may have the effect of delaying, deferring or preventing a change in control of the Company unless the Board of Directors determines that maintenance of REIT status is no longer in the best interest of the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is .

CERTAIN PROVISIONS OF MARYLAND LAW AND THE COMPANY'S CHARTER AND BYLAWS

THE FOLLOWING SUMMARY OF CERTAIN PROVISIONS OF MARYLAND LAW AND OF THE CHARTER AND BYLAWS OF THE COMPANY DOES NOT PURPORT TO BE COMPLETE AND IS SUBJECT TO AND QUALIFIED IN ITS ENTIRETY BY REFERENCE TO MARYLAND LAW AND THE CHARTER AND BYLAWS OF THE COMPANY, COPIES OF WHICH ARE EXHIBITS TO THE REGISTRATION STATEMENT OF WHICH THIS PROSPECTUS IS A PART.

The Charter and the bylaws of the Company (the "Bylaws") contain certain provisions that could make more difficult an acquisition or change in control of the Company by means of a tender offer, a proxy contest or otherwise. These provisions are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of the Company to negotiate first with the Board of Directors. The Company believes that the benefits of these provisions outweigh the potential disadvantages of discouraging such proposals because, among other things, negotiation of such proposals might result in an improvement of their terms. The description set forth below is intended as a summary only and is qualified in its entirety by reference to the Charter and the Bylaws, which have been filed as exhibits to the Registration Statement of which this Prospectus is a part. See also "Capital Stock--Restrictions on Transfer."

CLASSIFICATION AND REMOVAL OF BOARD OF DIRECTORS; OTHER PROVISIONS

The Company's Charter provides for the Board of Directors to be divided into three classes of directors, with each class to consist as nearly as possible of an equal number of directors. The term of office of the first class of directors will expire at the 1998 annual meeting of stockholders; the term of the second class of directors will expire at the 1999 annual meeting of stockholders; and the term of the third class will expire at the 2000 annual meeting of stockholders. At each annual meeting of stockholders, the class of directors to be elected at such meeting will be elected for a three-year term, and the directors in the other two classes will continue in office. Because stockholders will have no right to cumulative voting for the election of directors, at each annual meeting of stockholders the holders of a majority of the shares of Common Stock will be able to elect all of the successors to the class of directors whose term expires at that meeting.

The Company's Charter also provides that, except for any directors who may be elected by holders of a class or series of capital stock other than the Common Stock, directors may be removed only for cause and only by the affirmative vote of stockholders holding at least two-thirds of all the votes entitled to be cast for the election of directors. Vacancies on the Board of Directors may be filled by the affirmative vote of the remaining directors and, in the case of a vacancy resulting from the removal of a director, by the stockholders by a majority of the votes entitled to be cast for the election of directors. A vote of stockholders holding at least two-thirds of all the votes entitled to be cast thereon is required to amend, alter, change, repeal or adopt any provisions inconsistent with the foregoing classified board and director removal provisions. Under the Charter, the power to amend the Bylaws of the Company is vested exclusively in the Board of Directors, and the stockholders do not have any power to adopt, alter or repeal the Bylaws absent amendment to the Charter to confer such power. These provisions may make it more difficult and time-consuming to change majority control of the Board of Directors of the Company and, thus, may reduce the vulnerability of the Company to an unsolicited proposal for the takeover of the Company or the removal of incumbent management.

Because the Board of Directors will have the power to establish the preferences and rights of additional series of capital stock without stockholder vote, the Board of Directors may afford the holders of any series of senior capital stock preferences, powers and rights, voting or otherwise, senior to the rights of holders of shares of Common Stock. The issuance of any such senior capital stock could have the effect of delaying or preventing a change in control of the Company. The Board of Directors, however, currently does not contemplate the issuance of any series of capital stock other than shares of Common Stock.

See "Management--Directors, Director Nominees and Executive Officers" for a description of the limitations on liability of directors of the Company and the provisions for indemnification of directors and officers provided for under applicable Maryland law and the Charter.

BUSINESS COMBINATION STATUTE

The MGCL establishes special requirements with respect to "business combinations" between Maryland corporations and "interested stockholders" unless exemptions are applicable. Among other things, the law prohibits for a period of five years a merger and other specified or similar transactions between a company and an interested stockholder and requires a super majority vote for such transactions after the end of the five-year period.

For this purpose, "interested stockholders" are all persons owning beneficially, directly or indirectly, 10% or more of the outstanding voting stock of a Maryland corporation, and affiliates and associates of the Maryland corporation (which are, generally, any entities controlling, controlled by, or under common control with, the Maryland corporation) which owned beneficially, directly or indirectly, 10% or more of the outstanding voting stock of such Maryland corporation. "Business combinations" include any merger or similar transaction subject to a statutory vote and additional transactions involving transfers of assets or securities in specified amounts to interested stockholders or their affiliates. Unless an exemption is available, transactions of these types may not be consummated between a Maryland corporation and an interested stockholder or its affiliates for a period of five years after the date on which the stockholder first became an interested stockholder. Thereafter, the transaction may not be consummated unless recommended by the board of directors and approved by the affirmative vote of at least 80% of the votes entitled to be cast by all holders of outstanding shares of voting stock and two-thirds of the votes entitled to be cast by all holders of outstanding shares of voting stock other than the interested stockholder. A business combination with an interested stockholder that is approved by the board of directors of a Maryland corporation at any time before an interested stockholder first becomes an interested stockholder is not subject to the special voting requirements. An amendment to a Maryland corporation's charter electing not to be subject to the foregoing requirements must be approved by the affirmative vote of at least 80% of the votes entitled to be cast by all holders of outstanding shares of voting stock and two-thirds of the votes entitled to be cast by holders of outstanding shares of voting stock who are not interested stockholders. Any such amendment is not effective until 18 months after the vote of stockholders and does not apply to any business combination of a corporation with a stockholder who was an interested stockholder on the date of the stockholder vote. The Company has opted out of the business combination provisions of the MGCL, but the Board of Directors may elect to adopt these provisions of the MGCL in the future.

CONTROL SHARE ACQUISITION STATUTE

Maryland law imposes certain limitations on the voting rights in a "control share acquisition." The MGCL considers a "control share acquisition" to occur at each of the 20%, 33 1/3% and 50% acquisition levels, and requires the affirmative vote of at least two-thirds of the votes entitled to be cast by holders of outstanding shares of voting stock (excluding shares owned by the acquiring person and certain members of management) to accord voting rights to capital stock acquired in a control share acquisition. The statute also requires Maryland corporations to hold a special meeting at the request of an actual or proposed control share acquirer generally within 50 days after a request is made by means of the submission of an "acquiring person statement," but only if the acquiring person (i) posts a bond for the cost of a meeting (not including the expenses of opposing approval of the voting rights) and (ii) submits a definitive financing agreement with respect to the proposed control share acquisition to the extent that financing is not provided by the acquiring person. In addition, unless its charter or bylaws provide otherwise, the statute gives a Maryland corporation, within certain time limitations, various redemption rights if there is a stockholder vote on the issue and the grant of voting rights is not approved, or if an acquiring person statement is not delivered to the corporation within 10 days following an actual control share acquisition.

Moreover, unless the charter or bylaws provide otherwise, the statute provides that if, before a control share acquisition occurs, voting rights are accorded to control shares that result in the acquiring persons having majority voting power, then minority stockholders have certain appraisal rights. An acquisition of shares may be exempted from the control share statute, provided that a charter or bylaw provision is adopted for such purpose prior to the control share acquisition. The Company has opted out of the control share provisions of the MGCL, but the Board of Directors may elect to adopt these provisions of the MGCL in the future.

AMENDMENTS TO THE CHARTER

The Charter, including its provisions on classification of the Board of Directors, restrictions on transferability of shares of Common Stock and removal of directors, may be amended only by the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter. However, the provisions of the Charter relating to authorized shares of stock and the classification and reclassification of shares of Common Stock and Preferred Stock may be amended by the affirmative vote of the holders of not less than a majority of the votes entitled to be cast on the matter.

ADVANCE NOTICE OF DIRECTOR NOMINATIONS AND NEW BUSINESS

The Bylaws of the Company provide that (i) with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (A) pursuant to the Company's notice of the meeting, (B) by the Board of Directors or (C) by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in the Bylaws and (ii) with respect to special meetings of the stockholders, only the business specified in the Company's notice of meeting may be brought before the meeting of stockholders and nominations of persons for election to the Board of Directors may be made only (A) pursuant to the Company's notice of the meeting, (B) by the Board of Directors or (C) provided that the Board of Directors has determined that directors shall be elected at such meeting, by a stockholder who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in the Bylaws.

ANTI-TAKEOVER EFFECT OF CERTAIN PROVISIONS OF MARYLAND LAW AND OF THE CHARTER AND BYLAWS

The business combination provisions and the control share acquisition provisions of the MGCL, the provisions of the Charter on classification of the Board of Directors and removal of directors and the advance notice provisions of the Bylaws could delay, defer or prevent a transaction or a change in control of the Company that might involve a premium price for holders of Common Stock or otherwise be in their best interests.

RIGHTS TO PURCHASE SECURITIES AND OTHER PROPERTY

The Charter authorizes the Board of Directors to create and issue rights entitling the holders thereof to purchase from the Company shares of capital stock or other securities or property. The times at which and terms upon which such rights are to be issued would be determined by the Board of Directors and set forth in the contracts or instruments that evidence such rights. This provision is intended to confirm the Board of Directors' authority to issue share purchase rights, which might have terms that could impede a merger, tender offer or other takeover attempt, or other rights to purchase shares or securities of the Company or any other corporation.

SHARES AVAILABLE FOR FUTURE SALE

GENERAL

Upon the completion of the Offering, the Company will have outstanding 8,528,605 shares of Common Stock (9,743,605 shares if the Underwriters' overallotment option is exercised in full). In addition, 1,130,395 shares of Common Stock are reserved for issuance upon exchange of Units. The shares of Common Stock issued in the Offering will be freely tradeable by persons other than "affiliates" of the Company without restriction under the Securities Act, subject to the limitations on ownership set forth in the Charter. See "Capital Stock--Restrictions on Transfer." The shares of Common Stock received by the participants in the Formation Transactions or acquired by any participant in redemption of Units (the "Restricted Shares") will be "restricted" securities under the meaning of Rule 144 promulgated under the Securities Act ("Rule 144") and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including exemptions contained in Rule 144. As described below under "--Registration Rights," the Company has granted certain holders registration rights with respect to their shares of Common Stock.

In general, under Rule 144, if one year has elapsed since the later of the date of acquisition of Restricted Shares from the Company or any "affiliate" of the Company, as that term is defined under the Securities Act, the acquiror or subsequent holder thereof is entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of Common Stock or the average weekly trading volume of the Common Stock during the four calendar weeks immediately preceding the date on which notice of the sale is filed with the Securities and Exchange Commission (the "Commission"). Sales under Rule 144 also are subject to certain manner of sales provisions, notice requirements and the availability of current public information about the Company. If two years have elapsed since the date of acquisition of Restricted Shares from the Company or from any "affiliate" of the Company, and the acquiror or subsequent holder thereof is deemed not to have been an affiliate of the Company at any time during the 90 days immediately preceding a sale, such person is entitled to sell such shares in the public market under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements.

The Company has established a stock option plan for the purpose of attracting and retaining highly qualified directors, executive officers and other key employees. See "Management--Stock Option Plan" and "--Compensation of Directors." The Company intends to issue options to purchase approximately 660,000 shares of Common Stock to directors, officers and certain key employees prior to the completion of the Offering and has reserved 440,000 additional shares for future issuance under the plan. On or prior to the expiration of the initial 12-month period following the completion of the Offering, the Company expects to file a registration statement with the Commission with respect to the shares of Common Stock issuable under these plans, which shares may be resold without restriction, unless held by affiliates.

Prior to the Offering, there has been no public market for the Common Stock. Trading of the Common Stock on the New York Stock Exchange is expected to commence immediately following the completion of the Offering. No prediction can be made as to the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of Common Stock (including shares issued upon the exercise of options), or the perception that such sales could occur, could adversely affect prevailing market prices of the Common Stock. See "Risk Factors--Other Risks of Ownership of Common Stock" and "Partnership Agreement-- Transfer of Interests."

REGISTRATION RIGHTS

The Company has granted the participants in the Formation Transactions who received Units in the Formation Transactions certain registration rights with respect to the shares of Common Stock owned by them or acquired by them in connection with the exercise of the redemption right under the Partnership Agreement. These registration rights require the Company to register all such shares of Common Stock upon request. The Company will bear expenses incident to its registration requirements under the registration rights, except that such expenses shall not include any underwriting discounts or commissions or transfer taxes, if any, relating to such shares.

FEDERAL INCOME TAX CONSEQUENCES

GENERAL

The following discussion summarizes the material Federal income tax consequences that are generally applicable to all prospective stockholders of the Company. The specific tax consequences of owning Common Stock will vary for stockholders because of the different circumstances of stockholders and the discussion contained herein does not purport to address all aspects of federal income taxation that may be relevant to particular holders in light of their personal investment or tax circumstances. Therefore, it is imperative that a stockholder review the following discussion and consult with his own tax advisors to determine the interaction of his individual tax situation with the anticipated tax consequences of owning Common Stock.

The information in this section and the opinions of Brown & Wood LLP are based on the Code, existing and proposed Treasury Regulations thereunder, current administrative interpretations and court decisions. No assurance can be given that future legislation, Treasury Regulations, administrative interpretations and court decisions will not significantly change current law or affect existing interpretations of current law in a manner which is adverse to stockholders. Any such change could apply retroactively to transactions preceding the date of change. The Company and the Operating Partnership do not plan to obtain any rulings from the IRS concerning any tax issue with respect to the Company. Thus, no assurance can be provided that the opinions and statements set forth herein (which do not bind the IRS or the courts) will not be challenged by the IRS or will be sustained by a court if so challenged. The following description does not constitute tax advice.

This summary does not give a detailed discussion of state, local or foreign tax considerations. Except where indicated, the discussion below describes general Federal income tax considerations applicable to individuals who are citizens or residents of the United States. Accordingly, the following discussion has limited application to domestic corporations and persons subject to specialized Federal income tax treatment, such as foreign persons, trusts, estates, tax-exempt entities, regulated investment companies and insurance companies.

As used in this section, the term "Company" refers solely to SL Green Realty Corp. and the term "Operating Partnership" refers solely to SL Green Operating Partnership, L.P.

PROSPECTIVE STOCKHOLDERS ARE STRONGLY URGED TO CONSULT WITH THEIR OWN TAX ADVISORS WITH REGARD TO THE APPLICATION OF THE FEDERAL INCOME TAX LAWS TO SUCH STOCKHOLDERS' RESPECTIVE PERSONAL TAX SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN TAXING JURISDICTION.

TAXATION OF THE COMPANY

GENERAL. The Company will make an election to be taxed as a REIT under Sections 856 through 860 of the Code effective for its taxable year ending December 31, 1997. The Company believes that, commencing with such taxable year, it will be organized and will operate in such a manner as to qualify for taxation as a REIT under the Code and the Company intends to continue to operate in such a manner. Although the Company has been structured so as to qualify to be treated as a REIT, no assurance can be given that the Company will operate in a manner so as to qualify or remain qualified as a REIT.

In the opinion of Brown & Wood LLP, commencing with the Company's taxable year ending December 31, 1997, the Company will be organized in conformity with the requirements for qualification and taxation as a REIT under the Code. This opinion is based on various assumptions relating to the organization and operation of the Company, the Operating Partnership, the Management LLC, the

Management Corporation (together with the Management LLC, the "Management Entities"), the Leasing Corporation and the Construction Corporation and upon certain representations made by the Company, the Operating Partnership, the Management Entities, the Leasing Corporation and the Construction Corporation as to certain relevant factual matters, including matters related to the organization and expected manner of operation of the Company, the Operating Partnership, the Property-owning entities, the Management Entities, the Leasing Corporation and the Construction Corporation. Moreover, such qualification and taxation as a REIT will depend upon the Company's ability to meet on a continuing basis, through actual annual operating results, distribution levels, and diversity of stock ownership, the various qualification tests imposed under the Code (discussed below). Brown & Wood LLP will not review compliance with these tests on a continuing basis. Accordingly, no assurance can be given that the Company will satisfy such tests on a continuing basis. See "--Failure to Qualify" below.

The following is a general summary of the material Code provisions that govern the Federal income tax treatment of a REIT and its stockholders. These provisions of the Code are highly technical and complex.

If the Company qualifies for taxation as a REIT, it generally will not be subject to Federal corporate income taxes on net income that it distributes currently to stockholders. This treatment substantially eliminates the "double taxation" (taxation at both the corporate and stockholder levels) that generally results from investment in a corporation. However, the Company will be subject to Federal income and excise tax in certain circumstances, including the following. First, the Company will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains. Second, under certain circumstances, the Company may be subject to the "alternative minimum tax" on its items of tax preference. Third, if the Company has (i) net income from the sale or other disposition of "foreclosure property" (which is, in general, property acquired by foreclosure or otherwise on default of a loan secured by the property) held primarily for sale to customers in the ordinary course of business or (ii) other non-qualifying income from foreclosure property, the Company will be subject to tax at the highest corporate rate on such income. Fourth, if the Company has net income from prohibited transactions (which are, in general, certain sales or other dispositions of property (other than foreclosure property) held primarily for sale to customers in the ordinary course of business), such income will be subject to a 100% tax. Fifth, if the Company fails to satisfy either the 75% gross income test or the 95% gross income test (both of which are discussed below), but nonetheless maintains its qualification as a REIT because certain other requirements have been met, it will be subject to a 100% tax on the greater of the amount by which the Company fails the 75% or 95% test, multiplied by a fraction intended to reflect the Company's profitability. Sixth, if the Company fails to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year and (iii) any undistributed taxable income from prior years, the Company will be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Seventh, if the Company acquires any asset from a C corporation (i.e., a corporation generally subject to full corporate level tax) in a transaction in which the basis of the asset in the Company's hands is determined by reference to the basis of the asset (or any other property) in the hands of the C corporation and the Company recognizes gain on the disposition of such asset during the ten-year period (the "Recognition Period") beginning on the date on which such asset was acquired by the Company, then, to the extent of such property's "built-in" gain (the excess of the fair market value of such property at the time of acquisition by the Company over the adjusted basis in such property at such time), such gain will be subject to tax at the highest regular corporate rate applicable (the "Built-In Gain Rule").

REQUIREMENTS FOR QUALIFICATION. The Code defines a REIT as a corporation, trust, or association (i) that is managed by one or more trustees or directors; (ii) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest; (iii) that would be taxable as a domestic corporation, but for Section 856 through 859 of the Code; (iv) that is neither a financial institution nor an insurance company subject to certain provisions of the Code; (v) the beneficial

ownership of which is held by 100 or more persons; (vi) during the last half of each taxable year not more than 50% in value of the outstanding stock of which is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities); and (vii) that meets certain other tests, described below, regarding the nature of its income and assets. The Code provides that conditions (i) through (iv), inclusive, must be met during the entire taxable year and that condition (v) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (v) and (vi), however, will not apply until after the first taxable year for which an election is made to be taxed as a REIT. The Company anticipates issuing sufficient shares of Common Stock in the Offering with sufficient diversity of ownership to allow the Company to satisfy conditions (v) and (vi) immediately following the Offering. In addition, the Company's Charter will include restrictions regarding the transfer of its shares of capital stock that are intended to assist the Company in continuing to satisfy the share ownership requirements described in (v) and (vi) above. See "Capital Stock--Restrictions on Transfer."

In addition, a corporation may not elect to become a REIT unless its taxable year is the calendar year. The Company's taxable year will be the calendar year.

If a REIT owns a corporate subsidiary that is a "qualified REIT subsidiary," that subsidiary is disregarded for Federal income tax purposes and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of the REIT itself. (A qualified REIT subsidiary is a corporation all of the capital stock of which has been owned by the REIT from the commencement of such corporate existence.) Similarly, a single member limited liability company owned by the REIT or by the Operating Partnership is disregarded as a separate entity for Federal income tax purposes.

In the case of a REIT that is a partner in a partnership, Treasury Regulations provide that for purposes of the gross income tests and asset tests the REIT will be deemed to own its proportionate share (based on its interest in partnership capital) of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to such share. In addition, the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and asset tests, that they have in the hands of the Partnership. Thus, the Company's proportionate share of the assets, liabilities and items of gross income of the Operating Partnership will be treated as assets, liabilities and items of gross income of the Company for purposes of applying the requirements described herein.

INCOME TESTS. In order to maintain qualification as a REIT, three gross income tests must be satisfied annually. First, at least 75% of the REIT's gross income (excluding gross income from "prohibited transactions") for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property (including "rents from real property" and, in certain circumstances, interest) or from certain types of temporary investments. Second, at least 95% of the REIT's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from such real property investments described above and from dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing. Third, gain from the sale or other disposition of stock or securities held for less than one year, gain from prohibited transactions and gain on the sale or other disposition of real property held for less than four years (apart from involuntary conversions and sales of foreclosure property) must represent less than 30% of the REIT's gross income (including gross income from prohibited transactions) for each taxable year. For purposes of applying the 30% gross income test, the holding period of Properties and other assets acquired in the Formation Transactions will be deemed to have commenced on the date of the Formation Transactions.

Rents received by a REIT will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or

accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or a direct or indirect owner of 10% or more of the REIT, directly or constructively, owns 10% or more of such tenant (a "Related Party Tenant"). Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as "rents from real property." Finally, in order for rents received with respect to a property to qualify as "rents from real property," the REIT generally must not operate or manage the property or furnish or render services to tenants, except through an "independent contractor" who is adequately compensated and from whom the Company derives no income. The "independent contractor" requirement, however, does not apply to the extent the services provided by the REIT are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant."

The Company does not anticipate charging rent that is based in whole or in part on the income or profits of any person (except by reason of being based on a fixed percentage or percentages of receipts of sales consistent with the rule described above). The Company does not anticipate deriving rent attributable to personal property leased in connection with real property that exceeds 15% of the total rents.

The Company will provide certain services with respect to the Properties, but the Company believes (and has represented to Brown & Wood LLP) that all such services will be considered "usually or customarily rendered" in connection with the rental of space for occupancy only, so that the provision of such services will not jeopardize the qualification of rent from the Properties as "rents from real property." In rendering its opinion on the Company's ability to qualify as a REIT, Brown & Wood LLP is relying on such representations. In the case of any services that are not "usual and customary" under the foregoing rules, the Company intends to employ "independent contractors" to provide such services.

The Operating Partnership may receive certain types of income, including rent from Related Party Tenants, with respect to the properties it owns that will not qualify under the 75% or 95% gross income test. In particular, dividends on the Operating Partnership's stock in the Service Corporations will not qualify under the 75% gross income test. The Company believes, however, that the aggregate amount of such items and other non-qualifying income in any taxable year will not cause the Company to exceed the limits on non-qualifying income under the 75% and 95% gross income tests.

The Management LLC will receive managements fees from the Operating Partnership with respect to properties that are wholly-owned by the Operating Partnership. In the opinion of Brown & Wood LLP, such fees will not constitute gross income of the Operating Partnership.

If the Company fails to satisfy one or both of the 75% or the 95% gross income tests for any taxable year, it nevertheless may qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. These relief provisions generally will be available if the Company's failure to meet any such tests was due to reasonable cause and not due to willful neglect, the Company attaches a schedule of the sources of its income to its Federal corporate income tax return and any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances the Company would be entitled to the benefit of these relief provisions. As discussed in "--General" above, even if these relief provisions were to apply, a tax would be imposed with respect to the excess net income. Moreover, these relief provisions are unavailable if the Company fails the 30% gross income test.

ASSET TESTS. The Company must also satisfy three tests relating to the nature of its assets at the close of each quarter of its taxable year. First, at least 75% of the value of the Company's total assets must be represented by real estate assets (including (i) its allocable share of real estate assets held by the Operating Partnership or any partnerships in which the Operating Partnership owns an interest and (ii) stock or debt instruments held for not more than one year purchased with the proceeds of a stock offering or long-term (i.e., at least five-year) public debt offering of the Company), cash, cash items and government securities.

Second, of the investments not included in the 75% asset class, the value of any one issuer's securities owned by the Company may not exceed 5% of the value of the Company's total assets. Third, of the investments not included in the 75% asset class, the Company may not own more than 10% of any one issuer's outstanding voting securities.

After initially meeting the asset tests at the close of any quarter, the Company will not lose its status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient non-qualifying assets within 30 days after the close of that quarter. The Company intends to maintain adequate records of the value of its assets to ensure compliance with the asset tests and to take such other action within 30 days after the close of any quarter as may be required to cure any noncompliance.

Based on the foregoing, the 5% test must generally be met for any quarter in which the Company acquires securities of an issuer. Thus, this requirement must be satisfied not only on the date the Company acquires securities of the Service Corporations, but also each time the Company increases its ownership of securities of a Service Corporation (including as a result of increasing its interest in the Operating Partnership as limited partners exercise their redemption rights).

The Operating Partnership will own all of the non-voting stock of each of the Service Corporations, which stock represents 95% of the equity of the Service Corporations. See "Structure and Formation of the Company--The Operating Entities of the Company--The Service Corporations." By virtue of its ownership of Units, the Company will be considered to own its pro rata share of the assets of the Operating Partnership, including the securities of the Service Corporations described above. The Operating Partnership will not own more than 10% of the voting securities of the Service Corporations and, therefore, the Company will not own more than 10% of the voting securities of the Service Corporations. In addition, the Company and senior management believe that the Company's pro rata share of the value of the securities of the Service Corporations will not exceed, for each service Corporation, as of the completion of the Offering, 5% of the total value of the Company's assets. The Company's belief is based in part upon its analysis of the anticipated operating cash flows of the Service Corporations. There can be no assurance, however, that the IRS will not contend that the value of the securities of a Service Corporation exceeds the 5% value limitation. Brown & Wood LLP, in rendering its opinion regarding the qualification of the Company as a REIT, will rely on the conclusions of the Company and its senior management as to the value of the securities of the Service Corporations.

As noted above, the 5% value requirement must be satisfied at or within 30 days after the end of each quarter during which the Company increases its (direct or indirect) ownership of securities of the Service Corporations (including as a result of increasing its interest in the Operating Partnership). Although the Company plans to take steps to ensure that it satisfies the 5% value test for any quarter with respect to which retesting is to occur, there can be no assurance that such steps always will be successful or will not require a reduction in the Operating Partnership's overall interest in a service Corporation.

Although currently the IRS will not rule regarding compliance with the 10% voting securities test, in the opinion of Brown & Wood LLP the Company's proposed structure will meet the current statutory requirements with respect to the 10% voting securities test.

ANNUAL DISTRIBUTION REQUIREMENTS. The Company, in order to qualify as a REIT, is required to distribute dividends (other than capital gain dividends) to its stockholders in an amount at least equal to (i) the sum of (A) 95% of the Company's "REIT taxable income" (computed without regard to the dividends paid deduction and the REIT's net capital gain) and (B) 95% of the net income (after tax), if any, from foreclosure property, minus (ii) the sum of certain items of noncash income. Such distributions must be paid during the taxable year to which they relate (or during the following taxable year, if declared before the Company timely files its tax return for the preceding year and paid on or before the first regular dividend payment after such declaration). To the extent that the Company does not distribute all of its net

capital gain or distributes at least 95%, but less than 100%, of its "REIT taxable income," as adjusted, it will be subject to tax on the undistributed amount at regular corporate capital gains rates and ordinary income tax rates. Furthermore, if the Company fails to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income of such year, (ii) 95% of its REIT capital gain income for such year and (iii) any undistributed taxable income from prior periods, the Company will be subject to a 4% excise tax on the excess of such amounts over the amounts actually distributed. In addition, if the Company disposes of any asset subject to the Built-In Gain Rule during its Recognition Period, the Company will be required to distribute at least 95% of the built-in gain (after tax), if any, recognized on the disposition.

The Company intends to make timely distributions sufficient to satisfy the annual distribution requirements. In this regard, it is expected that the Company's REIT taxable income will be less than its cash flow due to the allowance of depreciation and other noncash charges in the computing of REIT taxable income. Moreover, the Partnership Agreement of the Operating Partnership authorizes the Company, as general partner, to take such steps as may be necessary to cause the Operating Partnership to make distributions to its partners of amounts sufficient to permit the Company to meet these distribution requirements. It is possible, however, that the Company, from time to time, may not have sufficient cash or other liquid assets to meet the 95% distribution requirement due to timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of such income and deduction of such expenses in arriving at REIT taxable income of the Company, or due to an excess of nondeductible expenses such as principal amortization or capital expenditures over noncash deductions such as depreciation. In the event that such circumstances do occur, then in order to meet the 95% distribution requirement, the Company may cause the Operating Partnership to arrange for short-term, or possibly long-term, borrowings to permit the payment of required dividends.

Under certain circumstances, the Company may be able to rectify a failure to meet the distribution requirement for a year by paying "deficiency dividends" to stockholders in a later year that may be included in the Company's deduction for dividends paid for the earlier year. Thus, the Company may be able to avoid being taxed on amounts distributed as deficiency dividends. However, the Company would be required to pay to the IRS interest based upon the amount of any deduction taken for deficiency dividends.

FAILURE TO QUALIFY. If the Company fails to qualify for taxation as a REIT in any taxable year and certain relief provisions do not apply, the Company will be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Unless entitled to relief under specific statutory provisions, the Company also will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances the Company would be entitled to such statutory relief.

Distributions to stockholders in any year in which the Company fails to qualify as a REIT will not be deductible by the Company, nor will the Company be required to make distributions. If the Company makes distributions, such distributions will be taxable as ordinary income to the extent of the Company's current and accumulated earnings and profits. Subject to certain limitations in the Code, corporate distributees may be eligible for the dividends received deduction.

TAXATION OF STOCKHOLDERS

TAXATION OF DOMESTIC STOCKHOLDERS. As long as the Company qualifies as a REIT, distributions made to the Company's taxable domestic stockholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by them as ordinary income and corporate stockholders will not be eligible for the dividends received deduction as to such amounts. Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed the Company's actual net capital gain for the taxable year) without regard to the period for which the stockholder has held its stock. However, corporate stockholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. Distributions in excess of current and accumulated

earnings and profits will not be taxable to a stockholder to the extent that they do not exceed the adjusted basis of the stockholder's shares of Common Stock, but rather will reduce the adjusted basis of a stockholder's shares of Common Stock. To the extent that such distributions exceed the stockholder's adjusted basis in its shares of Common Stock, they will be included in income as long-term capital gain (or short-term capital gain if the shares have been held for one year or less), assuming the shares of Common Stock are a capital asset in the hands of the stockholder.

Any dividend declared by the Company in October, November or December of any year payable to a stockholder of record on a specific date in any such month shall be treated as both paid by the Company and received by the stockholder on December 31 of such year, if the dividend is actually paid by the Company during January of the following calendar year.

Stockholders may not include in their individual income tax returns net operating losses or capital losses of the Company. In addition, distributions from the Company and gain from the disposition of shares of Common Stock will not be treated as "passive activity" income and, therefore, stockholders will not be able to use passive losses to offset such income.

In general, any loss upon a sale or exchange of shares of Common Stock by a stockholder which has held such shares of Common Stock for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss to the extent of distributions from the Company required to be treated by such stockholder as long-term capital gains.

BACKUP WITHHOLDING. The Company will report to its domestic stockholders and the IRS the amount of dividends paid during each calendar year and the amount of tax withheld, if any, with respect thereto. Under the backup withholding rules, a stockholder may be subject to backup withholding at the rate of 31% with respect to dividends paid unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a taxpayer identification number and certifies as to no loss of exemption, and otherwise complies with the applicable requirements of the backup withholdings rules. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability. The United States Treasury has recently issued proposed regulations regarding the withholding and information reporting rules discussed above. In general, the proposed regulations do not alter the substantive withholding and information reporting requirements but unify current certification procedures and forms and clarify and modify reliance standards. If finalized in their current form, the proposed regulations would generally be effective for payments made after December 31, 1997, subject to certain transition rules.

In addition, the Company may be required to withhold a portion of capital gain distributions made to any stockholders which fail to certify their non foreign status to the Company. See "--Taxation of Foreign Stockholders" below.

TAXATION OF TAX-EXEMPT STOCKHOLDERS. The IRS has ruled that amounts distributed as dividends by a qualified REIT generally do not constitute unrelated business taxable income ("UBTI") when received by a tax-exempt entity. Based on that ruling, the dividend income from the Common Stock will not be UBTI to a tax-exempt stockholder, provided that a tax-exempt stockholder has not held its shares of Common Stock as "debt financed property" within the meaning of the Code and such shares are not otherwise used in a trade or business. Similarly, income from the sale of Common Stock will not constitute UBTI unless such tax-exempt stockholder has held such shares as "debt financed property" within the meaning of the Code or has used the shares in a trade or business.

Notwithstanding the above, however, a portion of the dividends paid by a "pension held REIT" will be treated as UBTI as to any trust which is described in Section 401(a) of the Code and is tax-exempt under Section 501(a) of the Code (a "qualified trust") and which holds more than 10% (by value) of the interests in the REIT. A REIT is a "pension held REIT" if (i) it would not have qualified as a REIT but for the application of a "look-through" exception to the "not closely held" requirement applicable to qualified

trusts, and (ii) either (A) at least one such qualified trust holds more than 25% (by value) of the interests in the REIT, or (B) one or more such qualified trusts, each of which owns more than 10% (by value) of the interests in the REIT, hold in the aggregate more than 50% (by value) of the interests in the REIT. The percentage of any REIT dividend treated as UBTI is equal to the ratio of (i). the gross income (less direct expenses related thereto) of the REIT from unrelated trades or businesses (determined as if the REIT were a qualified trust) to (ii) the total gross income (less direct expenses related thereto) of the REIT. A de minimis exception applies where this percentage is less than 5% for any year. The provisions requiring qualified trusts to treat a portion of REIT distributions as UBTI will not apply if the REIT is able to satisfy the "not closely held" requirement without relying upon the "look-through" exception with respect to qualified trusts. As a result of certain limitations on transfer and ownership of Common Stock contained in the Charter, the Company does not expect to be classified as a "pension held REIT."

TAXATION OF FOREIGN STOCKHOLDERS. The rules governing U.S. Federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships and other foreign stockholders (collectively, "Non-U.S. Stockholders") are complex and no attempt will be made herein to provide more than a limited summary of such rules. Prospective Non-U.S. Stockholders should consult with their own tax advisors to determine the impact of U.S. Federal, state and local income tax laws with regard to an investment in shares of Common Stock, including any reporting requirements.

ORDINARY DIVIDENDS. Distributions, other than distributions that are treated as attributable to gain from sales or exchanges by the Company of U.S. real property interests (discussed below) and other than distributions designated by the Company as capital gain dividends, will be treated as ordinary income to the extent that they are made out of current or accumulated earnings and profits of the Company. Such distributions to foreign stockholders will ordinarily be subject to a withholding tax equal to 30% of the gross amount of the distribution, unless an applicable tax treaty reduces that tax rate. However, if income from the investment in the shares of Common Stock is treated as effectively connected with the Non-U.S. Stockholder's conduct of a U.S. trade or business, the Non-U.S. Stockholder generally will be subject to a tax at graduated rates in the same manner as U.S. stockholders are taxed with respect to such dividends (and may also be subject to the 30% branch profits tax if the stockholder is a foreign corporation). The Company expects to withhold U.S. income tax at the rate of 30% on the gross amount of any dividends, other than dividends treated as attributable to gain from sales or exchanges of U.S. real property interests and capital gain dividends, paid to a Non-U.S. Stockholder, unless (i) a lower treaty rate applies and the required form evidencing eligibility for that reduced rate is filed with the Company or (ii) the Non-U.S. Stockholder files an IRS Form 4224 (or its future equivalent) with the Company claiming that the distributions are "effectively connected" income.

Pursuant to current Treasury Regulations, dividends paid to an address in a country outside the United States are generally presumed to be paid to a resident of such country for purposes of determining the applicability of withholding discussed above and the applicability of a tax treaty rate. Under proposed Treasury Regulations, not currently in effect, however, a Non-U.S. Stockholder who wishes to claim the benefit of an applicable treaty rate would be required to satisfy certain certification and other requirements.

RETURN OF CAPITAL. Distributions in excess of current and accumulated earnings and profits of the Company, which are not treated as attributable to the gain from disposition by the Company of a U.S. real property interest, will not be taxable to a Non-U.S. Stockholder to the extent that they do not exceed the adjusted basis of the Non-U.S. Stockholder's shares of Common Stock, but rather will reduce the adjusted basis of such shares of Common Stock. To the extent that such distributions exceed the adjusted basis of a Non-U.S. Stockholder's shares of Common Stock, they will give rise to tax liability if the Non-U.S. Stockholder otherwise would be subject to tax on any gain from the sale or disposition of its shares of Common Stock, as described below. If it cannot be determined at the time a distribution is made whether such distribution will be in excess of current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. However, the Non-U.S. Stockholder may seek a

refund of such amounts from the IRS if it is subsequently determined that such distribution was, in fact, in excess of current and accumulated earnings and profits of the Company.

CAPITAL GAIN DIVIDENDS. For any year in which the Company qualifies as a REIT, distributions that are attributable to gain from sales or exchanges by the Company of U.S. real property interests will be taxed to a Non-U.S. Stockholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980, as amended ("FIRPTA"). Under FIRPTA, these distributions are taxed to a Non-U.S. Stockholder as if such gain were effectively connected with a U.S. business. Thus, Non-U.S. Stockholders will be taxed on such distributions at the same capital gain rates applicable to U.S. stockholders (subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals), without regard to whether such distributions are designated by the Company as capital gain dividends. Also, distributions subject to FIRPTA may be subject to a 30% branch profits tax in the hands of a corporate Non-U.S. Stockholder not entitled to treaty relief or exemption. The Company is required by applicable Treasury Regulations under FIRPTA to withhold 35% of any distribution that could be designated by the Company as a capital gain dividend.

COMMON STOCK SALES. Gain recognized by a Non-U.S. Stockholder upon a sale or exchange of shares of Common Stock generally will not be taxed under FIRPTA if the Company is a "domestically controlled REIT," defined generally as a REIT in respect of which at all times during a specified testing period less than 50% in value of the stock was held directly or indirectly by foreign persons. It is currently anticipated that the Company will be a "domestically controlled REIT" and that therefore the sale of shares of Common Stock will not be subject to taxation under FIRPTA. However, gain not subject to FIRPTA will be taxable to a Non-U.S. Stockholder if (i) investment in the shares of Common Stock is treated as "effectively connected" with the Non-U.S. Stockholder's U.S. trade or business, in which case the Non-U.S. Stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain, or (ii) the Non U.S. Stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, or maintains an office or a fixed place of business in the United States to which the gain is attributable, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains. A similar rule will apply to capital gain dividends not subject to FIRPTA.

Although the Company anticipates that it will qualify as a domestically controlled REIT, because the Common Stock will be publicly traded, no assurance can be given that the Company will continue to so qualify. If the Company were not a domestically controlled REIT, whether or not a Non-U.S. Stockholder's sale of shares of Common Stock would be subject to tax under FIRPTA would depend on whether or not the shares of Common Stock were regularly traded on an established securities market (such as the NYSE, on which the Company has applied for the listing of the shares of Common Stock) and on the size of the selling Non-U.S. Stockholder's interest in the Company. If the gain on the sale of shares of Common Stock were to be subject to tax under FIRPTA, the Non-U.S. Stockholder would be subject to the same treatment as U.S. stockholders with respect to such gain (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals) and the purchaser of such shares of Common Stock may be required to withhold 10% of the gross purchase price.

OTHER TAX CONSIDERATIONS

EFFECT OF TAX STATUS OF OPERATING PARTNERSHIP AND OTHER ENTITIES ON REIT QUALIFICATION. All of the Company's significant investments are held through the Operating Partnership. The Operating Partnership may hold interests in certain Properties through Property-owning entities. The Operating Partnership and the Property-owning entities, as well as the Management LLC, involve special tax considerations. These tax considerations include: (i) allocations of income and expense items of the Operating Partnership and the Property-owning entities, which could affect the computation of taxable income of the Company, (ii) the status of the Operating Partnership, the Property-owning entities and the Management LLC as partnerships or entities that are disregarded as entities separate from their owners (as opposed to associations

taxable as corporations) for income tax purposes and (iii) the taking of actions by the Operating Partnership or any of the Property-owning entities that could adversely affect the Company's qualification as REIT.

In the opinion of Brown & Wood LLP, based on certain representations of the Company and the Operating Partnership, for Federal income tax purposes, the Operating Partnership will be treated as a partnership and neither the Management LLC nor any of the Property-owning entities will be treated as an association taxable as a corporation. If, however, the Operating Partnership or any of such other entities were treated as an association taxable as a corporation, the Company would fail to qualify as a REIT for a number of reasons.

The Partnership Agreement requires that the Operating Partnership be operated in a manner that will enable the Company to satisfy the requirements for classification as a REIT. In this regard, the Company will control the operation of the Operating Partnership through its rights as the sole general partner of the Operating Partnership.

TAX ALLOCATIONS WITH RESPECT TO THE PROPERTIES. When property is contributed to a partnership in exchange for an interest in the partnership, the partnership generally takes a carryover basis in that property for tax purposes (i.e., the partnership's basis is equal to the adjusted basis of the contributing partner in the property), rather than a basis equal to the fair market value of the property at the time of contribution. Pursuant to Section 704(c) of the Code, income, gain, loss and deductions attributable to such contributed property must be allocated in a manner such that the contributing partner is charged with, or benefits from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution (a "Book-Tax Difference"). Such allocations are solely for Federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. The Operating Partnership will be funded by way of contributions of appreciated property to the Operating Partnership in the Formation Transactions. Consequently, the Operating Partnership Agreement will require such allocations to be made in a manner consistent with Section 704(c) of the Code and the regulations thereunder (the "Section 704(c) Regulations").

The Section 704(c) Regulations require partnerships to use a "reasonable method" for allocation of items affected by Section 704(c) of the Code and outline three methods which may be considered reasonable for these purposes. The Operating Partnership intends to use the "traditional method" of Section 704(c) allocations, which is the least favorable method from the Company's perspective because of certain technical limitations. Under the traditional method, depreciation with respect to a contributed Property for which there is a Book-Tax Difference first will be allocated to the Company and other partners who did not have an interest in such Property until they have been allocated an amount of depreciation equal to what they would have been allocated if the Operating Partnership had purchased such property for its fair market value at the time of contribution. In addition, if such a Property is sold, gain equal to the Book-Tax Difference at the time of sale will be specially allocated to the Purchaser who contributed the Property. These allocations will tend to eliminate the Book-Tax Differences with respect to the contributed Properties over the life of the Operating Partnership. However, they may not always entirely eliminate the Book-Tax Difference on an annual basis or with respect to a specific taxable transaction such as a sale. This could cause the Company (i) to be allocated lower amounts of depreciation deduction for tax purposes than would be allocated to the Company if all Properties were to have a tax basis equal to their fair market value at the time of contribution and (ii) to be allocated lower amounts of taxable loss in the event of a sale of such contributed interests in the Properties at a book loss, than the economic or book loss allocated to the Company as a result of such sale, with a corresponding benefit to the other partners in the Operating Partnership. These allocations possibly might adversely affect the Company's ability to comply with REIT distribution requirements, although the Company does not anticipate that this will occur. These allocations

may also affect the earnings and profits of the Company for purposes of determining the portion of distributions taxable as a dividend income. See "--Taxation of U.S. Stockholders". The application of these rules over time may result in a higher portion of distributions being taxed as dividends than would have occurred had the Company purchased its interests in the Properties at their agreed values.

Interests in the Properties purchased by the Operating Partnership for cash simultaneously with or subsequent to the admission of the Company to the Operating Partnership initially will have a tax basis equal to their fair market value. Thus, Section 704(c) of the Code will not apply to such interests.

SERVICE CORPORATIONS. A portion of the amounts to be used by the Operating Partnership to fund distributions to stockholders is expected to come from the Service Corporations, through dividends on non-voting stock of the Service Corporations to be held by the Operating Partnership. The Service Corporations will not qualify as RETs and thus will pay Federal, state and local income taxes on its net income at normal corporate rates. To the extent that the Service Corporations are required to pay Federal, state and local income taxes, the cash available for distribution to the Company's stockholders will be reduced accordingly.

As described above, the value of the securities of any Service Corporation held by the Operating Partnership cannot exceed 5% of the value of the Operating Partnership's assets at a time when the Company is considered to acquire additional securities of the Service Corporation. See "--Taxation of the Company--Asset Tests." This limitation may restrict the ability of the Service Corporations to increase the sizes of their businesses unless the value of the assets of the Operating Partnership is increasing at a commensurate rate.

STATE AND LOCAL TAX

The Company and its stockholders may be subject to state and local tax in states and localities in which it does business or owns property. The tax treatment of the Company and the stockholders in such jurisdications may differ from the Federal income tax treatment described above.

UNDERWRITING

The underwriters of the Offering (the "Underwriters"), for whom Lehman Brothers Inc. and Prudential Securities Incorporated are acting as representatives (the "Representatives"), have severally agreed, subject to the terms and conditions contained in the Underwriting Agreement (the form of which is filed as an exhibit to the Registration Statement of which this Prospectus forms a part) to purchase from the Company and the Company has agreed to sell to each Underwriter, the aggregate number of shares of Common Stock set forth below opposite the name of each such Underwriter.

UNDERWRITER	NUMBER OF SHARES
Lehman Brothers Inc.	
Prudential Securities Incorporated	
Total	8,100,000

The Underwriting Agreement provides that the obligations of the several Underwriters to purchase shares of Common Stock are subject to certain conditions, and that if any of the shares of Common Stock are purchased by the Underwriters pursuant to the Underwriting Agreement, all of the shares agreed to be purchased by the Underwriters under the Underwriting Agreement must be so purchased.

The Company has been advised that the Underwriters propose to offer the shares of Common Stock directly to the public at the initial public offering price set forth on the cover page of this Prospectus, and to certain selected dealers who may include the Underwriters at such public offering price less a selling concession not in excess of $ per share. The selected dealers may reallow a concession not in excess of $ per share to certain brokers or dealers. After the Offering, the public offering price, the concession to selected dealers and the reallowance may be changed by the Representatives.

The Company has granted to the Underwriters an option to purchase up to an additional 1,215,000 shares of Common Stock at the public offering price less the aggregate underwriting discounts and commissions shown on the cover page of this Prospectus, solely to cover overallotments, if any. Such option may be exercised at any time within 30 days after the date of the Underwriting Agreement. To the extent that such option is exercised, each Underwriter will be committed, subject to certain conditions, to purchase a number of additional shares of Common Stock proportionate to such Underwriter's initial commitment as indicated in the preceding table.

The Company has agreed that it will not, without the prior written consent of Lehman Brothers Inc., offer for sale, contract to sell, sell or otherwise dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition by any person at any time in the future of), directly or indirectly, any shares of Common Stock (other than shares offered hereby, shares issued pursuant to the 1997 Stock Option Plan and any Units or shares of Common Stock that may be issued in connection with any acquisition of a property), or sell or grant options, rights or warrants with respect to any shares of Common Stock (other than the grant of options pursuant to the 1997 Stock Option Plan), for a period of 180 days after the date of this Prospectus.

In addition, certain SL Green entities and certain officers of the Company have agreed that they will not, without the prior written consent of the Company and Lehman Brothers Inc., subject to certain exceptions, offer for sale, contract to sell, sell or otherwise dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition by any person at any time in the future of), directly or indirectly, any shares of Common Stock or Units received by them in connection with the Formation Transactions or the Offering, for an initial period of one year after the date of this Prospectus, after which time one-third of such Common Stock or Units held by each such entity or person shall no longer be subject to such restrictions and an additional one-third thereof shall be released from such restrictions on each of the second and third anniversaries of the date of this Prospectus. Also, Victor

Capital has agreed to similar restrictions with respect to the shares of Common Stock received by it in connection with the Formation Transactions for a period of one year after the date of this Prospectus.

The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to the payments they may be required to make in respect thereto.

The Underwriters do not intend to confirm sales of Common Stock to any account over which they exercise discretionary authority.

Prior to the Offering, there has been no public market for the Common Stock. The initial public offering price will be determined through negotiations between the Company and the Representatives. Among the factors to be considered in such negotiations, in addition to prevailing market conditions, are distribution rates and financial characteristics of publicly traded REITs that the Company and the Representatives believe to be comparable to the Company, the expected results of operations of the Company (which are based on the results of operations of the Properties in recent periods), estimates of future business potential and earnings prospects of the Company as a whole and the current state of the real estate market in the Midtown Markets and the economy as a whole. The initial price per share to the public set forth on the cover page of this Prospectus should not, however, be considered an indication of the actual value of the Common Stock. Such price is subject to change as a result of market conditions and other factors.

Application has been made to list the shares of Common Stock on the NYSE under the symbol "SLG."

Until the distribution of the Common Stock is completed, rules of the Commission may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Common Stock. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of the Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Common Stock.

If the Underwriters create a short position in the Common Stock in connection with the offering, I.E., if they sell more shares of Common Stock than are set forth on the cover page of this Prospectus, the Representatives may reduce that short position by purchasing Common Stock in the open market. The Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described herein.

The Representatives may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives purchase shares of Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Common Stock, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those shares as part of the Offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security by purchasers in an offering.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Certain of the Underwriters and their affiliates have from time to time performed, and may continue to perform in the future, various investment banking and other services for the Company, for which

customary compensation has been, and will be, received. The Company will pay an advisory fee equal to 0.75% of the gross proceeds of the Offering (including any exercise of the Underwriters' overallotment option) to Lehman Brothers Inc. for advisory services in connection with the evaluation, analysis and structuring of the Company's formation as a REIT. In connection with the Offering, an affiliate of Lehman Brothers Inc. will receive $39.4 million of the net proceeds in repayment of amounts outstanding under the LBHI Loan. See "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and "Certain Relationships and Transactions".

The Underwriters have reserved for sale at the public offering price up to 931,500 shares of Common Stock to directors, officers, employees and consultants of the Company, their business affiliates and related parties who have expressed an interest in purchasing shares. The number of shares available for sale to the general public will be reduced to the extent such persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the others have been offered hereby.

EXPERTS

The balance sheet of SL Green Realty Corp. as of June 12, 1997, the combined financial statements of the SL Green Predecessor as of December 31, 1996 and 1995 and for each of the three years in the period ended December 31, 1996, the combined financial statements of the uncombined joint ventures of the SL Green Predecessor as of December 31, 1996 and 1995 and for each of the three years in the period ended December 31, 1996, the statements of revenues and certain expenses for each of the Properties at (i) 36 West 44th Street, (ii) 1372 Broadway and (iii) 1140 Avenue of the Americas in the Borough of Manhattan for the year ended December 31, 1996 and the statement of revenues and certain expenses for the property at 1414 Avenue of the Americas in the Borough of Manhattan for the year ended December 31, 1995, all appearing in this Prospectus and Registration Statement, have been audited by Ernst & Young LLP, independent auditors, as set forth in these reports thereon appearing elsewhere herein, and are included in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

The Rosen Market Study was prepared for the Company by Rosen Consulting Group, which is a real estate consulting firm with significant expertise relating to the New York metropolitan area economy and the Manhattan office market and the various submarkets therein. Information relating to the New York economy and the Manhattan office market set forth on "Market Overview" is derived from the Rosen Market Study and is included in reliance on the Rosen Consulting Group's authority as experts on such matters.

LEGAL MATTERS

The validity of the shares of Common Stock and certain tax matters will be passed upon for the Company by Brown & Wood LLP. In addition, the description of Federal income tax consequences under the heading "Federal Income Tax Consequences" is based upon the opinion of Brown & Wood LLP. Certain legal matters will be passed upon for the Underwriters by Rogers & Wells, New York, New York. Rogers & Wells may rely on the opinion of Brown & Wood LLP as to certain matters of Maryland law.

ADDITIONAL INFORMATION

The Company has filed with the Commission a Registration Statement on Form S- -11 (of which this Prospectus is a part) under the Securities Act with respect to the securities offered hereby. This Prospectus does not contain all information set forth in the Registration Statement, certain portions of which have been omitted as permitted by the rules and regulations of the Commission. Statements contained in this Prospectus as to the content of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement is qualified in all respects by such reference and the exhibits and schedules hereto. For further information regarding the Company and the Common Stock offered hereby, reference is hereby made to the Registration Statement and such exhibits and schedules, which may be obtained from the Commission as its principal office at 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of the fees prescribed by the Commission. The Commission maintains a website at http:/www.sec.gov containing reports, proxy and information statements and other information regarding registrants, including the Company, that file electronically with the Commission. In addition, the Company intends to file an application to list the Common Stock on the New York Stock Exchange and, if the Common Stock is listed on the New York Stock Exchange, similar information concerning the Company can be inspected and copied at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The Company intends to furnish its stockholders with annual reports containing audited combined financial statements and a report thereon by independent certified public accountants.

GLOSSARY OF SELECTED TERMS

Unless the context otherwise requires, the following capitalized terms shall have the meanings set forth below for the purposes of this Prospectus:

"ACMS" means asbestos containing materials.

"ADA" means the Americans with Disabilities Act, as amended.

"ACQUISITION PROPERTIES" means the two office properties which the Company has contracted to acquire on or after completion of the Offering.

"BlDS" means Business Improvement Districts (public/private ventures that provide security, sanitation and other services within their boundaries).

"BOOK-TAX DIFFERENCE" means the difference between the fair market value of a contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution.

"BYLAWS" means the Company's bylaws, as supplemented or amended.

"CHARTER" means the Company's articles of incorporation, as supplemented or amended.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMISSION" means the Securities and Exchange Commission.

"COMMON STOCK" means shares of the Company's Common Stock, $.01 par value per share.

"COMPANY" means SL Green Realty Corp., a Maryland corporation, and one or more of its subsidiaries (including the Operating Partnership), and the predecessors thereof or, as the context may require, SL Green Realty Corp. only or the Operating Partnership only.

"CONSTRUCTION CORPORATION" means the corporation which following completion of the Offering will conduct the construction business with respect to properties in which the Company has no ownership interest.

"CORE PORTFOLIO" means the six office properties that will be acquired by the Company from SL Green upon completion of the Offering.

"CREDIT FACILITY" means the revolving credit facility which the Company expects to establish in order to facilitate acquisitions of properties and for working capital purposes.

"EXCESS STOCK" means the separate class of stock of the Company into which shares of stock of the Company owned, or deemed to be owned, or transferred to a stockholder in excess of the Ownership Limit will automatically be converted.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FIRPTA" means the Foreign Investment in Real Property Tax Act of 1980, as amended.

"FORMATION TRANSACTIONS" means the transactions described in "Structure and Formation of the Company--Formation Transactions."

"401(K) PLAN" means the Company's Section 401(k) Savings/Retirement Plan.

"FUNDS FROM OPERATIONS" means net income (computed in accordance with GAAP) excluding gains (or losses) from debt restructuring and sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships and joint ventures.

"GAAP" means generally accepted accounting principles.

"INTERESTED STOCKHOLDER" means, with respect to the business combination provisions of the MGCL, any person who beneficially owns 10% or more of the voting power of a corporation's shares.

"IRA" means an individual retirement account or annuity.

"IRS" means the United States Internal Revenue Service.

"LEASING CORPORATION" means the corporation which following completion of the Offering will conduct the leasing business with respect to properties in which the Company has no interest.

"LOCK-OUT PERIOD" means the period, up to 12 years following the completion of the Offering, during which the Lock-out Provisions will be in effect.

"LOCK-OUT PROVISIONS" means the limitations on the ability of the Company to sell, or reduce the amount of mortgage indebtedness on, two of the Properties (673 First Avenue and 470 Park Avenue South) for up to 12 years following the completion of the Offering, except in certain circumstances.

"MANAGEMENT CORPORATION" means the corporation which following completion of the Offering will conduct the management business with respect to properties in which the Company has no ownership interest.

"MANAGEMENT ENTITIES" means the Management Corporation and the Management LLC.

"MANAGEMENT LLC" means the limited liability company to which SL Green will transfer its management and leasing business with respect to the Properties owned by the Company.

"MGCL" means the Maryland General Corporation Law.

"NAREIT" means the National Association of Real Estate Investment Trusts.

"1940 ACT" means the Investment Company Act of 1940, as amended.

"NON-U.S. STOCKHOLDERS" means nonresident alien individuals, foreign corporations, foreign partnerships and other foreign stockholders.

"OFFERING" means this offering of shares of Common Stock of the Company pursuant to and as described in this Prospectus.

"OPERATING PARTNERSHIP" means SL Green Operating Partnership, L.P., a Delaware limited partnership.

"OWNERSHIP LIMIT" means the restriction contained in the Company's Charter providing that, subject to certain exceptions, no holder may own, or be deemed to own by virtue of the attribution provision of the Code, more than 9.0% of the aggregate number or value of shares of Common Stock of the Company.

"PARENT ENTITY" means an entity whose stock is publicly traded and which owns more than 50% of the capital stock of the Company.

"PARTNERSHIP AGREEMENT" means the Agreement of Limited Partnership of the Operating Partnership, as amended from time to time.

"PCBS" means polychlorinated biphenyls.

"PREFERRED STOCK" means one or more classes of Preferred Stock of the Company as designated and issued by the Board of Directors from time to time.

"PROPERTIES" means the eight Class B properties located in midtown Manhattan in which the Company will own interests upon completion of the Offering.

"REIT" means a real estate investment trust as defined by Sections 856 through 860 of the Code and applicable Treasury Regulations.

"RELATED PARTY TENANT" means, for purposes of determining whether rents received by the Company will qualify as "rents from real property" for satisfying the gross income requirements for a REIT, a tenant in which the Company, or an owner of 10% or more of the Company, directly or constructively has at least a 10% ownership interest.

"RESTRICTED SHARES" means the shares of Common Stock received by the participants in the Formation Transactions or acquired by any participant in the Formation Transactions as a result of the redemption of Units.

"SECTION 704(c) REGULATIONS" means the regulations promulgated by the IRS under Section 704(c) of the Code.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SERVICE CORPORATIONS" means the Management Corporation, the Leasing Corporation and the Construction Corporation.

"TREASURY REGULATIONS" means the regulations promulgated by the IRS under the Code.

"TRUSTEE" means the trustee appointed by the Company, but not affiliated with the Company, who will name a charitable trust for the benefit of a charitable organization to receive any shares of Common Stock purportedly transferred to a stockholder in violation of the applicable Ownership Limit or Existing Holder Limit.

"UBTI" means unrelated business taxable income.

"UNDERWRITERS" means the underwriters of the Offering, for whom Lehman Brothers Inc. and Prudential Securities Incorporated are acting as representatives.

"UNITS" means units of partnership interest in the Operating Partnership.

"UPREIT" means a REIT conducting business through a partnership.

INDEX TO FINANCIAL STATEMENTS

1414 AVENUE OF THE AMERICAS

36 WEST 44TH STREET

1372 BROADWAY

1140 AVENUE OF THE AMERICAS

SL GREEN REALTY CORP.

PRO FORMA COMBINED FINANCIAL STATEMENTS
(UNAUDITED)

The unaudited pro forma financial and operating information as of March 31, 1997 and for the three months ended March 31, 1997 and the year ended December 31, 1996 is presented as if the Offering and the Formation Transactions all had occurred on March 31, 1997 with respect to the combined balance sheet and at the beginning of each of the periods presented for the combined statements of income. The pro forma March 31, 1997 balance sheet information also gives effect to the recording of minority interests for Operating Partnership Units, as if these transactions occurred on March 31, 1997.

The pro forma financial statements do not purport to represent what the Company's financial position or results of operations would have been assuming the completion of the Formation Transactions and the Offering on such date or at the beginning of the period indicated, nor do they purport to project the Company's financial position or results of operations at any future date or for any future period.

SL GREEN REALTY CORP.

PRO FORMA COMBINED BALANCE SHEET

AS OF MARCH 31, 1997

	SL GREEN REALTY CORP.	SL GREEN PREDECESSOR HISTORICAL (A)	THE OFFERING (B)	ACQUISITION PROPERTIES (C)	ELIMINATION OF SERVICE CORPORATIONS (D)	PRO FORMA ADJUSTMENTS
ASSETS :						
Commercial Real Estate Property at Cost						
Land		$ 4,465		$ 15,018		$ 7,366
Buildings and Improvements		21,931		60,072		84,358
Property Under Capital Lease				4,592		12,208
	---	26,396		79,682		103,932
Less Accumulated Depreciation		(5,941)		(1,958)		(14,185)
	---	20,455		77,724		89,747(E)
Cash and Cash Equivalents	1	794	$ 147,028	(66,390)	$ (309)	(72,240)(F)
Restricted Cash		1,242				2,597(G)
Tenant Receivables		1,583			(1,505)	259(G)
Related Party Receivables		835			(30)	(G)
Deferred Rents Receivable		1,502				9,462(H)
Investment in Partnerships		1,607			(554)	(2,269)(G)
Deferred Lease Fees and Loan Costs		1,145				3,456(I)
Other Assets		1,351			(989)	2,599(G)
Total Assets	1	$ 30,514	$ 147,028	$ 11,334	$ (3,387)	$ 33,611
LIABILITIES AND EQUITY :						
Mortgage Loans Payable		$ 16,544				$ 30,652(J)
Accrued Interest Payable		89				3(J)
LBHI Loan Payable				$ 8,700		(8,700)(K)
Capitalized Lease Obligations				4,592		14,587(L)
Deferred Land Lease Payable						11,485(L)
Accrued Expenses and Accounts Payable		810			$ (550)	902(G)
Accounts Payable to Related Parties		1,767			(1,758)	479(G)
Excess of Distributions and Share of Losses Over Amounts Invested in Partnership		17,627			(64)	(16,564)(G)
Security Deposits		1,240				2,682(G)
Total Liabilities		38,077		13,292	(2,372)	35,526
Minority Interest in Operating Partnerships						15,746(M)
Common Stock	1		$ 1			(2)(N)
Additional Paid-In Capital			147,027			(44,460)(N)
SL Green Group		(7,450)		(1,958)	(1,015)	26,688(N)
Other Partners		(113)				113(N)
Total Equity	1	(7,563)	147,028	(1,958)	(1,015)	(1,915)
Total Liabilities and Equity	1	$ 30,514	$ 147,028	$ 11,334	$ (3,387)	$ 33,611

	COMPANY PRO FORMA
ASSETS :	
Commercial Real Estate Property at Cost	
Land	$ 26,849
Buildings and Improvements	166,361
Property Under Capital Lease	16,800
	210,010
Less Accumulated Depreciation	(22,084)
	187,926
Cash and Cash Equivalents	8,884
Restricted Cash	3,839
Tenant Receivables	337
Related Party Receivables	805
Deferred Rents Receivable	10,964
Investment in Partnerships	(1,216)
Deferred Lease Fees and Loan Costs	4,601
Other Assets	2,961
Total Assets	$ 219,101

LIABILITIES AND EQUITY :	
Mortgage Loans Payable	$ 47,196
Accrued Interest Payable	92
LBHI Loan Payable	
Capitalized Lease Obligations	19,179
Deferred Land Lease Payable	11,485
Accrued Expenses and Accounts Payable	1,162
Accounts Payable to Related Parties	488
Excess of Distributions and Share of Losses Over Amounts Invested in Partnership	999
Security Deposits	3,922
Total Liabilities	84,523
Minority Interest in Operating Partnerships	15,746
Common Stock	
Additional Paid-In Capital	118,832
SL Green Group	
Other Partners	
Total Equity	134,578
Total Liabilities and Equity	$ 219,101

SL GREEN REALTY CORP.

PRO FORMA COMBINED STATEMENT OF INCOME

FOR THE THREE MONTHS ENDED

MARCH 31, 1997

	SL GREEN REALTY CORP.	SL GREEN PREDECESSOR HISTORICAL (O)	THE OFFERING	ACQUISITION PROPERTIES (P)	ELIMINATION OF SERVICE CORPORATIONS (Q)
REVENUES:					
Rental Revenue		$ 1,489		$ 3,341	
Escalations and Reimbursement Revenues		149		1,896	
Management Revenues		779			$ (779)
Leasing Commissions		1,475			(1,475)
Construction Revenues		74			(74)
Investment Income					
Other Income		5			
Total Revenues		3,971		5,237	(2,328)
Share of Net Loss of Investees		287			76
EXPENSES:					
Operating Expenses		814		1,051	(380)
Ground Rent				78	
Interest		345		95	
Depreciation and Amortization		271		314	
Real Estate Taxes		243		802	
Marketing, General and Administrative		896			(896)
Total Expenses		2,596		2,340	(1,276)
Income (Loss) Before Minority Interest and Extraordinary Item		1,115		2,897	(1,128)
Minority Interest in Operating Partnership (X)					
Income (Loss) Before Extraordinary Item		$ 1,115		$ 2,897	($ 1,128)
Income Before Extraordinary Item Per Common Share (Y)					

	PRO FORMA ADJUSTMENTS	COMPANY PRO FORMA
REVENUES:		
Rental Revenue	$ 5,254(R)	$ 10,084
Escalations and Reimbursement Revenues	381(R)	2,426
Management Revenues		
Leasing Commissions		
Construction Revenues		
Investment Income	(R)	
Other Income	10(R)	15
Total Revenues	5,645	12,525
Share of Net Loss of Investees	(287) (S)	76
EXPENSES:		
Operating Expenses	1,123(T)	2,608
Ground Rent	981(T)	1,059
Interest	1,039(U)	1,479
Depreciation and Amortization	924(V)	1,509
Real Estate Taxes	724(T)	1,769
Marketing, General and Administrative	257(W)	257
Total Expenses	5,048	8,681
Income (Loss) Before Minority Interest and Extraordinary Item	884	3,768
Minority Interest in Operating Partnership (X)	(441)	(441)
Income (Loss) Before Extraordinary Item	$ 443	$ 3,327
Income Before Extraordinary Item Per Common Share (Y)		$ 0.39

SL GREEN REALTY CORP.

PRO FORMA COMBINED STATEMENT OF INCOME

FOR THE YEAR ENDED

DECEMBER 31, 1996

	SL GREEN REALTY CORP.	SL GREEN PREDECESSOR HISTORICAL (O)	THE OFFERING	ACQUISITION PROPERTIES (P)	ELIMINATION OF SERVICE CORPORATIONS (Q)	PRO FORMA ADJUSTMENTS	COMPANY PRO FORMA
REVENUES:							
Rental Revenue		$ 4,199		$ 13,787		$ 20,985(D)	$ 38,971
Escalations and Reimbursement Revenues		1,051		2,558		2,304(D)	5,913
Management Revenues		2,336			$ (2,336)		
Leasing Commissions		2,372			(2,372)		
Construction Revenues		101			(101)		
Investment Income						15(D)	15
Other Income		123		894	(92)	13(D)	938
Total Revenues		10,182		17,239	(4,901)	23,317	45,837
Share of Net Loss of Investees		1,408			247	(1,408)(E)	247
EXPENSES:							
Operating Expenses		3,197		4,700	(1,522)	4,608(F)	10,983
Ground Rent						3,925(F)	3,925
Interest		1,357		379		4,199(G)	5,935
Depreciation and Amortization		975		1,566	(92)	3,799(H)	6,248
Real Estate Taxes		703		3,350		3,189(F)	7,242
Marketing, General and Administrative		3,250			(3,250)	1,027(I)	1,027
Total Expenses		9,482		9,995	(4,864)	20,747	35,360
Income (Loss) Before Minority Interest Extraordinary and Item		(708)		7,244	(284)	3,978	
Minority Interest in Operating Partnership (J)						(1,197)	
Income (Loss) Before Extraordinary Item		($ 708)		$ 7,244	($ 284)	$ 2,781	
Income Before Extraordinary Item Per Common Share (K)							

Item.....	10,230
Minority Interest in Operating Partnership (J).....	(1,197)
Income (Loss) Before Extraordinary Item.....	$ 9,033
Income Before Extraordinary Item Per Common Share (K).....	$ 1.06

SL GREEN REALTY CORP.

NOTES TO PRO FORMA COMBINED FINANCIAL INFORMATION

MARCH 31, 1997

(UNAUDITED)
(IN THOUSANDS)

ADJUSTMENTS TO THE PRO FORMA COMBINED BALANCE SHEET

(A) To reflect the S.L. Green Predecessor historical combined balance sheet as of March 31, 1997. The real estate and other assets and the assumption of liabilities and deficit of the S.L. Green Predecessor will be transferred at their historical amounts to the Operating Partnership.

(B) To reflect the issuance of 8,100 shares of common stock at an assumed price of $20 per share. Equity is reduced by the estimated costs of the common stock Offering of $15,093 of which $2,926 was paid prior to the date of offering.

(C) To reflect the purchase price and estimated closing costs of 1372 Broadway and 1140 Avenue of the Americas as follows:

	1372 BROADWAY	1140 AVENUE OF THE AMERICAS	TOTAL ACQUISITION PROPERTIES
Land	$ 10,828	$ 4,190	$ 15,018
Building	43,312	16,760	60,072
Property under capital lease	0	4,592	4,592
Accumulated Depreciation	(1,354)	(604)	(1,958)
	52,786	24,938	77,724
Net Property			
Cash	(47,440)	(18,950)	(66,390)
Capitalized Lease Obligation	0	4,592	4,592
LBHI Loan Payable	6,700	2,000	8,700

(D) To reflect adjustments required to record the Company's investments in the Management Corporations under the equity method of accounting as a result of noncontrolling interests held after the formation transactions.

(E) To reflect 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and 36 West 44th Street ("The Equity Properties") as consolidated entities rather than equity method investees due to the acquisition of additional partnership interests and to record payment of transfer costs on the transfer of the properties to the operating partnership as follows:

	EQUITY CONVERSION	PARTNERSHIP ACQUISITION	TRANSFER COSTS	TOTAL
673 First Avenue	$ 29,602	$ 9,294	$ 416	$ 39,312
470 Park Avenue South	25,027	2,836	235	28,098
29 West 35th Street	2,941	2,262	62	5,265
36 West 44th Street	13,980	2,704	100	16,784
70 West 36th Street	0	0	124	124
1414 Avenue of the Americas	0	0	164	164
	$ 71,550	$ 17,096	$ 1,101	$ 89,747

(IN THOUSANDS)

(F) To reflect the reduction in cash as follows:

LBHI Loan Repayment	$ (39,251)
Less Transaction Costs Deducted From Offering Proceeds	2,726
Mortgage Loan Repayments	(40,773)
Accrued Interest Payable	(142)
Mortgage Loan Borrowings	14,000
Repayment Penalties/Transfer Fees	(1,530)
Acquisition of Partners' Interests	(6,359)
Distribution To Partners	(1,400)
Real Property Transfers Taxes	(1,078)
Fund Security Deposit	(1,000)
Payment Of Amounts Due Affiliates	(75)
Cash Balances Per Equity Conversion	2,642
	$ (72,240)

(G) To reflect various assets and liabilities of The Equity Properties on consolidated basis rather than equity method investees due to the acquisition of additional partnership interests.

(H) Increase in deferred rent receivable

Additions in straight line and free rent to reflect The Equity Properties as consolidated entities	$ 14,972
Reductions in straight line and free rent as a result of the purchase of partners interest in the Equity properties	(5,510)
Net Increase in Deferred Rent Receivable	$ 9,462

(I) Increase in deferred lease fees and loan costs

Additions in deferred lease fees and loan costs to reflect The Equity Properties as consolidated entities	$ 4,774
Reduction in deferred lease fees and loan costs as a result of the purchase of partners interest in The Equity Properties mentioned above	(1,318)
	$ 3,456

(IN THOUSANDS)

(J) Increase in Mortgage Loans Payable and Decrease in Accrued Interest Payable

	MORTGAGE LOANS PAYABLE	ACCRUED INTEREST PAYABLE
Additions to reflect The Equity Properties as consolidated entities rather than Equity Method Investees		
673 First Avenue	$ 36,039	$ 5,499
470 Park Avenue South	25,113	10,497
29 West 35th Street	3,023	21
36 West 44th Street	10,200	0
New Mortgage Loans Payable Secured by 1140 Sixth Avenue	14,000	0
Amounts repaid	(40,773)	(142)
Decrease as a result of the purchase of partners interest in the Equity Properties	(5,994)	(7,393)
Debt forgiven	(10,956)	(8,479)
	$ 30,652	$ 3

(K) To eliminate a portion of acquisition costs, $6,700 for 1372 Broadway and $2,000 for 1140 Sixth Avenue, which were borrowed under the LBHI loan.

(L) To reflect the lease obligation of 673 First Avenue as a consolidated entity rather than an equity method investee due to the acquisition of the minority partners' interests.

(M) To establish minority interests based on approximately

1,130,395 units issued to the continuing partners in operating partnership representing a 11.7% ownership interest	$ 15,746

(N) Decrease in additional paid--in capital

Additions:	
Debt forgiveness	$ 19,435
Net increase to reflect The Equity Properties as consolidated entities rather than equity method investees due to the acquisition of additional partnership interests	1,250
Deductions:	
Minority interest in operating partnership	(15,746)
Repayment of LBHI Loan	(20,000)
Preformation distribution of excess working capital	(1,400)
Buy out of mortgagee's profit participation on 1414 Avenue of the Americas	(1,200)
	$ (17,661)

(O) To reflect the S.L. Green Predecessors historical combined statement of operations for the quarter ended March 31, 1997.

(IN THOUSANDS)

(P) To reflect the operations of 1372 Broadway and 1140 Avenue of the Americas for the quarter ended March 31, 1997 as follows :

	1372 BROADWAY	1140 AVENUE OF THE AMERICAS	TOTAL ACQUISITION PROPERTIES
Rental Revenue	$ 2,164	$ 1,177	$ 3,341
Escalation and Reimbursement Revenue	1,737	159	1,896
Total Revenue	3,901	1,336	5,237
Operating Expenses	569	482	1,051
Interest	0	95	95
Depreciation and Amortization	271	121	392
Real Estate Taxes	557	245	802
Total Expenses	1,397	943	2,340
Income Before Minority Interest	$ 2,504	$ 393	$ 2,897

(Q) To reflect the adjustments required to the operations for the quarter ended March 31, 1997 of the service corporations under the equity method of accounting as a result of non controlling interests held after the formation transactions.

(R) To reflect the revenues for the quarter ended March 31,1997 of The Equity Properties as consolidated entities rather than equity method investees due to the acquisition of additional partnership interests.

	RENTAL REVENUE	ESCALATION AND REIMBURSEMENT REVENUE	INVESTMENT INCOME	OTHER INCOME
673 First Avenue	$ 2,722	$ 150	$ 0	$ 2,872
470 Park Avenue South	1,354	45	10	1,409
29 West 35th Street	336	51	0	387
36 West 44th Street	842	135	0	977
	$ 5,254	$ 381	$ 10	$ 5,645

(S) To reflect the elimination of equity in net income of investees for The Equity Properties which are reported as consolidated entities due to the acquisition of additional partnership interests.

(IN THOUSANDS)

(T) To reflect the expenses for the quarter ended March 31, 1997 of The Equity Properties as consolidated entities rather than equity method investees due to the acquisition of additional partnership interests.

	OPERATING EXPENSES	GROUND RENT	REAL ESTATE TAX
673 First Avenue	$ 326	$ 958	$ 304
470 Park Avenue South	257	0	168
29 West 35th Street	160	0	45
36 West 44th Street	380	23	207
	$ 1,123	$ 981	$ 724

(U) To reflect interest expense for The Equity Properties as consolidated entities, to eliminate interest expense on debt paid off or forgiven and to record interest expense on new mortgage loans.

	EQUITY METHOD CONVERSION	INTEREST EXPENSE ELIMINATED	NEW INTEREST EXPENSE	TOTAL
673 First Avenue	$ 1,166	$ (392)	$ 0	$ 774
470 Park Avenue South	613	(356)	0	257
29 West 35th Street	64	0	0	64
36 West 44th Street	226	(226)	0	0
70 West 36th Street	0	(91)	0	(91)
1414 Avenue of the Americas	0	(254)	0	(254)
New Mortgage Interest	0	0	289	289
	$ 2,069	$ (1,319)	$ 289	$ 1,039

(V) To reflect depreciation and amortization expense for The Equity Properties as consolidated entities and depreciation and amortization adjustments for changes in book value due to the acquisition of other partners' interests, decreases in amortization for deferred loan costs related to debt paid off or forgiven and increases in amortization for new deferred loan costs.

	EQUITY METHOD CONVERSION	BOOK VALUE CHANGES	DEBT PAID OFF FORGIVEN	NEW DEFERRED COST AMORTIZATION	TOTAL
673 First Avenue	$ 452	$ 10	$ 0	$ 12	$ 474
470 Park Avenue South	353	(23)	0	3	333
29 West 35th Street	57	(3)	0	2	56
36 West 44th Street	106	7	(24)	0	89
70 West 36th Street	0	0	(18)	1	(17)
1414 Avenue of the Americas	0	0	(12)	1	(11)
	$ 968	$ (9)	$ (54)	$ 19	$ 924

(W) To reflect the net increase in marketing, general and administrative expenses related to operations of a public company.

(X) Represents the 11.7% interest of the minority in the Operating Partnership.

(Y) Pro Forma net income per common share is based upon 8,528,605 shares of common stock expected to be outstanding after the Offering. As each Operating Partnership unit is redeemable for cash, or at the company's election, for one share of common stock, the calculation of earnings per share upon redemption will be unaffected as unitholders and stockholders share equally on a per unit and per share basis in the net income of the Company. In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings per Share, which is required to be adopted on December 31, 1997. At that time the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. Management does not believe the adoption of Statement No. 128 will have a material impact on earnings per share.

SL GREEN REALTY CORP.

NOTES TO PRO FORMA COMBINED FINANCIAL INFORMATION

DECEMBER 31, 1996

(UNAUDITED)
(IN THOUSANDS)

(A) To reflect the S.L. Green Predecessor historical combined statement of operations for the year ended December 31, 1996.

(B) To reflect the operations of 1372 Broadway and 1140 Avenue of the Americas for the year ended December 31, 1996 as follows:

	1372 BROADWAY	1140 AVENUE OF THE AMERICAS	TOTAL ACQUISITION PROPERTIES
Rental Revenue	$ 9,236	$ 4,551	$ 13,787
Escalation and Reimbursement Revenue	1,842	716	2,558
Other Income	690	204	894
Total Revenue	11,768	5,471	17,239
Operating Expenses	2,797	1,902	4,699
Interest on Capitalized Lease	0	379	379
Depreciation and Amortization	1,083	484	1,567
Real Estate Taxes	2,343	1,007	3,350
Total Expenses	6,223	3,772	9,995
Income Before Minority Interest	$ 5,545	$ 1,699	$ 7,244

(C) To reflect the adjustments required to the operations for the year ended December 31, 1996 of the service corporations under the equity method of accounting as a result of non controlling interests held after the formation transactions.

(D) To reflect the revenues for the year ended December 31,1996 of The Equity Properties as consolidated entities rather than equity method investees due to the acquisition of additional partnership interests.

	RENTAL REVENUE	ESCALATION AND REIMBURSEMENT REVENUE	INVESTMENT INCOME	OTHER INCOME
673 First Avenue	$ 10,699	$ 392	$ 0	$ 0
470 Park Avenue South	5,302	366	0	13
29 West 35th Street	1,347	418	15	0
36 West 44th Street	3,637	1,128	0	0
	$ 20,985	$ 2,304	$ 15	$ 13

(IN THOUSANDS)

(E) To reflect the elimination of equity in net income of investees for The Equity Properties which are reported as consolidated entities due to the acquisition of additional partnership interests.

(F) To reflect the expenses for the year ended December 31, 1996 of The Equity Properties as conslidated entities rather than equity method investees due to the acquisition of additional partnership interests.

	OPERATING EXPENSES	GROUND RENT	REAL ESTATE TAXES
673 First Avenue	$ 1,334	$ 3,832	$ 1,254
470 Park Avenue South	1,017	0	672
29 West 35th Street	598	0	181
36 West 44th Street	1,659	93	1,082
	$ 4,608	$ 3,925	$ 3,189

(G) To reflect interest expense for The Equity Properties as consolidated entities, to eliminate interest expense on debt paid off or forgiven and to record interest expense on new mortgage loans.

	EQUITY METHOD CONVERSION	INTEREST EXPENSE ELIMINATED	NEW INTEREST EXPENSE	TOTAL
673 First Avenue	$ 4,774	$ (1,571)	$ 0	$ 3,203
470 Park Avenue South	2,466	(1,537)	0	929
29 West 35th Street	269	0	0	269
36 West 44th Street	234	(234)	0	0
70 West 36th Street	0	(911)	0	(911)
1414 Avenue of the Americas	0	(446)	0	(446)
New Mortgage Interest	0	0	1,155	1,155
	$ 7,743	$ (4,699)	$ 1,155	$ 4,199

(IN THOUSANDS)

(H) To reflect depreciation and amortization expense for The Equity Properties as consolidated entities and depreciation and amortization adjustments for changes in book value due to the acquisition of other partners' interests, decreases in amortization for deferred loan costs related to debt paid off or forgiven and increases in amortization for new deferred loan costs.

	EQUITY METHOD CONVERSION	BOOK VALUE CHANGES	DEBT PAID OFF FORGIVEN	NEW DEFERRED COST AMORTIZATION	TOTAL
673 First Avenue	$ 1,804	$ 40	$ 0	$ 49	$ 1,893
470 Park Avenue South	1,441	(101)	0	15	1,355
29 West 35th Street	240	(22)	0	8	226
36 West 44th Street	383	47	(22)	0	408
70 West 36th Street	0	0	(66)	4	(62)
1414 Avenue of the Americas	0	0	(23)	2	(21)
	$ 3,868	$ (36)	$ (111)	$ 78	$ 3,799

(I) To reflect the net increase in marketing, general and administrative expenses related to operations of a public company.

(J) Represents the 11.7% interest of the minority in the Operating Partnership.

(K) Pro Forma net income per common share is based upon 8,528,605 shares of common stock expected to be outstanding after the Offering. As each Operating Partnership unit is redeemable for cash, or at the company's election, for one share of common stock, the calculation of earnings per share upon redemption will be unaffected as unitholders and stockholders share equally on a per unit and per share basis in the net income of the Company. In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings per Share, which is required to be adopted on December 31, 1997. At that time the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. Management does not believe the adoption of Statement No. 128 will have a material impact on earnings per share.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
SL Green Realty Corp.

We have audited the accompanying balance sheet of SL Green Realty Corp. as of June 12, 1997. This balance sheet is the responsibility of SL Green Realty Corp. Our responsibility is to express an opinion on the balance sheet based on our audit.

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

In our opinion, the balance sheet presents fairly, in all material respects, the financial position of SL Green Realty Corp. at June 12, 1997 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

New York, New York
June 12, 1997

SL GREEN REALTY CORP.

BALANCE SHEET

JUNE 12, 1997

ASSETS

Cash (NOTE 1)	$ 1,000
Total assets	$ 1,000

LIABILITIES AND STOCKHOLDER'S EQUITY

Commitments and contingencies (NOTE 3)	
Common stock, $.01 par value, 100,000,000 shares authorized, 1,000 shares issued and outstanding (NOTES 1, 2 AND 3)	$ 10
Paid in capital	990
Retained earnings (NOTE 2)	
Total liabilities and stockholder's equity	$ 1,000

See accompanying notes.

SL GREEN REALTY CORP.

NOTES TO BALANCE SHEET

JUNE 12, 1997

1. ORGANIZATION AND FORMATION TRANSACTIONS

FORMATION AND INITIAL PUBLIC OFFERING

SL Green Realty Corp. (the "Company"), a Maryland corporation, and SL Green Operating Partnership, L.P., (the "Operating Partnership"), were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities ("SL Green"). The Operating Partnership will receive a contribution of interests in the real estate properties as well as 95% of the economic interest in the management, leasing and construction companies (the "Service Corporations"). The Company expects to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended; and will operate as a fully integrated, 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.

The Company has authorized the issuance of up to 100 million shares of Common Stock, $.01 par value per share, 75 million shares of Excess Stock, at $.01 par value per share, and 25 million shares of Preferred Stock, par value $.01 per share. In connection with the formation of the Company, the Company issued 1,000 shares of Common Stock to Stephen L. Green at $1 per share, for an aggregate consideration of $1,000 consisting of cash. At the conclusion of the Offering such shares of stock will be repurchased by the Company at cost. As of June 12, 1997, no shares of Excess Stock or Preferred Stock are issued and outstanding. The Company expects to issue 8.1 million shares of its Common Stock to the public through a public offering (the "Offering"). In addition, the Company expects to issue to its executive officers approximately 383,110 shares, as founders' shares.

Substantially all of the Company's assets will be held by, and its operations conducted through, the Operating Partnership, a newly formed Delaware limited partnership. The Company will be the sole managing general partner of the Operating Partnership. Continuing investors will expect to hold, in the aggregate, a 11.7% limited partnership interest in the Operating Partnership.

MANAGEMENT

In order to maintain the Company's qualification as a REIT while realizing income from management leasing and construction contracts from third parties, all of the management operations with respect to properties in which the Company will not own 100% of the interest will be conducted through the Service Corporations. The Company, through the Operating Partnership, will own 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporations. Through dividends on its equity interest, the Operating Partnership expects to receive substantially all of the cash flow from the Service Corporations' operations. All of the voting common stock of the Service Corporations (representing 5% of the total equity) will be held by an SL Green affiliate. This controlling interest will give the SL Green affiliate the power to elect all directors of the Service Corporations. All of the management and leasing with respect to the properties to be contributed and to be acquired by the Company will be conducted through the Management LLC. The Operating Partnership will own a 100% interest in the Management LLC. The Company will account for its investment in the Service Corporations on the equity basis of accounting. For further description, see the caption "Structure and Formation of the Company".

1. ORGANIZATION AND FORMATION TRANSACTIONS (CONTINUED)
PARTNERSHIP AGREEMENT

In accordance with the partnership agreement of the Operating Partnership (the "Operating Partnership Agreement"), all allocations of distributions and profits and losses are to be made in proportion to the percentage ownership interests of their respective partners. As the managing general partner of the Operating Partnership, the Company will be 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 distributions by the Company to avoid any federal income or excise tax at the Company level as a consequence of a sale of a SL Green property.

Under the Operating Partnership agreement each limited partner will have the right to redeem limited partnership interest for cash, or if the Company so elects shares of common stock, as described further under the caption "Partnership Agreement Transfer of Interest--Redemption of Units".

INITIAL PUBLIC OFFERING AND USE OF PROCEEDS

The net cash proceeds to be received by the Company from the Offering (after deducting underwriting discounts) are estimated to be approximately $150.7 million. Of this amount the Company expects that approximately $42.2 million to repay mortgage indebtedness encumbering the properties, including $1.5 million for prepayment penalties and other financing fees and expenses, approximately $6.4 million to purchase the direct or indirect interests of certain participants in the Formation Transactions in the properties, approximately $59.4 million to acquire properties, approximately $3.1 million to pay certain expenses incurred in the Formation Transactions, $31.9 million to repay the Lehman Brothers Holdings Inc. loan (including $2.5 million and $200,000 borrowed under the loan to fund offering expenses and prepayment penalties, respectively, and excluding approximately $7.5 million incurred to finance purchase of acquisition properties) and the balance for capital expenditures and general working capital needs.

If the underwriters' over-allotment option to purchase 1.215 million shares of Common Stock is exercised, the Company will use the additional net proceeds (estimated to be approximately $22.6 million if the option is exercised in full) to acquire an additional interest in the Operating Partnership which will be used to acquire additional properties and/or for working capital.

2. STOCKHOLDER'S EQUITY

COMMON STOCK

The authorized capital stock of the Company will consist of 200,000,000 shares of capital stock, $.01 par value, of which 100 million shares initially will be designated as shares of Common Stock. Under the Company's Charter, the Board of Directors will have authority to issue, without any further action by the stockholders, shares of capital stock in one or more series having such preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption as the Board of Directors may determine.

RETAINED EARNINGS

The Company has not engaged in any operations from inception in 1997.

SL GREEN REALTY CORP.

NOTES TO BALANCE SHEET

JUNE 12, 1997

3. COMMITMENTS AND CONTINGENCIES

STOCK OPTION PLAN

The Company intends to adopt a stock option plan designed to attract, retain and motivate executive officers of the Company and other key employees and the plan will authorize the issuance of shares of common stock pursuant to options granted under the plan, as described further under the caption "Stock Option Plan."

INCENTIVE COMPENSATION PLAN

The Company intends to establish an incentive compensation plan for key officers of the Company and its subsidiaries and affiliates. This plan will provide for payment of cash bonuses to participating officers after an evaluation of the officer's performance and the overall performance of the Company. The Compensation Committee of Board of Directors will make the determination for the award of the bonuses.

EMPLOYMENT AGREEMENTS

The Company will enter into employment and non-competition agreements with certain executive officers, as described further under the caption "Employment and Non-Competition Agreements."

CREDIT FACILITY

The Company currently is engaged in discussions with various lenders regarding the establishment of a revolving Credit Facility that will be used to facilitate acquisitions and for working capital purposes. Although the Company expects that the Credit Facility will be established shortly after the completion of the Offering, there can be no assurance at this time as to whether the Company will be successful in obtaining the Credit Facility, or, if the Credit Facility is established, the terms governing the Credit Facility.

REPORT OF INDEPENDENT AUDITORS

The Partners, Members and Stockholders
SL Green Predecessor

We have audited the accompanying combined balance sheets of SL Green Predecessor as of December 31, 1996 and 1995, and the related combined statements of operations, owners' deficit and cash flows for each of the three years in the period ended December 31, 1996. We have also audited the financial statement schedule listed on the Index to Financial Statements included in the Prospectus. These financial statements and financial statement schedule are the responsibility of SL Green Predecessor's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of SL Green Predecessor at December 31, 1996 and 1995, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles. Also, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be set forth therein.

/S/ Ernst & Young LLP

New York, New York
April 16, 1997, except for
Note 9, as to which date is
May 27, 1997

SL GREEN PREDECESSOR

COMBINED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

	MARCH 31, 1997	DECEMBER 31, 1996	DECEMBER 31, 1995
	(UNAUDITED)		
ASSETS			
Commercial real estate properties, at cost (NOTE 4)			
Land	$ 4,465	$ 4,465	$ 1,517
Buildings and improvements	21,931	21,819	14,042
	26,396	26,284	15,559
Less accumulated depreciation	(5,941)	(5,721)	(5,025)
	20,455	20,563	10,534
Cash and cash equivalents	794	476	619
Restricted cash	1,242	1,227	664
Receivables	1,583	914	383
Related party receivables (NOTE 7)	835	1,186	1,016
Deferred rents receivable	1,304	1,265	904
Investment in uncombined joint venture (NOTE 2)	1,607	1,730	369
Deferred costs, net (NOTE 3)	1,344	1,371	449
Other assets	1,351	1,340	1,146
Total assets	$ 30,515	$ 30,072	$ 16,084
LIABILITIES AND OWNERS' DEFICIT			
Mortgage notes payable (NOTE 4)	$ 16,544	$ 16,610	$ 12,700
Accrued interest payable (NOTE 4)	90	90	2,894
Accounts payable and accrued expenses	810	1,037	756
Accounts payable to related parties (NOTE 7)	1,767	2,213	2,092
Excess of distributions and share of losses over investments in uncombined joint ventures (NOTE 2)	17,627	17,300	15,826
Security deposits	1,240	1,227	664
Total liabilities	38,078	38,477	34,932
Commitments, contingencies and other matters (NOTES 6, 8, 9 AND 10)			
Owners' deficit	(7,563)	(8,405)	(18,848)
Total liabilities and owners' deficit	$ 30,515	$ 30,072	$ 16,084

See accompanying notes.

SL GREEN PREDECESSOR

COMBINED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Revenues					
Rental revenue	$ 1,401	$ 649	$ 4,199	$ 2,416	$ 2,605
Escalation and reimbursement revenues	237	120	1,051	758	802
Management revenues, including $134 (March 1997 (unaudited)), $447 (1996), $449 (1995), and $531 (1994) from affiliates (NOTE 7)	779	509	2,336	2,260	1,959
Leasing commissions	1,475	880	2,372	897	890
Construction revenues, net, including $62 (March 1997 (unaudited)), $35 (1996), $82 (1995), and $134 (1994) from affiliates (NOTE 7)	74	--	101	233	344
Other income	5	149	123	--	--
Total revenues	3,971	2,307	10,182	6,564	6,600
Share of net loss from uncombined joint ventures (NOTE 2)	287	475	1,408	1,914	1,423
Expenses					
Operating expenses	814	733	3,197	2,505	2,009
Interest (NOTE 4)	345	221	1,357	1,212	1,555
Depreciation and amortization	271	175	975	775	931
Real estate taxes	243	118	703	496	543
Marketing, general and administrative	896	1,079	3,250	3,052	2,351
Total expenses	2,569	2,326	9,482	8,040	7,389
Income (loss) before extraordinary item	1,115	(494)	(708)	(3,390)	(2,212)
Extraordinary income on forgiveness of debt (NOTE 4)	--	--	8,961	--	--
Net income (loss)	$ 1,115	$ (494)	$ 8,253	$ (3,390)	$ (2,212)

See accompanying notes.

SL GREEN PREDECESSOR

COMBINED STATEMENTS OF OWNERS' DEFICIT

(DOLLARS IN THOUSANDS)

BALANCE AT JANUARY 1, 1994	$ (13,487)
Distributions	--
Contributions	178
Net loss for the year ended December 31, 1994	(2,212)
BALANCE AT DECEMBER 31, 1994	(15,521)
Distributions	--
Contributions	63
Net loss for the year ended December 31, 1995	(3,390)
BALANCE AT DECEMBER 31, 1995	(18,848)
Distributions	(552)
Contributions	2,742
Net income for the year ended December 31, 1996	8,253
BALANCE AT DECEMBER 31, 1996	(8,405)
Distributions (Unaudited)	(286)
Contributions (Unaudited)	13
Net income for the three months ended March 31, 1997 (Unaudited)	1,115
BALANCE AT MARCH 31, 1997 (UNAUDITED)	$ (7,563)

See accompanying notes.

SL GREEN PREDECESSOR
COMBINED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
OPERATING ACTIVITIES					
Net income (loss)	$ 1,115	$ (494)	$ 8,253	$ (3,390)	$ (2,212)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities					
Depreciation and amortization	271	175	975	775	931
Share of net loss from uncombined joint ventures	376	562	1,763	2,249	1,800
Deferred rents receivable	(39)	29	(362)	87	(424)
Extraordinary gain on the forgiveness of debt			(8,961)		
Changes in operating assets and liabilities:					
Restricted cash	(15)	64	(563)	(38)	(64)
Receivables	(669)	(288)	(531)	47	(117)
Related party receivables	351	(636)	(170)	(299)	157
Deferred costs	27	66	(1,108)	(465)	171
Other assets	12	477	(287)	(858)	1,253
Accounts payable and accrued expenses	(227)	(363)	280	(180)	(1,034)
Accounts payable to related parties	(446)	760	121	948	(69)
Security deposits payable	13	(64)	564	29	90
Accrued interest payable	--	(115)	298	861	457
Net cash provided by (used in) operating activities	769	173	272	(234)	939
INVESTING ACTIVITIES					
Additions to land, buildings and improvements	(112)	(59)	(10,725)	(369)	(389)
Contributions to partnership investments	--	--	(1,650)	(63)	(178)
Net cash used in investing activities	(112)	(59)	(12,375)	(432)	(567)
FINANCING ACTIVITIES					
Proceeds from mortgage notes payable	--	--	16,680	--	--
Payments of mortgage notes payable	(66)	--	(6,910)	--	--
Cash distributions to owners	(286)	(175)	(552)	--	--
Cash contributions from owners	13	--	2,742	63	178
Net cash provided by financing activities	(339)	(175)	11,960	63	178
Net increase (decrease) in cash and cash equivalents	318	(61)	(143)	(603)	550
Cash and cash equivalents at beginning of period	476	619	619	1,222	672
Cash and cash equivalents at end of period	$ 794	$ 558	$ 476	$ 619	$ 1,222
Supplemental cash flow disclosures					
Interest paid	$ 345	$ 336	$ 1,059	$ 351	$ 1,098
Income taxes paid	$ --	$ --	$ --	$ 35	$ 31

See accompanying notes.

SL GREEN PREDECESSOR

NOTES TO COMBINED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

SL Green Predecessor is engaged in the business of owning, managing, leasing, acquiring and repositioning of Class B office properties in Manhattan, New York.

PROPOSED TRANSACTIONS

Concurrently with the consummation of an initial public offering of SL Green Realty Corp., (the "REIT") Common Stock (the "Offering"), which is expected to be completed in 1997, the REIT and a newly formed limited partnership, SL Green Operating Partnership, L.P. (the "Operating Partnership"), together with the partners and members of the affiliated partnerships of the SL Green Predecessor and other parties which hold ownership interests in the properties (collectively, the "Participants"), will engage in certain formation transactions (the "Formation Transactions"). The Formation Transactions are designed to (i) enable the REIT to raise the necessary capital to acquire the remaining interests in the Properties (see note 2), repay certain mortgage debt relating thereto and pay other indebtedness, (ii) enable the REIT to acquire properties, (iii) fund costs, capital expenditures, and working capital, (iv) provide a vehicle for future acquisitions, (v) enable the REIT to comply with certain requirements under the Federal income tax laws and regulations relating to real estate investment trusts, and (vi) preserve certain tax advantages for certain Participants.

The operations of the REIT will be carried on primarily through the Operating Partnership in order to assist the REIT and the Participants in forming the REIT under the Internal Revenue Code of 1986. The REIT will be the sole general partner in the Operating Partnership. The Operating Partnership will receive a contribution of interests in the real estate properties sold, as well as 95% of the economic interest in the management, leasing and construction companies (the "Service Corporations") for third party properties, in exchange for units of limited partnership interests in the Operating Partnership and/or cash. The REIT will be fully integrated, self-administered and self-managed.

PRINCIPLES OF COMBINATION

The SL Green Predecessor is not a legal entity but rather a combination of real estate properties and affiliated real estate management, construction and leasing entities under common control and interests in entities accounted for on the equity method (see note 2) that are organized as partnerships and a limited liability company. The operations of the properties are included in the financial statements from the date of acquisition by the SL Green Predecessor. All significant intercompany transactions and balances have been eliminated in combination.

Capital contributions, distributions and profits and losses are allocated in accordance with the terms of the applicable agreements.

(DOLLARS IN THOUSANDS)

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying combined financial statements include partnerships and corporations which are under common control as follows:

ENTITY	PROPERTY/SERVICE
Office Property Entities	
64-36 Realty Associates	70 West 36th Street
1414 Management Associates, LP	1414 Avenue of the Americas
Service Corporations	
SL Green Management, Corp.	Management
SL Green Realty, Inc.	Management and leasing
Emerald City Construction Corp.	Construction

For the entities accounted for on the equity method, the SL Green Predecessor's records its investments in partnerships and limited liability company at cost and adjusts the investment accounts for its share of the entities' income or loss and for cash distributions and contributions (see note 2).

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

REAL ESTATE

Financial Accounting Standards Board Statement of Financial Accounting Standards ("SFAS") No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The SL Green Predecessor, adopted SFAS No. 121 in the first quarter of 1996. Through March 31, 1997 (unaudited) and December 31,1996 no indicators of impairment were present and no impairment losses have been recorded in any of the periods presented.

DEPRECIATION OF REAL ESTATE PROPERTIES

Depreciation and amortization is computed on the straight-line method as follows.

CATEGORY	TERM
Building	40 years
Building improvements	remaining life of the building
Furniture and fixtures	four to seven years
Tenant improvements	remaining life of the lease

Depreciation expense amounted to $788, $579 and $638 in 1996, 1995 and 1994 respectively. For the unaudited three months ended March 31, 1997 depreciation expense amounted to $249.

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

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

RESTRICTED CASH

Restricted cash consists of security deposits.

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 combined balance sheets. Contractually due but unpaid rents are included in receivables on the accompanying combined balance sheets.

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 initial lease term or renewal period as appropriate.

DEFERRED FINANCING COSTS

Deferred financing costs are amortized over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is refinanced before maturity.

DEFERRED OFFERING COSTS

The SL Green Predecessor have incurred costs related to its proposed offering. The deferred offering costs will be charged to the equity of the REIT at the time of the completion of the public offering.

INCOME TAXES

The partnerships in the SL Green Predecessor are not taxpaying entities for Federal income tax purposes, and, accordingly, no provision or credit has been made in the accompanying financial statements for Federal income taxes. Owners' allocable shares of taxable income or loss are reportable on their income tax returns. The management, leasing and construction entities are C-Corporations, which have had minimal income during the three years ended December 31, 1996 and therefore have paid minimal federal and state income taxes.

CREDIT RISK

Management of the SL Green Predecessor performs on going credit evaluation of its tenants and requires certain tenants to provide security deposits. Although the SL Green Predecessors' buildings are all located in Mid-town Manhattan, the tenants operate in various industries and there is no dependence upon any single tenant.

(DOLLARS IN THOUSANDS)

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
CAPITALIZATION

The Service Corporations (three) each have 200 shares of no par value common stock authorized and issued for $1,000, with no addition paid in capital at December 31, 1996 and 1995.

INTERIM UNAUDITED FINANCIAL INFORMATION

The accompanying interim unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in the financial statements prepared in accordance with generally accepted accounting principles may have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The unaudited financial statements as of March 31, 1997 and for the three month periods ended March 31, 1997 and 1996 include, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth herein.

2. INVESTMENT IN UNCOMBINED JOINT VENTURES

The SL Green Predecessor's investments in three partnerships and a limited liability company, have been accounted for under the equity method since control is shared with other parties. The investment in partnerships and limited liability company are as follows:

PARTNERSHIPS/LIMITED LIABILITY COMPANY	PROPERTY	GREEN GROUP PERCENTAGE OWNERSHIP
673 First Realty Company	673 First Avenue	67 %
470 Park South Associates, LP	470 Park Avenue South	65 %
29/35 Realty Associates, LP	29 West 35th Street	21.5%
Praedium Bar Associates, LLC ("Praedium Bar")	36 West 44th Street	10 %(A)

(A) Praedium Bar acquired the first mortgage related to the property in October, 1996 and has the sole right to purchase the fee interest, (the property deed is in escrow), for a nominal cost; accordingly SL Green Predecessor has accounted for Praedium Bar investment as a ownership interest in the property.

(DOLLARS IN THOUSANDS)

2. INVESTMENT IN UNCOMBINED JOINT VENTURES (CONTINUED)

Condensed combined financial statements of the partnerships and the limited liability company, are as follows:

	MARCH 31, 1997	DECEMBER 31, 1996	DECEMBER 31, 1995
	(UNAUDITED)		
CONDENSED BALANCE SHEETS			
Commercial real estate property, net	$ 72,551	$ 72,958	$ 61,092
Deferred rent receivable	14,971	14,860	14,337
Cash and cash equivalents, including restricted cash of $1,597 (March 1997 (unaudited)) $1,588 (1996) and $1,205 (1995)	3,239	3,811	3,275
Deferred costs and other assets	7,357	7,271	6,196
Total assets	$ 98,118	$ 98,900	$ 84,900
Mortgages and accrued interest payable	$ 90,392	$ 90,245	$ 80,750
Obligations under capital lease	14,319	14,265	14,060
Deferred rent payable	11,727	11,459	10,387
Accounts payable and other liabilities	4,237	4,560	3,475
Owners' deficit			
SL Green Predecessor	(16,020)	(15,570)	(15,457)
Other partners	(6,537)	(6,059)	(8,315)
Total owners' deficit	(22,557)	(21,629)	(23,772)
Total liabilities and owner's deficit	$ 98,118	$ 98,900	$ 84,900

(DOLLARS IN THOUSANDS)

2. INVESTMENT IN UNCOMBINED JOINT VENTURES (CONTINUED)

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
CONDENSED STATEMENTS OF OPERATIONS					
Rental revenue and escalations	$ 5,447	$ 4,393	$ 18,874	$ 17,934	$ 18,235
Other revenue	10	--	28	18	129
Total revenues	5,457	4,393	18,902	17,952	18,364
Interest	2,069	1,879	7,743	7,785	7,721
Depreciation and amortization	969	832	3,580	3,768	3,401
Operating and other expenses	2,972	2,497	10,036	9,552	9,750
Total expenses	6,010	5,208	21,359	21,105	20,872
Loss before outside partner's interest	(553)	(815)	(2,457)	(3,153)	(2,508)
Elimination of inter-company management fees	89	87	355	335	377
Other partner share of the loss	177	253	694	904	708
Loss allocated to the SL Green Predecessor	$ (287)	$ (475)	$ (1,408)	$ (1,914)	$ (1,423)

There are several business relationships with related parties which involve management, leasing and construction fee revenues and maintenance expense. Transactions relative to the aforementioned condensed combined statements of operations and balance sheets for the equity investees include the following before elimination of intercompany transactions:

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Management fee expenses	$ 159	$ 138	$ 622	$ 563	$ 624
Leasing commission expenses	55	43	218	48	80
Construction fees	413	95	185	376	809
Maintenance expenses	50	83	227	132	164

(DOLLARS IN THOUSANDS)

3. DEFERRED COSTS

Deferred costs consist of the following:

	MARCH 31, 1997	1996	1995
	(UNAUDITED)		
Deferred financing	$ 817	$ 982	$ 206
Deferred lease	1,773	1,613	1,365
Deferred offering	87	87	--
	2,677	2,682	1,571
Less accumulated amortization	(1,333)	(1,311)	(1,122)
	$ 1,344	$ 1,371	$ 449

4. MORTGAGE NOTES PAYABLE

The mortgage notes payable collateralized by the respective properties and assignment of leases at March 31, 1997 and December 31, 1996 and 1995 are as follows:

PROPERTY	MORTGAGE NOTES WITH FIXED INTEREST	MORTGAGE PAYABLE MARCH 31, 1997	ACCRUED INTEREST MARCH 31, 1997	MORTGAGE PAYABLE 1996	ACCRUED INTEREST 1996	MORTGAGE PAYABLE 1995	ACCRUED INTEREST 1995
		(UNAUDITED)					
1414 Avenue of the Americas	First mortgage note with interest payable at 7.875%, due June 1, 2006(A)	$ 9,912	$ 90	$ 9,946	$ 90	$ --	$ --
	Total Fixed Rate Notes	9,912	90	9,946	90	--	--
	MORTGAGE NOTES WITH VARIABLE INTEREST						
70 W 36th Street	First mortgage note with interest payable at LIBOR plus 2%, due January 29, 2001	6,632	--	6,664	--	12,700	2,894
	Total Variable Rate Notes	6,632	--	6,664	--	12,700	2,894
	Total Mortgage Notes Payable	$ 16,544	$ 90	$ 16,610	$ 90	$ 12,700	$ 2,894

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(A) SL Green Predecessor does not have the right to prepay the principal balance of the mortgage, in whole or in part, prior to May 31, 2004. If the mortgage is prepaid prior to May 31, 2004 a prepayment fee will be required based upon the greater of 1% of the outstanding principal balance of the mortgage or yield maintenance as defined by the mortgage agreement.

(B) In December 1996 the holder of the second mortgage on 70 West 36th Street forgave the indebtedness for no consideration; as a result SL Green Predecessor recognized extraordinary income of $8,961.

(DOLLARS IN THOUSANDS)

4. MORTGAGE NOTES PAYABLE (CONTINUED)

PRINCIPAL MATURITIES

Combined aggregate principal maturities of mortgages and notes payable as of December 31, 1996 are as follows:

1997	$ 330
1998	341
1999	353
2000	367
2001	6,085
Thereafter	9,134
	$ 16,610

5. 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 SL Green Predecessor 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 and variable rate mortgages are carried at amounts which reasonably approximate their fair values.

Estimated fair value is based on anticipated settlements in connection with the REIT formation, interest rates and other related factors currently available to the SL Green Predecessor for issuance of debt with similar terms and remaining maturities. The fair value for each mortgage approximates its carrying amount.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 1996. 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.

6. RENTAL INCOME

The Properties are being leased to tenants under operating leases with expiration dates ranging from 1997 to 2011. 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 SL Green Predecessor for increases in certain operating costs and real estate taxes above their base year costs.

(DOLLARS IN THOUSANDS)

6. RENTAL INCOME (CONTINUED)

Approximate future minimum rents to be received over the next five years and thereafter for leases in effect at December 31, 1996 are as follows:

1997	$ 5,000
1998	5,000
1999	4,000
2000	4,000
2001	3,000
Thereafter	11,000
	$ 32,000

7. RELATED PARTY TRANSACTIONS

There are several business relationships with related parties, exclusive of the uncombined joint ventures (see note 2) which involve management, leasing, and construction fee revenues, rental income and maintenance expenses in the ordinary course of business. Transactions include the following:

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Management revenues	$ 64	$ 33	$ 180	$ 221	$ 284
Leasing commission revenues	11	15	37	36	64
Construction fees	--	--	25	69	107
Rental income	19	27	33	25	--
Maintenance expense	29	17	93	32	24

Amounts due from related parties consist of:

	MARCH 31	DECEMBER 31,	
	1997	1996	1995
	(UNAUDITED)		
SL Green Properties Inc	$ 507	$ 507	$ 517
First Quality Maintenance	160	160	374
250 PAS, Associates, LP	3	363	--
Officers	165	156	125
	$ 835	$ 1,186	$ 1,016

Due to related parties, represents amounts due to SL Green Properties Inc.

8. BENEFIT PLAN

The building employees of the individual partnerships are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. Contributions to these plans amounted to $30, $7 and $7 in 1996, 1995 and 1994, respectively; and $12 for the three months ended March 31, 1997.

8. BENEFIT PLAN (CONTINUED)
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.

9. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

On May 23, 1997 SL Green Predecessor entered into an agreement to purchase a mortgage, which is encumbered by the property located at 1372 Broadway, Manhattan New York, for approximately $52 million (with the right to acquire the fee interest for no additional consideration subsequent to December 31, 1997). On May 27, 1997 SL Green Predecessor entered into an agreement to purchase the net lease on the property located at 1140 Avenue of the Americas, Manhattan New York, for approximately $20.9 million. It is anticipated that both transactions will close at the time of the Offering.

CONTINGENCIES

SL Green Predecessor is party to a variety of legal proceedings relating to the ownership of the properties and it's activities with regard to its construction, management and leasing businesses, arising in the ordinary course of business. SL Green Predecessor's management believes that substantially all of these liabilities are covered by insurance. All of these matters, taken together, are not expected to have a material adverse impact on the SL Green Predecessor's financial position, results of operations or cash flows .

10. ENVIRONMENTAL MATTERS

The management of SL Green Predecessor believes that the properties are in compliance in all material respects with applicable federal, state and local ordinances and regulations regarding environmental issues. Management is not aware of any environmental liability that management believes would have a material adverse impact on SL Green Predecessor'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.

11. SUBSEQUENT EVENTS

Lehman Brothers Holdings Inc. ("LBHI"), an affiliate of Lehman Brothers Inc., entered into a credit agreement with Green Realty LLC, an affiliate of SL Green Predecessor, pursuant to which LBHI agreed to loan to Green Realty LLC up to $35 million (the "LBHI Loan") which will be used to acquire the remaining interests in the investment partnerships (see note 2) and certain acquisition properties, to fund property related operating expenses, to fund organizational expenses of the REIT and to purchase short-term United States Treasury Instruments. The LBHI Loan is secured by certain partnerships interest in SL Green Predecessor, the treasury securities and the stock of SL Green Properties Inc., an affiliate of SL Green Predecessor, and has been guaranteed by SL Green Management Corp. and SL Green Properties, Inc.

SL GREEN PREDECESSOR
SCHEDULE III--REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1996
(DOLLARS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	
		INITIAL COST		COST CAPITALIZED SUBSEQUENT TO ACQUISITION	
DESCRIPTION	ENCUMBRANCE	LAND	BUILDING AND IMPROVEMENTS	LAND	BUILDING AND IMPROVEMENTS
70 West 36th St., New York, NY	$ 6,664 (1 mortgage)	$1,517	$ 7,700	$0	$7,063
1414 Avenue of the Americas, New York, NY	10,036 (1 mortgage)	2,948	6,790	0	266
	(1) $16,700	$4,465	$14,490	$0	$7,329

COLUMN A	COLUMN E		
	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	LAND	BUILDING AND IMPROVEMENTS	TOTAL
70 West 36th St., New York, NY	$1,517	$14,763	$16,280
1414 Avenue of the Americas, New York, NY	2,948	7,056	10,004
	$4,465	$21,819	$26,284

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED
70 West 36th St., New York, NY	$5,625		12/19/84	Various
1414 Avenue of the Americas, New York, NY	96		6/18/96	Various
	$5,721			

(1) Encumbrance includes accrued interest of $90

SL GREEN PREDECESSOR

SCHEDULE III--REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)

(DOLLARS IN THOUSANDS)

The changes in real estate for the three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance at beginning of period	$ 15,559	$ 15,190	$ 14,801
Improvements	10,725	369	389
Balance at end of period	$ 26,284	$ 15,559	$ 15,190

The aggregate cost of land, buildings and improvements for Federal income tax purposes at December 31, 1996 was approximately $26,284.

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance at beginning of period	$ 5,025	$ 4,508	$ 3,930
Depreciation for period	696	517	578
Balance at end of period	$ 5,721	$ 5,025	$ 4,508

REPORT OF INDEPENDENT AUDITORS

The Partners, Members and Stockholders
SL Green Predecessor

We have audited the accompanying combined balance sheets of the uncombined joint ventures of SL Green Predecessor as of December 31, 1996 and 1995 and the related combined statements of operations, owners' deficit and cash flows for each of the three years in the period ended December 31, 1996. We have also audited the financial statement schedule listed on the Index to financial statements included in the Prospectus. These financial statements and financial statement schedule are the responsibility of SL Green Predecessor's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 combined financial statements referred to above present fairly in all material respects, the combined financial position of the uncombined joint ventures of SL Green Predecessor at December 31, 1996 and 1995, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles. Also, in our opinion the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information required to be set forth therein.

/S/ Ernst & Young LLP

New York, New York
April 16, 1997

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

COMBINED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

	MARCH 31, 1997	DECEMBER 31, 1996	DECEMBER 31, 1995
	(UNAUDITED)		
ASSETS			
Commercial real estate properties, at cost (NOTES 2 AND 5):			
Land	$ 6,366	$ 6,366	$ 3,666
Buildings and improvements	75,729	75,307	63,224
Property under capital lease	12,208	12,208	12,208
	94,303	93,881	79,098
Less accumulated depreciation	(21,752)	(20,923)	(18,006)
	72,551	72,958	61,092
Cash and cash equivalents	1,642	2,223	2,070
Restricted cash	1,597	1,588	1,205
Deferred rents receivable	14,971	14,860	14,337
Deferred costs, net (NOTE 3)	4,774	4,812	4,771
Other assets	2,583	2,459	1,425
Total assets	$ 98,118	$ 98,900	$ 84,900
LIABILITIES AND OWNERS' DEFICIT			
Mortgages and note payable (NOTE 2)	$ 74,375	$ 74,827	$ 66,301
Accrued interest payable (NOTE 2)	16,017	15,418	14,449
Obligations under capital lease (NOTE 5)	14,319	14,265	14,060
Deferred rent payable	11,727	11,459	10,387
Accounts payable and accrued expenses	901	1,200	432
Accounts payable to related parties (NOTE 6)	654	688	779
Security deposits	2,682	2,672	2,264
Total liabilities	120,675	120,529	108,672
Commitments, contingencies and other comments (NOTES 5, 7, 8 AND 9)			
Owners' deficit:			
SL Green Predecessor	(16,020)	(15,570)	(15,457)
Other partners	(6,537)	(6,059)	(8,315)
Total owners' deficit	(22,557)	(21,629)	(23,772)
Total liabilities and owners' deficit	$ 98,118	$ 98,900	$ 84,900

See accompanying notes.

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

COMBINED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Revenues:					
Rental revenue (NOTE 5)	$ 5,066	$ 4,106	$ 17,386	$ 16,519	$ 16,559
Escalation and reimbursement revenues (NOTE 5)	381	287	1,488	1,415	1,676
Other income	10	--	28	18	129
Total revenues	5,457	4,393	18,902	17,952	18,364
Expenses:					
Operating expenses:					
Other	1,083	821	3,115	2,931	3,014
Related parties	209	221	849	695	788
Real estate taxes	724	522	2,316	2,183	2,215
Rent expense (NOTE 5)	956	933	3,756	3,743	3,733
Interest (NOTE 2)	2,069	1,879	7,743	7,785	7,721
Depreciation and amortization	969	832	3,580	3,768	3,401
Total expenses	6,010	5,208	21,359	21,105	20,872
Net loss	$ (553)	$ (815)	$ (2,457)	$ (3,153)	$ (2,508)

See accompanying notes.

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

COMBINED STATEMENTS OF OWNERS' DEFICIT

(DOLLARS IN THOUSANDS)

BALANCE AT JANUARY 1, 1994	$ (19,033)
Distributions	--
Contributions	797
Net loss for the year ended December 31, 1994	(2,508)
BALANCE AT DECEMBER 31, 1994	(20,744)
Distributions	--
Contributions	125
Net loss for the year ended December 31, 1995	(3,153)
BALANCE AT DECEMBER 31, 1995	(23,772)
Distributions	(1,150)
Contributions	5,750
Net loss for the year ended December 31, 1996	(2,457)
BALANCE AT DECEMBER 31, 1996	(21,629)
Distributions (unaudited)	(400)
Contributions (unaudited)	25
Net loss for the three months ended March 31, 1997 (unaudited)	(553)
BALANCE AT MARCH 31, 1997 (UNAUDITED)	$ (22,557)

See accompanying notes.

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

COMBINED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
OPERATING ACTIVITIES					
Net loss	$ (553)	$ (815)	$ (2,457)	$ (3,153)	$ (2,508)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation and amortization	969	832	3,580	3,768	3,401
Deferred rents receivable	(111)	(102)	(524)	(370)	(985)
Changes in operating assets and liabilities:					
Restricted cash	(9)	64	(383)	70	90
Deferred costs	(94)	59	(705)	(54)	(640)
Other assets	(125)	285	(1,033)	(75)	432
Accounts payable and accrued expenses	(298)	(48)	768	(192)	(757)
Accounts payable to related parties	(34)	(2)	(91)	(124)	(353)
Security deposits	9	(64)	409	(102)	(315)
Accrued interest on mortgage notes payable	599	93	969	1,781	1,585
Net cash provided by (used in) operating activities	353	302	533	1,549	(50)
INVESTING ACTIVITIES					
Additions to land, buildings and improvements	(429)	(32)	(4,583)	(690)	(1,963)
Net cash used in investing activities	(429)	(32)	(4,583)	(690)	(1,963)
FINANCING ACTIVITIES					
Proceeds from mortgage notes payable	--	--	--	--	11,899
Payments of mortgage notes payable	(452)	(402)	(1,674)	(1,531)	(13,176)
Cash distributions to owners	(400)	--	(1,150)	--	--
Cash contributions from owners	25	--	5,750	125	797
Capitalized lease obligations	322	317	1,277	1,532	1,628
Net cash provided by (used in) financing activities	(505)	(85)	4,203	126	1,148
Net increase (decrease) in cash and cash equivalents	(581)	185	153	985	(865)
Cash and cash equivalents at beginning of period	2,223	2,070	2,070	1,085	1,950
Cash and cash equivalents at end of period	$ 1,642	$ 2,255	$ 2,223	$ 2,070	$ 1,085
Supplemental cash flow disclosures					
Interest paid	$ 1,470	$ 1,786	$ 6,774	$ 6,004	$ 6,136
Supplemental schedule of non cash investing and financing activities:					
Assumption of mortgage in connection with property acquisition	--	--	$ 10,200	--	--

See accompanying notes.

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

NOTES TO COMBINED STATEMENTS

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

The uncombined joint ventures of SL Green Predecessor are engaged in the business of owning, managing and leasing, and repositioning Class B office properties in Manhattan, New York.

PROPOSED TRANSACTIONS

Concurrently with the consummation of an initial public offering of SL Green Realty Corp. (the "REIT") Common Stock (the "Offering"), which is expected to be completed in 1997 the REIT and a newly formed limited partnership, SL Green Operating Partnership, L.P. (the "Operating Partnership"), together with the partners and members of the affiliated partnerships of the SL Green Predecessor and other parties which hold ownership interests in the properties (collectively, the "Participants"), will engage in certain formation transactions (the "Formation Transactions"). The Formation Transactions are designed to (i) enable the REIT to raise the necessary capital to acquire the remaining interests in the properties and repay certain mortgage debt relating thereto and pay other indebtedness, (ii) enable the REIT to acquire properties, (iii) fund costs, capital expenditures, and working capital, (iv) provide a vehicle for future acquisitions, (v) enable the REIT to comply with certain requirements under the Federal income tax laws and regulations relating to real estate investment trusts, and (vi) preserve certain tax advantages for certain Participants.

The operations of the REIT will be carried on primarily through the Operating Partnership in order to assist the REIT and the Participants in forming the REIT under the Internal Revenue Code of 1986. The REIT will be the sole general partner in the Operating Partnership. The Operating Partnership will receive a contribution of interests in the real estate properties as well as 95% of the economic interest in the management, leasing and construction companies (the "Service Corporations") which service third party properties, in exchange for units of limited partnership interests in the Operating Partnership and/or cash. The REIT will be fully integrated self-administered and self-managed.

PRINCIPLES OF COMBINATION

The uncombined joint ventures of the SL Green Predecessor is not a legal entity but rather a combination of real estate properties (collectively, the "Properties") and interests in entities that are organized as partnerships and a limited liability company. The operations of the properties are included in the financial statements of the SL Green Predecessor from the date of acquisition. All significant intercompany transactions and balances have been eliminated in combination.

Capital contributions, distributions and profits and losses are allocated to the owners in accordance with the terms of the applicable agreements.

(DOLLARS IN THOUSANDS)

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The joint ventures included in the accompanying combined financial statements include partnerships and a limited liability company which are not controlled by the SL Green Predecessor, are as follows:

PARTNERSHIPS/LIMITED LIABILITY COMPANY	PROPERTY	SL GREEN PREDECESSOR PERCENTAGE OWNERSHIP
673 First Realty Company.....	673 First Avenue	67.0%
29/35 Realty Associates, LP.....	29 West 35th Street	21.5%
470 Park South Associates, LP.....	470 Park Avenue South	65.0%
Praedium Bar Associates, LLC..... ("Praedium Bar")	36 West 44th Street	10.0%(A)

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(A) Praedium Bar acquired the first mortgage related to the property in October, 1996 and has the sole right to purchase the fee interest, (the property deed is in escrow), for a nominal cost; accordingly SL Green Predecessor has accounted for Praedium Bar investment as an ownership in the property.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

REAL ESTATE

Financial Accounting Standards Board Statement of Financial Accounting Standards ("SFAS") No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The SL Green Predecessor adopted SFAS No. 121 in the first quarter of 1996. Through March 31,1997 (unaudited), December 31, 1996 no indicators of impairment were present and no impairment losses have been recorded in any of the periods presented.

DEPRECIATION OF REAL ESTATE PROPERTIES

Depreciation and amortization is computed on the straight-line method as follows:

CATEGORY	TERM
Building.....	40 years
Property under capital lease.....	49 years
Building improvements.....	remaining life of the building
Tenant improvements.....	remaining life of the lease

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense including the amortization of the capital lease amounted to $2,917, $2,999 and $2,869 in 1996, 1995 and 1994 respectively. For the unaudited three months ended March 31, 1997 depreciation expense amounted to $836.

CASH AND CASH EQUIVALENTS

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

RESTRICTED CASH

Restricted cash consists of security deposits.

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 combined balance sheets. Contractually due but unpaid rents are included in other assets on the accompanying combined balance sheets. Certain lease agreements provide for reimbursement of real estate taxes, insurance and certain common area maintenance costs and rental increases tied to increases in certain economic indexes.

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 initial lease term or renewal period as appropriate.

DEFERRED FINANCING COSTS

Deferred financing costs are amortized over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is retired before maturity.

CAPITALIZED INTEREST

Interest for borrowings used to fund development and construction is capitalized to individual property costs.

RENT EXPENSE--LAND

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 underlining lease is included in the deferred lease payable in the accompanying combined balance sheets.

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The entities in the SL Green Predecessor are not taxpaying entities for Federal income tax purposes, and, accordingly, no provision or credit has been made in the accompanying financial statements for Federal income taxes. Owners' allocable shares of taxable income or loss are reportable on their income tax returns.

CONCENTRATION OF REVENUE AND CREDIT RISK

Approximately 60% of the SL Green Predecessor's revenue for the three years ended December 31, 1996 were derived from 673 First Avenue. The loss or a material decrease in revenues from this building for any reason may have a material adverse effect on the SL Green Predecessor. In addition approximately 30% of the SL Green Predecessor's revenue for the three years ended December 31, 1996 were derived from three tenants, (Society of NY Hospital, Kallir, Phillips, Ross, Inc. and UNICEF), which lease space in the 673 First Avenue building.

Management of the SL Green Predecessor performs on going credit evaluations of its tenants and requires certain tenants to provide security deposits.

INTERIM UNAUDITED FINANCIAL INFORMATION

The accompanying interim unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in the financial statements prepared in accordance with generally accepted accounting principles may have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The unaudited financial statements as of March 31, 1997 and for the three months ended March 31, 1997 and 1996 include, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth herein.

(DOLLARS IN THOUSANDS)

2. MORTGAGE NOTES PAYABLE

The mortgage notes payable collateralized by the respective properties and assignment of leases at December 31, 1996 and 1995 and March 31, 1997 are as follows:

PROPERTY	MORTGAGE NOTES WITH FIXED INTEREST	MORTGAGE PAYABLE MARCH 31, 1997	ACCRUED INTEREST MARCH 31, 1997	MORTGAGE PAYABLE 1996	ACCRUED INTEREST 1996	MORTGAGE PAYABLE 1995	ACCRUED INTEREST 1995
		(UNAUDITED)					
29 W 35th Street	First mortgage note with interest payable at 8.464%, due February 1, 2001	$ 3,023	$ 22	$ 3,040	$ 21	$ 3,096	$ 28
673 First Avenue	First mortgage note with interest payable at 9.0%, due December 13, 2003	19,089	--	19,439	--	20,736	--
470 Park Avenue South	First mortgage note with interest payable at 8.25%, due April 1, 2004	11,060	77	11,132	77	11,407	78
470 Park Avenue South	Second mortgage note with interest payable at 10.0%, due October 31, 1999	1,054	8	1,067	9	1,113	--
(A) 470 Park Avenue South	Third mortgage note with interest payable at 10.98%, due September 30, 2001	13,000	10,411	13,000	10,204	13,000	10,376
	Total Fixed Rate Notes	47,226	10,518	47,678	10,311	49,352	10,482
	MORTGAGE NOTES WITH VARIABLE INTEREST						
36 W 44th Street	First mortgage note with interest based on LIBOR + 3.4%, due September 30, 1998	10,200	--	10,200	--	--	--
673 First Avenue	Second mortgage note with interest based on adjusted LIBOR rate, as defined by the mortgage agreement, or Prime + 1.0%, due January 1, 2014	15,180	4,925	15,180	4,574	15,180	--
	Total Variable Rate Notes	25,380	4,925	25,380	4,574	15,180	--
	UNSECURED NOTE						
673 First Avenue	Unsecured note with interest based on Prime plus1.0%, due January 1, 2014	1,769	574	1,769	533	1,769	3,967
	Total Unsecured Note	1,769	574	1,769	533	1,769	3,967
	Total Mortgage and Note Payable	$74,375	$16,017	$74,827	$15,418	$66,301	$14,449

(DOLLARS IN THOUSANDS)

2. MORTGAGE NOTES PAYABLE (CONTINUED)
An analysis of the mortgages is as follows:

MORTGAGE TYPE	MORTGAGE PAYABLE MARCH 31 1997	ACCRUED INTEREST MARCH 31 1997	MORTGAGE PAYABLE 1996	ACCRUED INTEREST 1996	MORTGAGE PAYABLE 1995	ACCRUED INTEREST 1995
	(UNAUDITED)					
First mortgages	$43,372	$ 99	$43,811	$ 98	$35,239	$ 106
Second mortgages	16,234	4,933	16,247	4,583	16,293	--
Third mortgage	13,000	10,411	13,000	10,204	13,000	10,376
Unsecured note	1,769	574	1,769	533	1,769	3,967
	$74,375	$16,017	$74,827	$15,418	$66,301	$14,449

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(A) 470 PARK AVENUE SOUTH

The third mortgage requires the monthly payment of minimum interest at 6%. The difference between the minimum interest and the base interest of 10.98% may be deferred until the maturity of the mortgage. The mortgage requires additional interest of 50% of adjusted gross revenue, as defined in the mortgage agreement, of the property for the applicable loan year. If the total loan balance exceeds 90% of the appraised value in lieu of payments of additional interest all of the adjusted gross revenue shall be paid and applied as a reduction of the principal indebtedness until such time as the loan balance is reduced to 90% of the appraised value. Upon payment of the outstanding principal balance at maturity or on another date shared appreciation interest, as defined in the mortgage agreement will be due. The holder of the mortgage is entitled to an annual rate of return on the mortgage of 13%. If the annual rate of return is less than 13%, the share appreciation interest will be increased to the percentage necessary to provide the mortgage holder with such return. Additional interest of $19 and $55 were due in 1996 and 1994 respectively. These amounts were unpaid as of December 31, 1996.

(DOLLARS IN THOUSANDS)

2. MORTGAGE NOTES PAYABLE (CONTINUED)

PRINCIPAL MATURITIES

Combined aggregate principal maturities of mortgages and notes payable as of December 31, 1996 are as follows:

1997	$ 1,841
1998	12,208
1999	2,183
2000	3,216
2001	4,448
Thereafter	50,931
	$ 74,827

3. DEFERRED COSTS

Deferred costs consist of the following:

	MARCH 31, 1997	1996	1995
	(UNAUDITED)		
Deferred financing	$ 3,421	$ 3,372	$ 3,108
Deferred lease	7,492	7,415	7,001
	10,913	10,787	10,109
Less accumulated amortization	(6,139)	(5,975)	(5,338)
	$ 4,774	$ 4,812	$ 4,771

4. 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 SL Green Predecessor could realize on disposition of 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 and variable rate mortgages are carried at amounts which reasonably approximate their fair values.

Estimated fair value is based on anticipated settlement in connection with the REIT formation, interest rates and other related factors currently available to the SL Green Predecessor for issuance of debt with similar terms and remaining maturities. The fair value by mortgage type as of December 31, 1996 is as follows:

MORTGAGE TYPE	CARRYING AMOUNT	FAIR VALUE
First Mortgages	$ 43,811	$ 44,369
Second Mortgages	16,247	6,067
Third Mortgages	13,000	12,000
Unsecured Note	1,769	0

(DOLLARS IN THOUSANDS)

4. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 1996. 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.

5. LEASE AGREEMENTS

OPERATING LEASE

The SL Green Predecessor is the lessor and sub-lessor of commercial buildings under operating leases with expiration dates ranging from 1997 to 2031. 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 SL Green Predecessor 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 leases in effect at December 31, 1996 are as follows:

1997	$ 18,466
1998	18,463
1999	18,713
2000	18,468
2001	18,188
Thereafter	54,085
	$ 146,383

CAPITAL LEASE

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

Future minimum rental payments under two land operating leases as of December 31, 1996 were as follows:

1997	$ 2,753
1998	2,753
1999	2,753
2000	2,870
2001	3,103
Thereafter	156,820
	$ 171,052

(DOLLARS IN THOUSANDS)

5. LEASE AGREEMENTS (CONTINUED)

Rent expense amounted to approximately $3.7 million for each year ended December 31, 1996, 1995 and 1994, respectively. For the unaudited three months ended March 31, 1997 rent expense amounted to approximately $925.

CAPITAL LEASE--BUILDING

Leased property consists of the following:

	MARCH 31, 1997	1996	1995
	(UNAUDITED)		
Building	$ 12,208	$ 12,208	$ 12,208
Less accumulation amortization	2,097	2,035	1,785
Leased property, net	$ 10,111	$ 10,173	$ 10,423

Future minimum payments under the capitalized building lease, including the present value of net minimum lease payments as of December 31, 1996 are as follows:

1997	$ 1,140
1998	1,140
1999	1,140
2000	1,177
2001	1,290
Thereafter	64,176
Total minimum lease payments	70,063
Amount representing interest	(55,798)
Present value of net minimum capital lease payments	$ 14,265

6. RELATED PARTY TRANSACTIONS

There are several business relationships with related parties which involve management, leasing, and construction fee revenues and maintenance expenses in the ordinary course of business. Transactions include the following:

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Management expenses	$ 159	$ 138	$ 622	$ 563	$ 624
Leasing commission's	55	43	218	48	80
Construction fees	413	95	185	376	809
Maintenance expenses	50	83	227	132	164

(DOLLARS IN THOUSANDS)

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Amounts due to related parties consist of:

	MARCH 31, 1997	DECEMBER 31, 1996	DECEMBER 31, 1995
	(UNAUDITED)		
SL Green Management, Corp.	$ 503	$ 512	$ 503
Other partners	151	176	276
	$ 654	$ 688	$ 779

7. BENEFIT PLAN

The building employees of the individual partnerships are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. Contributions to these plans amounted to $42, $30 and $32 in 1996, 1995 and 1994, respectively; and $11 for the three months ended March 31, 1997. 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.

8. CONTINGENCIES

SL Green Predecessor is party to a variety of legal proceedings relating to the ownership of the properties and SL Green Predecessor activities with regard to its construction, management and leasing businesses respectively, arising in the ordinary course of business. SL Green Predecessor management believes that substantially all of these liabilities are covered by insurance. All of these matters, taken together, are not expected to have a material adverse impact on the uncombined joint venture of SL Green Predecessor's, financial position, results of operations or cash flows.

9. ENVIRONMENTAL MATTERS

The management of SL Green Predecessor believes that the properties are in compliance in all material respects with applicable federal, state and local ordinances and regulations regarding environmental issues. Management is not aware of any environmental liability that management believes would have a material adverse impact on SL Green Predecessor'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.

THE UNCOMBINED JOINT VENTURES OF

SL GREEN PREDECESSOR

SCHEDULE III--REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)

DECEMBER 31, 1996

(DOLLARS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	
		INITIAL COST		COST CAPITALIZED SUBSEQUENT TO ACQUISITION	
DESCRIPTION	ENCUMBRANCE	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS
673 First Avenue, New York, NY	$39,193) (2 mortgages	$ 0	$12,208	$0	$28,509
29 West 35th Street New York, New York	3,061) (1 mortgage	216	1,945	0	2,539
470 Park Avenue South New York, New York	35,489) (3 mortgages	3,450	22,184	0	9,015
36 West 44th Street New York, New York	10,200) (1 mortgage	2,700	11,115	0	0
	(1) $87,943	$6,366	$47,452	$0	$40,063

COLUMN A	COLUMN E		
	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL
673 First Avenue, New York, NY	$ 0	$40,717	$40,717
29 West 35th Street New York, New York	216	4,484	4,700
470 Park Avenue South New York, New York	3,450	31,199	34,649
36 West 44th Street New York, New York	2,700	11,115	13,815
	$6,366	$87,515	$93,881

COLUMN A	COLUMN F	COLUMN G
DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION
673 First Avenue, New York, NY	$ 9,723	
29 West 35th Street New York, New York	1,765	
470 Park Avenue South New York, New York	9,369	
36 West 44th Street New York, New York	66	
	$20,923	

COLUMN A	COLUMN H	COLUMN I
DESCRIPTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED
673 First Avenue, New York, NY	4/28/88	Various
29 West 35th Street New York, New York	6/21/83	Various
470 Park Avenue South	9/15/86	Various

New York, New York 36 West 44th Street New York, New York		10/01/96	Various

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(1) Encumbrance includes accrued interest of $14,885 and excludes principal and interest of an unsecured note of $2,302.

SCHEDULE III--REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)

(DOLLARS IN THOUSANDS)

The changes in real estate for the three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance at beginning of period	$ 79,098	$ 78,408	$ 76,445
Improvements	14,783	690	1,963
Balance at end of period	$ 93,881	$ 79,098	$ 78,408

The aggregate cost of land, buildings and improvements for Federal income tax purposes at December 31, 1996 was $81,673.

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance at beginning of period	$ 18,006	$ 15,007	$ 12,138
Depreciation for period	2,917	2,999	2,869
Balance at end of period	$ 20,923	$ 18,006	$ 15,007

REPORT OF INDEPENDENT AUDITORS

To the Partners, Members, and Shareholders of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property at 1414 Avenue of the Americas as described in Note 1, for the year ended December 31, 1995. The financial statement is the responsibility of management of 1414 Avenue of the Americas. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the 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.

The accompanying statement of revenues and certain expenses was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form S-11 of SL Green Realty Corp. and is not intended to be a complete presentation of 1414 Avenue of the Americas' revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of 1414 Avenue of the Americas, as described in Note 1 for the year ended December 31, 1995 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

May 2, 1997

1414 AVENUE OF THE AMERICAS

STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

NOTE 1

	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED JUNE 30, 1996
		(UNAUDITED)
Revenues		
Rental revenue	$ 3,325	$ 1,663
Escalations and reimbursement revenue	212	72
Other income	--	299
Total revenues	3,537	2,034
Certain Expenses		
Property taxes	685	339
Cleaning and security	351	159
Utilities	300	101
Payroll and expenses	205	105
Management fees	161	63
Repairs and maintenance	84	86
Other operating expenses	52	29
Total certain expenses	1,838	882
Revenues in excess of certain expenses	$ 1,699	$ 1,152

See accompanying notes.

1414 AVENUE OF THE AMERICAS

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1995

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of 1414 Avenue of the Americas, (the "Property"), located in the borough of Manhattan in New York City.

The accompanying financial statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the financial statements exclude certain expenses that may not be comparable to those expected to be incurred by the SL Green Realty Corp. in the proposed future operations of the aforementioned property. Items excluded consist of interest, ground rent, amortization and depreciation.

On June 23, 1996, the SL Green Predecessor purchased the Property and the underlining land lease.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

The Property is leased to tenants under operating leases. Minimum rental income is generally recognized on a straight-line basis over the term of the lease. The excess of amounts so recognized over amounts due pursuant to the underlying leases amounted to approximately $208 and $58 (unaudited) for the year ended December 31, 1995 and the six months ended June 30, 1996, respectively.

4. CONCENTRATION OF REVENUE

Approximately 22% and 23% of 1414 Avenue of the Americas' revenue for the year ended December 31, 1995 and the six months ended June 30, 1996, respectively were derived from two tenants.

5. MANAGEMENT AGREEMENTS

During 1995 and the period ended June 23, 1996 the Property was managed by SL Green Management Corp. as agent. During the period from January 1, 1995 to April 30, 1995 the management fee was based on four percent (4%) of gross collections of which 25% percent of the management fee has been accrued and is payable when the net cash flow of the Property exceeds one million dollars. From May 1, 1995 to June 23, 1996 the management fee was based on three percent (3%) of gross collections from the Property.

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with term expiration dates ranging from 1996 to 2010. The minimum rental amounts due under the leases are generally subject to scheduled fixed increases. The leases generally also require that the tenants reimburse the Property for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum

(DOLLARS IN THOUSANDS)

6. LEASE AGREEMENTS (CONTINUED)
rents to be received over the next five years and thereafter for non-cancelable operating leases as of December 31, 1995 (exclusive of renewal option periods) are as follows:

1996	$ 3,165
1997	3,189
1998	2,923
1999	2,167
2000	1,932
Thereafter	6,972
	$ 20,348

Prior to the acquisition, the Property was the lessee of a triple net ground lease with term expiration date of 2036. The minimum rental amounts due under the ground lease is subject to scheduled fixed increases. The ground lease requires that the tenant is responsible for the payment for all expenses. In connection with the acquisition of the property and underlining land on June 23, 1996, by SL Green Predecessor the ground lease was terminated.

7. INTERIM UNAUDITED FINANCIAL INFORMATION

The financial statement for the six months ended June 30, 1996 is unaudited, however, in the opinion of management all adjustments, (consisting solely of normal recurring adjustments), necessary for a fair presentation of the financial statement for the interim period have been included. The results of the interim period is not necessarily indicative of the results to be obtained for a full fiscal year.

REPORT OF INDEPENDENT AUDITORS

To the Partners, Members, and Shareholders of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property at 36 West 44th Street ("Bar Building") as described in Note 1, for the year ended December 31, 1996. The financial statement is the responsibility of management of the Bar Building. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the 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.

The accompanying statement of revenues and certain expenses was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form S-11 of SL Green Realty Corp. and is not intended to be a complete presentation of the Bar Building's revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Bar Building, as described in Note 1 for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

May 7, 1997

36 WEST 44TH STREET

STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

NOTE 1

	YEAR ENDED DECEMBER 31, 1996	THREE MONTHS ENDED MARCH 31, 1997
		(UNAUDITED)
Revenues		
Rental revenue	$ 3,599	$ 753
Escalation and reimbursement revenue	980	163
Other income	53	2
Total revenues	4,632	918
Certain Expenses		
Property taxes	872	207
Cleaning and security	838	108
Utilities	358	81
Professional fees	133	13
Payroll and expenses	74	76
Management fees	61	29
Repairs and maintenance	40	22
Ground rent	93	23
Other operating expenses	100	34
Total certain expenses	2,569	593
Revenues in excess of certain expenses	$ 2,063	$ 325

See accompanying notes.

36 WEST 44TH STREET

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of the Bar Building, (the "Property"), located in the borough of Manhattan in New York City.

The accompanying financial statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the financial statements exclude certain expenses that may not be comparable to those expected to be incurred by the SL Green Realty Corp. in the proposed future operations of the aforementioned Property. Items excluded consist of interest, amortization and depreciation.

On September 30, 1996 the SL Green Predecessor acquired its interest.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

The Property is leased to tenants under operating leases. Minimum rental income is generally recognized on a straight-line basis over the term of the lease. The excess of amounts due over amounts so recognized pursuant to the underlying leases amounted to approximately $60 and $14 (unaudited) for the year ended December 31, 1996 and the three months ended March 31, 1997, respectively.

4. CONCENTRATION OF REVENUE

Approximately 11% and 13% of the Bar Building's revenue for the year ended December 31, 1996 and the three months ended March 31, 1997, respectively, was derived from one tenant.

5. MANAGEMENT AGREEMENTS

There was no management fee incurred for the period January 1, through June 28, 1996. The compensation for management services incurred from June 28, through September 30, 1996 included an initial one time start-up fee of $7,500 and thereafter, a monthly fixed fee of $7,500. For the period of October 1, through December 31, 1996 the management fee was based on three percent (3%) of gross receipts from the Property.

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with term expiration dates ranging from 1997 to 2006. The minimum rental amounts due under the leases are generally subject to scheduled fixed increases. The leases generally also require that the tenants reimburse the Property for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum

(DOLLARS IN THOUSANDS)

6. LEASE AGREEMENTS (CONTINUED)
rents to be received over the next five years and thereafter for non-cancelable operating leases as of December 31, 1996 (exclusive of renewal option periods) are as follows:

1997	$ 2,886
1998	2,335
1999	2,110
2000	1,434
2001	859
Thereafter	1,163
	$ 10,787

The Property is the lessee of a triple net ground lease with term expiration date of 2080. The minimum rental amounts due under the ground lease is subject to scheduled increases, based on 33% of the percentage increase in the Consumer Price Index. The ground lease requires that the tenant is responsible for the payment for all expenses. Approximate future minimum rents to be paid over the next five years and thereafter for the ground lease as of December 31, 1996 are as follows:

1997	$ 93
1998	93
1999	93
2000	93
2001	93
Thereafter	7,347
	$ 7,812

7. RELATED PARTY TRANSACTIONS

There are several business relationships with related parties which involve management, leasing and maintenance expenses. Transactions include the following:

	YEAR ENDED DECEMBER 31, 1996	THREE MONTHS ENDED MARCH 31, 1997
		(UNAUDITED)
Leasing commission's	$ 40	$ 38
Management fees	31	29
Cleaning and security	6	7

8. INTERIM UNAUDITED FINANCIAL INFORMATION

The financial statement for the three months ended March 31, 1997 is unaudited, however, in the opinion of management all adjustments, (consisting solely of normal recurring adjustments), necessary for a fair presentation of the financial statement for the interim period have been included. The results of the interim period is not necessarily indicative of the results to be obtained for a full fiscal year.

REPORT OF INDEPENDENT AUDITORS

To the Partners, Members, and Shareholders of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property at 1372 Broadway, as described in Note 1, for the year ended December 31, 1996. The financial statement is the responsibility of management of 1372 Broadway. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the 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.

The accompanying statement of revenues and certain expenses was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form S-11 of SL Green Realty Corp. and is not intended to be a complete presentation of 1372 Broadways' revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of 1372 Broadway, as described in Note 1 for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

May 2, 1997

1372 BROADWAY

STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

NOTE 1

	YEAR ENDED DECEMBER 31, 1996	THREE MONTHS ENDED MARCH 31, 1997 (UNAUDITED)
Revenues		
Rental revenue (net)	$ 8,580	$ 1,907
Escalations and reimbursement revenue	1,842	322
Other income	690	1,415
Total revenues	11,112	3,644
Certain Expenses		
Property taxes	2,343	557
Utilities	1,287	224
Management fees	459	93
Marketing, general, and administrative	335	77
Repairs and maintenance	950	220
Insurance	77	17
Security	149	31
Total certain expenses	5,600	1,219
Revenues in excess of certain expenses	$ 5,512	$ 2,425

See accompanying notes.

1372 BROADWAY

NOTES TO COMBINED STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of 1372 Broadway (the "Property"), located in the New York City garment district, which is principally leased by garment, banking, and retail tenants.

The accompanying financial statements have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the financial statements exclude certain expenses that may not be comparable to those expected to be incurred by the SL Green Realty Corp. in the proposed future operations of the aforementioned property. Items excluded consist of interest, amortization and depreciation.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

The Property is being leased to tenants under operating leases. Minimum rental income is generally recognized on a straight-line basis over the term of the lease. The excess of amounts so recognized over amounts due pursuant to the underlying leases amounted to approximately $22 and $(92) (unaudited) for the year ended December 31, 1996 and the three months ended March 31, 1997 respectively.

4. MANAGEMENT AGREEMENTS

The Property, as of May 1, 1997, is managed by Axiom Real Estate Management ("Axiom"), Inc. for a fixed annual amount of $37 plus an allocation of overhead costs which were approximately $354 in 1996. Prior to May 1, 1997, was the Property was managed by Winthrop Management for a fee of 5% of gross rental receipts.

5. INSURANCE COSTS

Insurance costs represent 1372 Broadway's portion of an umbrella policy held by Winthrop Management.

(DOLLARS IN THOUSANDS)

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with expiration dates ranging from 1997 to 2010. Most leases contain renewal options at the election of the lessee. The lease agreements generally contain provisions for reimbursements of real estate taxes and operating expenses over base year amounts. Future minimum lease receipts under non-cancelable operating leases as of December 31, 1996 (exclusive of renewal option periods) were as follows:

1997	$ 8,253
1998	8,389
1999	8,421
2000	7,505
2001	7,084
Thereafter	36,787
	$ 76,439

7. CONCENTRATION OF REVENUE

Approximately 54% of 1372 Broadway's revenue for the year ended December 31, 1996 were derived from four tenants.

8. CONTINGENCY

As of March 12, 1996, 1372 Broadway has been in legal proceedings related to grievances filed by the Service Employees International Union for allegedly violating the terms of their agreement for cleaning services. At this time management can not estimate the loss, if any, associated with this litigation.

9. INTERIM UNAUDITED FINANCIAL INFORMATION

The financial statement for the three months ended March 31, 1997 is unaudited, however, in the opinion of management all adjustments, (consisting solely of normal recurring adjustments), necessary for a fair presentation of the financial statement for the interim period have been included. The results of the interim period is not necessarily indicative of the results to be obtained for a full fiscal year.

10. SUBSEQUENT EVENT

On January 31, 1997, a tenant entered into an agreement whereby certain space leased by the tenant was terminated for a fee of $1,350.

REPORT OF INDEPENDENT AUDITORS

To the Partners, Members, and Shareholders of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property at 1140 Avenue of the Americas, as described in Note 1, for the year ended December 31, 1996. The financial statement is the responsibility of management of 1140 Avenue of the Americas. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the 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.

The accompanying statement of revenues and certain expenses was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form S-11 of S.L. Green Realty Corp. and is not intended to be a complete presentation of 1140 Avenue of the Americas' revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of 1140 Avenue of the Americas, as described in Note 1 for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

May 23, 1997

1140 AVENUE OF THE AMERICAS

STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

NOTE 1

	YEAR ENDED DECEMBER 31, 1996	THREE MONTHS ENDED MARCH 31, 1997
		(UNAUDITED)
Revenues		
Rental revenue	$ 4,265	$ 1,086
Escalations and reimbursement revenue	716	155
Other income	204	4
Total revenues	5,185	1,245
Certain Expenses		
Property taxes	1,007	245
Utilities	720	175
Cleaning and security	551	133
Payroll and expenses	241	63
Management fees	205	49
Repairs and maintenance	180	44
Professional fees	107	35
Interest--capital lease	56	14
Lease expense	14	3
Insurance	53	16
Other operating expenses	50	16
Total certain expenses	3,184	793
Revenues in excess of certain expenses	$ 2,001	$ 452

See accompanying notes.

1140 AVENUE OF THE AMERICAS

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of 1140 Avenue of the Americas, (the "Property"), located in the borough of Manhattan in New York City.

The accompanying financial statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the financial statements exclude certain expenses that may not be comparable to those expected to be incurred by the SL Green Realty Corp. in the proposed future operations of the aforementioned property. Items excluded consist of non-capital lease interest, amortization and depreciation.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

The Property is leased to tenants under operating leases. Minimum rental income is generally recognized on a straight-line basis over the term of the lease. The excess of amounts due pursuant to the underlying leases over amounts so recognized amounted to approximately $59 and $27 (unaudited) for the year ended December 31, 1996 and the three months ended March 31, 1997, respectively.

4. CONCENTRATION OF REVENUE

Approximately 10% of 1140 Avenue of the Americas' revenue for the year ended December 31, 1996 and the three months ended March 31, 1997, respectively was derived from one tenant.

5. MANAGEMENT AGREEMENTS

During 1996 and the period ended March 31, 1997 the Property was managed by Murray Hill Property Management, Inc. During the period from January 1, 1996 to March 31, 1997 the management and asset management fees were based on three percent (3%) and one percent (1%) of gross collections from the Property, respectively.

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with term expiration dates ranging from 1997 to 2007. The minimum rental amounts due under the leases are generally subject to scheduled fixed increases. The leases generally also require that the tenants reimburse the Property for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum

(DOLLARS IN THOUSANDS)

rents to be received over the next five years and thereafter for non-cancelable operating leases as of December 31, 1996 (exclusive of renewal option periods) are as follows:

1997	$ 4,439
1998	4,210
1999	3,813
2000	3,327
2001	2,826
Thereafter	7,638
	$ 26,253

The Property operates under a net ground lease with a term expiration date of 2016, with an option to renew for an additional 50 years. The minimum rental amounts due under the ground lease is subject to increases every 21 years based on four and a half percent (4%) of the fair and reasonable market value of the unencumbered land. The current annual rent for the period commencing January 1, 1997 through December 31, 2016 is in arbitration due to a disagreement relating to the market value of the land. The ground lease requires that the tenant is responsible for the payment for all expenses.

7. INTERIM UNAUDITED FINANCIAL INFORMATION

The financial statement for the three months ended March 31, 1997 is unaudited, however, in the opinion of management all adjustments, (consisting solely of normal recurring adjustments), necessary for a fair presentation of the financial statement for the interim period have been included. The results of the interim period is not necessarily indicative of the results to be obtained for a full fiscal year.

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NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE TO WHICH IT RELATES OR AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, TO ANY PERSON IN ANY JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

SUMMARY TABLE OF CONTENTS

UNTIL , 1997 (25 DAYS AFTER THE COMMENCEMENT OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE SECURITIES OFFERED HEREBY, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS DELIVERY REQUIREMENT IS IN addition TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

8,100,000 SHARES

[LOGO]

SL GREEN REALTY CORP.
COMMON STOCK

PROSPECTUS

, 1997

LEHMAN BROTHERS
PRUDENTIAL SECURITIES INCORPORATED

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 30. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table itemizes the expenses incurred by the Company in connection with the Offering. All amounts are estimated except for the Registration Fee and the NASD Fee.

Registration Fee	$56,454.55
NASD Fee	19,130.00
New York Stock Exchange Listing Fee	*
Printing and Engraving Expenses	*
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Blue Sky Fees and Expenses	*
Financial Advisory Fee	*
Environmental and Engineering Expenses	*
Miscellaneous	
Total	$ *

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* To be completed by amendment.

ITEM 31. SALES TO SPECIAL PARTIES

See Item 32.

ITEM 32. RECENT SALES OF UNREGISTERED SECURITIES

Upon Formation of the Registrant, Stephen L. Green was issued 1,000 shares of Common Stock for total consideration of $1,000 in cash in order to provide the initial capitalization of the Registrant. These shares will be repurchased by the Registrant at cost upon completion of the Offering. In connection with the Formation Transactions, certain officers of the Registrant were issued an aggregate of 383,110 shares of Common Stock for total consideration of $3,831 in cash. The issuance of securities described in this Item 32 were made in reliance upon the exemption from registration provided by Section 4(2) under the Securities Act of 1933.

ITEM 33. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company's officers and directors are and will be indemnified under Maryland and Delaware law, the Charter and Bylaws of the Company and the Partnership Agreement of the Operating Partnership against certain liabilities. The Company's Charter requires the Company to indemnify its directors and officers to the fullest extent permitted from time to time under Maryland law.

The Company's Bylaws require it to indemnify (a) any present or former director or officer who has been successful, on the merits or otherwise, in the defense of a proceeding to which he was made a party by reason of his service in that capacity, against reasonable expenses incurred by him in connection with the proceeding and (b) any present or former director or officer against any claim or liability unless it is established that (i) his act or omission was committed in bad faith or was the result of active or deliberate dishonesty, (ii) he actually received an improper personal benefit in money, property or services or (iii) in the case of a criminal proceeding, he had reasonable cause to believe that his act or omission was unlawful.

In addition, the Company's Bylaws require the Company to pay or reimburse, in advance of final disposition of a proceeding, reasonable expenses incurred by a present or former director or officer made a party to a proceeding by reason of his service as a director or officer provided that the Company shall have received (i) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by the Bylaws and (ii) a written understanding by or on his behalf to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met. The Bylaws also (i) permit the Company to provide indemnification and advance expenses to a present or former director or officer who served a predecessor of the Company in such capacity, and to any employee or agent of the Company or a predecessor of the Company, (ii) provide that any indemnification or payment or reimbursement of the expenses permitted or reimbursement of expenses under Section 2-418 of the MGCL for directors of Maryland corporations and (iii) permit the Company to provide such other and further indemnification or payment or reimbursement of expenses as may be permitted by Section 2-418 of the MGCL for directors of Maryland corporations.

Under Maryland law, a corporation formed in Maryland is permitted to limit, by provision in its charter, the liability of directors and officers so that no director of officer of the Company shall be liable to the Company or to any stockholder for money damages except to the extent that (i) the director or officer actually received an improper benefit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, or (ii) a judgment or other final adjudication adverse to the director or officer is entered in a proceeding based on a finding in a proceeding that the director's or officer's action was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. The Charter has incorporated the provisions of such law limiting the liability of directors and officers.

The Partnership Agreement also provides for indemnification of the Company and its officers and directors to the same extent indemnification is provided to officers and directors of the Company in its organizational documents, and limits the liability of the Company and its officers and directors to the Operating Partnership and its partners to the same extent liability of officers and directors of the Company to the Company and its stockholders is limited under their organizational documents.

ITEM 34. TREATMENT OF PROCEEDS FROM STOCK BEING REGISTERED

Not Applicable.

ITEM 35. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements, all of which are included in the Prospectus:

SL GREEN REALTY CORP.
Pro Forma Combined Financial Statements (unaudited)
Pro Forma Combined Balance Sheet as of March 31, 1997
Pro Forma Combined Statement of Income for the Three Months Ended March 31, 1997
Pro Forma Combined Statement of Income for the Year Ended December 31, 1996
Notes to Pro Forma Combined Financial Information

Historical
Report of Independent Auditors
Balance Sheet as of June 12, 1997
Notes to Balance Sheet

1140 AVENUE OF THE AMERICAS
Report of Independent Auditors
Statement of Revenues and Certain Expenses For the Three Months Ended March 31, 1997 (unaudited) and the Year Ended December 31, 1996

Notes to Statement of Revenues and Certain Expenses

(b) Exhibits

1.1	Form of Underwriting Agreement among Lehman Brothers Inc. and Prudential Securities Incorporated, as representatives of the several Underwriters, the Company and the Operating Partnership*
3.1	Articles of Incorporation of the Company
3.2	Bylaws of the Company
5.1	Opinion of Brown & Wood LLP regarding the validity of the securities being registered*
8.1	Opinion of Brown & Wood LLP regarding tax matters*
10.1	Form of Agreement of Limited Partnership of the Operating Partnership
10.2	Form of Articles of Incorporation and Bylaws of the Management Corporation*
10.3	Form of Articles of Incorporation and Bylaws of the Leasing Corporation*
10.4	Form of Articles of Incorporation and Bylaws of the Construction Corporation*
10.5	Form of Employment and Noncompetition Agreement among the Executive Officers and the Company*
10.6	Form of Registration Rights Agreement between the Company and the persons named therein
10.7	1997 Stock Option Plan*
10.8	Supplemental Representations and Warranties Agreement among the Company, the Operating Partnership, and certain SL Green entities*
10.9	Omnibus Contribution Agreement
21.1	List of Subsidiaries
23.1	Consent of Brown & Wood LLP (included as part of Exhibit 5.1)*
23.2	Consent of Ernst & Young LLP
23.3	Consent of Rosen Consulting Group
24.1	Power of Attorney (included on the signature page at page II-7 hereof)
27.1	Financial Data Schedule
99.1	Consent of Edwin T. Burton, III to be named as a proposed director
99.2	Consent of John S. Levy to be named as a proposed director
99.3	Consent of John J. Robbins to be named as a proposed director
99.4	Rosen Market Study

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* To be filed by amendment.

ITEM 36. UNDERTAKINGS

The Registrant hereby undertakes:

(1) For purposes of determining any liability under the Securities Act the information omitted from the form of Prospectus filed as part of the Registration Statement in reliance upon Rule 430A and contained in the form of Prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery of each purchaser.

(4) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable ground to believe that it meets all of the requirements for filing on Form S -11 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York on this 16th day of June, 1997.

SL GREEN REALTY CORP.

BY: /s/ Stephen L. Green

Stephen L. Green
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated as of the 16th day of June, 1997.

Each person whose signature appears below hereby constitutes and appoints each of Stephen L. Green, Benjamin P. Feldman and Steven H. Klein as his or her attorney-in-fact and agent, with full power of substitution and resubstitution for him or her in any and all capacities, to sign any or all amendments or post-effective amendments to this Registration Statement, or any Registration Statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with exhibits thereto and other documents in connection therewith or in connection with the registration of the Common Stock under the Securities Act of 1934, as amended, with the Securities and Exchange Commission, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorney-in-fact and agent or his substitutes may do or cause to be done by virtue hereof.

SIGNATURE	TITLE	DATE
/s/ STEPHEN L. GREEN Stephen L. Green	Chief Executive Officer, President and Chairman of the Board of Directors (principal executive officer)	June 16, 1997
/s/ LOUIS A. OLSEN Louis A. Olsen	Treasurer and Chief Financial Officer (principal financial officer and principal accounting officer)	June 16, 1997
/s/ BENJAMIN P. FELDMAN Benjamin P. Feldman	Director	June 16, 1997
/s/ STEVEN H. KLEIN Steven H. Klein	Director	June 16, 1997

EXHIBIT 3.1

ARTICLES OF INCORPORATION

OF

SL GREEN REALTY CORP.

ARTICLE I

INCORPORATOR

The undersigned, James O'Connor, whose address is c/o Brown & Wood LLP, One World Trade Center, New York, New York 10048, being at least 18 years of age, does hereby form a corporation under the general laws of the State of Maryland.

ARTICLE II

NAME

The name of the corporation (the "Corporation") is:

SL Green Realty Corp.

ARTICLE III

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute (the "Code")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of these Articles, "REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE IV

PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 32 South Street, Baltimore, Maryland 21202. The name of the resident agent of the Corporation in the State of Maryland is The Corporation Trust Incorporated, whose post address is 32 South Street, Baltimore, Maryland 21202. The resident agent is a corporation of and resident of the State of Maryland.

ARTICLE V

PROVISIONS FOR DEFINING, LIMITING
AND REGULATING CERTAIN POWERS OF THE
CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 1. NUMBER AND CLASSIFICATION OF DIRECTORS. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors of the Corporation (the "Board of Directors"). The number of directors of the Corporation initially shall be three, which number may be increased or decreased pursuant to the Bylaws, but shall never be less than the minimum number required by the Maryland General Corporation Law. The names of the directors who shall serve until the first annual meeting of stockholders and until their successors are duly elected and qualify are:

Stephen L. Green
Benjamin P. Feldman
Steven H. Klein

These directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of

directors or otherwise, on the Board of Directors prior to the first annual meeting of stockholders in the manner provided in the Bylaws.

At any meeting of stockholders, the directors may be classified, with respect to the terms for which they severally hold office, into three classes, one class to hold office initially for a term expiring at the next succeeding annual meeting of stockholders, another class to hold office initially for a term expiring at the second succeeding annual meeting of stockholders and another class to hold office initially for a term expiring at the third succeeding annual meeting of stockholders, with the members of each class to hold office until their successors are duly elected and qualify. At each annual meeting of the stockholders, the successors to the class of directors whose term expires at such meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

Section 2. AUTHORIZATION BY BOARD OF STOCK ISSUANCE. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable, subject to such restrictions or limitations, if any, as may be set forth in the charter or the Bylaws.

Section 3. PREEMPTIVE RIGHTS. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Article VI, Section 4, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell.

Section 4. INDEMNIFICATION. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his status as a present or former director or officer of the Corporation. The Corporation shall have the power, with the approval of its Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 5. DETERMINATIONS BY BOARD. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the charter and in the absence of actual receipt of an improper benefit in money, property or services or active and deliberate dishonesty established by a court, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation; and any matters relating to the acquisition, holding and disposition of any assets by the Corporation.

Section 6. REIT QUALIFICATION. If the Corporation elects to qualify for federal income tax treatment as a REIT, the Board of Directors shall use its reasonable best efforts to take

such actions as are necessary or appropriate to preserve the status of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors may revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code.

Section 7. REMOVAL OF DIRECTORS. Any director, or the entire Board of Directors, may be removed from office at any time, for cause only, by the affirmative vote of a majority of the votes entitled to be cast for the election of directors.

ARTICLE VI

STOCK

Section 1. AUTHORIZED SHARES. The Corporation has authority to issue a total of 200,000,000 shares of stock, consisting of 100,000,000 shares of Common Stock, $0.01 par value per share ("Common Stock"), 25,000,000 shares of Preferred Stock, $0.01 par value per share ("Preferred Stock"), and 75,000,000 shares of Excess Stock, $0.01 par value per share ("Excess Stock"). The aggregate par value of all authorized shares of stock having par value is $2,000,000.

Section 2. COMMON STOCK. Subject to the provisions of Article VII, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 3. PREFERRED STOCK. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, in one or more series of stock.

Section 4. CLASSIFIED OR RECLASSIFIED SHARES. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set, subject to the provisions of Article VII and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("SDAT"). Any of the terms of any class or series of stock set pursuant to clause (c) of this Section 4 may be made dependent upon facts or events ascertainable outside the charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of

stock is clearly and expressly set forth in the articles supplementary filed with the SDAT.

Section 5. CHARTER AND BYLAWS. All persons who shall acquire stock in the Corporation shall acquire such stock subject to the provisions of the charter and the Bylaws.

ARTICLE VII

RESTRICTION ON TRANSFER,
ACQUISITION AND REDEMPTION OF SHARES

Section 1. DEFINITIONS. For purposes of this Article VII, the following terms shall have the following meanings:

"Beneficial Ownership" shall mean ownership of shares of Equity Stock by a Person who is or would be an actual owner, for Federal income tax purposes, of such shares of Equity Stock or who is or would be treated as a constructive owner of such shares of Equity Stock under Section 542(a)(2) of the Code either directly or constructively through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3) of the Code. For purposes of determining the percentage ownership of Common Stock by any Person, shares of Common Stock that may be acquired upon conversion, exchange or exercise of any securities of the Corporation or any debt securities of SL Green Operating Partnership, L.P. directly or constructively held by such Person, but not Common Stock issuable with respect to the conversion, exchange or exercise of securities of the Corporation or debt securities of SL Green Operating Partnership, L.P. held by other Persons, shall be deemed to be outstanding prior to such conversion, exchange or exercise. The terms "Beneficial Owner,"

"Beneficially Owns," "Beneficially Own" and "Beneficially Owned" shall have the correlative meanings.

"Charitable Beneficiary" shall mean a beneficiary of the Trust as determined pursuant to Section 14 of this Article VII.

"Effective Date" shall mean the date as of which the Corporation's registration statement on Form S-11 (File No. 33-84324) is declared effective by the Securities and Exchange Commission.

"Equity Stock" shall mean stock that is either Common Stock or Preferred Stock.

"Market Price" as to any date shall mean the average of the last sales price reported on the New York Stock Exchange, Inc. ("NYSE") of Common Stock or Preferred Stock, as the case may be, on the ten trading days immediately preceding the relevant date, or if not then traded on the New York Stock Exchange, the average of the last reported sales price of the Common Stock or Preferred Stock, as the case may be, on the ten trading days immediately preceding the relevant date as reported on any exchange or quotation system over which the Common Stock or Preferred Stock, as the case may be, may be traded, or if not then traded over any exchange or quotation system, then the market price of the Common Stock or Preferred Stock, as the case may be, on the relevant date as determined in good faith by the Board of Directors.

"Ownership Limit" shall initially mean 9.0%, of the lesser of the aggregate number or value of the outstanding shares of Common Stock of the Corporation and, after any adjustment as set

forth in Section 9 of this Article VII, shall mean such percentage as so adjusted. The Corporation may, in Articles Supplementary, determine a limit on the ownership of one or more classes or series of its Preferred Stock (the "Preferred Stock Limit"). From and after such determination, references to the Ownership Limit herein will include the Preferred Stock Limit, as applicable. The number and value of shares of the Equity Stock of the Corporation shall be determined by the Board of Directors in good faith, which determination shall be conclusive for all purposes hereof.

"Person" shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended; but does not include an underwriter which participated in a public offering of the Common Stock and/or Preferred Stock for a period of 30 days following the purchase by such underwriter of shares of the Common Stock and/or Preferred Stock.

"Purported Beneficial Transferee" shall mean, with respect to any purported Transfer which results in Excess Stock as described below in Section 3 of this Article VII, the purported beneficial transferee for whom the Purported Record Transferee

would have acquired shares of Equity Stock, if such Transfer had not been void under Section 2 of this Article VII.

"Purported Record Transferee" shall mean, with respect to any purported Transfer which results in Excess Stock as described below in Section 3 of this Article VII, the record holder of the Equity Stock if such Transfer had not been void under Section 2 of this Article VII.

"Restriction Termination Date" shall mean the first day after the Effective Date on which the Board of Directors determines that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT.

"Transfer" shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition of Equity Stock (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Equity Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Equity Stock), whether voluntary or involuntary, whether of record or beneficially and whether by operation of law or otherwise. The terms "Transfers" and "Transferred" shall have the correlative meanings.

"Trust" shall mean the trust created pursuant to Section 14 of this Article VII.

"Trustee" shall mean the Person that is appointed by the Corporation pursuant to Section 14 of this Article VII to serve as trustee of the Trust, and any successor thereto.

Section 2. OWNERSHIP LIMITATION. (i) Except as provided in Section 11 of this Article VII, from the Effective Date and prior to the Restriction Termination Date, no Person shall Beneficially Own shares of Common Stock and/or Preferred Stock in excess of the Ownership Limit.

(ii) Except as provided in Section 11 of this Article VII, from the Effective Date and prior to the Restriction Termination Date, any Transfer that, if effective, would result in any Person Beneficially Owning Common Stock and/or Preferred Stock in excess of the Ownership Limit shall be void AB INITIO as to the Transfer of such shares of Common Stock and/or Preferred Stock which would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit; and the intended transferee shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

(iii) From the Effective Date and prior to the Restriction Termination Date, any Transfer that, if effective, would result in the Common Stock and/or Preferred Stock being Beneficially Owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void AB INITIO as to the Transfer of such shares of Common Stock and/or Preferred Stock which would be otherwise Beneficially Owned by the transferee; and the intended transferee shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

(iv) From the Effective Date and prior to the Restriction Termination Date, any Transfer that, if effective,

would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code shall be void AB INITIO as to the Transfer of the shares of Common Stock and/or Preferred Stock which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code; and the intended transferee shall acquire no rights in such shares of Common Stock and/or Preferred Stock.

Section 3. EXCESS STOCK. (i) If, notwithstanding the other provisions contained in this Article VII, at any time after the date of the Effective Date and prior to the Restriction Termination Date, there is a purported Transfer or other change in the capital structure of the Corporation such that any Person would Beneficially Own Common Stock and/or Preferred Stock in excess of the applicable Ownership Limit, then, except as otherwise provided in Section 11, such shares of Common Stock and/or Preferred Stock in excess of such Ownership Limit (rounded up to the nearest whole share) shall be converted into Excess Stock and be treated as provided in this Article VII. Such conversion and treatment shall be effective as of the close of business on the business day prior to the date of the purported Transfer or change in capital structure.

(ii) If, notwithstanding the other provisions contained in this Article VII, at any time after the date of the Effective Date and prior to the Restriction Termination Date, there is a purported Transfer or other change in the capital structure of the Corporation which, if effective, would cause the Corporation to

become "closely held" within the meaning of Section 856(h) of the Code, then the shares of Common Stock and/or Preferred Stock being Transferred which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code (rounded up to the nearest whole share) shall be converted into Excess Stock and be treated as provided in this Article VII. Such conversion and treatment shall be effective as of the close of business on the business day prior to the date of the purported Transfer or change in capital structure.

Section 4. PREVENTION OF TRANSFER. If the Board of Directors or its designee shall at any time determine in good faith that a Transfer has taken place in violation of Section 2 of this Article VII or that a Person intends to acquire or has attempted to acquire beneficial ownership (determined without reference to any rules of attribution) or Beneficial Ownership of any shares of stock of the Corporation in violation of Section 2 of this Article VII, the Board of Directors or its designee shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer, including, but not limited to, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin or rescind such Transfer; provided, however, that any Transfers or attempted Transfers in violation of subparagraphs Section 2 (ii) and (iv) of this Article VII shall automatically result in the conversion and treatment described in Section 3, irrespective of any action (or non-action) by the Board of Directors.

Section 5. NOTICE TO CORPORATION. Any Person who acquires or attempts to acquire shares in violation of Section 2 of this Article VII, or any Person who is or attempts to become a transferee such that Excess Stock results under Section 3 of this Article VII, shall immediately give written notice or, in the event of a proposed or attempted Transfer, give at least 15 days prior written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer on the Corporation's status as a REIT.

Section 6. INFORMATION FOR CORPORATION. From the date of the Effective Date and prior to the Restriction Termination Date, each Person who is a Beneficial Owner of Common Stock and/or Preferred Stock and each Person (including the stockholder of record) who is holding Common Stock and/or Preferred Stock for a Beneficial Owner shall upon demand provide in writing to the Corporation any information with respect to the direct, indirect and constructive ownership of Equity Stock of the Corporation as the Board of Directors deems necessary to comply with the provisions of the Code applicable to REITs, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

Section 7. OTHER ACTION BY BOARD. Subject to the provisions of Section 19 of this Article VII, nothing contained in this Article VII shall limit the authority of the Board of Directors to take such other action as it deems necessary or

advisable to protect the Corporation and the interests of its stockholders by preservation of the Corporation's status as a REIT.

Section 8. AMBIGUITIES. In the case of an ambiguity in the application of any of the provisions of this Article VII, including any definition contained in Section 1, the Board of Directors shall have the power to determine the application of the provisions of this Article VII with respect to any situation based on the facts known to it.

Section 9. INCREASE IN OWNERSHIP LIMIT. Subject to the limitations provided in Section 10 of this Article VII, the Board of Directors may from time to time increase the Ownership Limit.

Section 10. LIMITATIONS ON CHANGES IN OWNERSHIP LIMIT. (i) The Ownership Limit for a class or series of Equity Stock may not be increased if, after giving effect to such increase, five or fewer Beneficial Owners of Equity Stock would Beneficially Own, in the aggregate, more than 50.0% in value of the outstanding shares of Equity Stock.

(ii) Prior to any modification of the Ownership Limit pursuant to Section 9 of this Article VII, the Board of Directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT.

Section 11. EXEMPTIONS BY BOARD. The Board of Directors may, in its sole discretion, waive the Ownership Limit with respect to any particular Person or Persons if evidence satisfactory to the

Board of Directors and the Corporation's tax counsel is presented that the changes in ownership pursuant to such waiver will not cause the Corporation not to continue to be qualified as a REIT and are not reasonably likely to cause the Corporation not to continue to be qualified as a REIT in the future and the Board of Directors otherwise decides that such action is in the best interest of the Corporation.

Section 12. LEGEND. (i) In addition to any other legend required by applicable law, each certificate for shares of Common Stock shall bear substantially the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER FOR THE PURPOSE OF THE CORPORATION'S MAINTENANCE OF ITS STATUS AS A REAL ESTATE INVESTMENT TRUST (A "REIT") UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. EXCEPT AS OTHERWISE PROVIDED PURSUANT TO THE CHARTER OF THE CORPORATION, NO PERSON MAY BENEFICIALLY OWN SHARES OF COMMON STOCK IN EXCESS OF 9.0% (OR SUCH GREATER PERCENTAGE AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF THE CORPORATION) OF THE AGGREGATE NUMBER OR VALUE OF THE OUTSTANDING SHARES OF COMMON STOCK OF THE CORPORATION. ANY PERSON WHO ACQUIRES OR ATTEMPTS TO ACQUIRE SHARES OF COMMON STOCK IN EXCESS OF THE AFOREMENTIONED LIMITATION, OR ANY PERSON WHO IS OR ATTEMPTS TO

BECOME A TRANSFEREE SUCH THAT EXCESS STOCK RESULTS UNDER THE PROVISIONS OF THE CHARTER, SHALL IMMEDIATELY GIVE WRITTEN NOTICE OR, IN THE EVENT OF A PROPOSED OR ATTEMPTED TRANSFER, GIVE AT LEAST 15 DAYS PRIOR WRITTEN NOTICE TO THE CORPORATION OF SUCH EVENT AND SHALL PROVIDE TO THE CORPORATION SUCH OTHER INFORMATION AS IT MAY REQUEST IN ORDER TO DETERMINE THE EFFECT ON ANY SUCH TRANSFER ON THE CORPORATION'S STATUS AS A REIT. ALL CAPITALIZED TERMS IN THIS LEGEND HAVE THE MEANINGS DEFINED IN THE CHARTER OF THE CORPORATION, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER, WILL BE SENT TO ANY STOCKHOLDER ON REQUEST AND WITHOUT CHARGE. IF THE RESTRICTIONS ON TRANSFER ARE VIOLATED, THE SECURITIES REPRESENTED HEREBY WILL BE CONVERTED INTO AND TREATED AS SHARES OF EXCESS STOCK THAT WILL BE TRANSFERRED, BY OPERATION OF LAW, TO THE TRUSTEE OF A TRUST FOR THE EXCLUSIVE BENEFIT OF ONE OR MORE CHARITABLE ORGANIZATIONS.

(ii) In addition to any other legend required by applicable law, each certificate for shares of Preferred Stock shall bear such legend as may be set forth in the Articles Supplementary with respect to the transferability of such Preferred Stock.

Section 13. SEVERABILITY. If any provision of this Article VII or any application of any such provision is determined to be void, invalid or unenforceable by virtue of any legal decision, statute, rule or regulation, then the Purported Record Transferee may be deemed, at the option of the Corporation, to have acted as an agent of the Corporation in acquiring such shares of Excess Stock and to hold such shares of Excess Stock on behalf of the Corporation and the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

Section 14. TRUST FOR EXCESS STOCK. Upon any purported Transfer that results in Excess Stock pursuant to Section 3 of this Article VII, such Excess Stock shall be deemed to have been transferred by operation of law to the Trustee of a trust (the "Trust") for the exclusive benefit of one or more Charitable Beneficiaries. The Trustee shall be appointed by the Corporation, and shall be a Person unaffiliated with the Corporation, any Purported Beneficial Transferee or any Purported Record Transferee. By written notice to the Trustee, the Corporation shall designate one or more non-profit organizations to be the Charitable Beneficiary(ies) of the interest in the Trust representing the Excess Stock such that (a) the shares of Equity Stock, from which the shares of Excess Stock held in the Trust were so converted, would not violate the restrictions set forth in Section 2 of this Article VII in the hands of such Charitable Beneficiary and (b)

each Charitable Beneficiary is an organization described in Sections 170(b)(1)(a), 170(c)(2) and 501(c)(3) of the Code. The Trustee of the Trust will be deemed to own the Excess Stock for the benefit of the Charitable Beneficiary on the date of the purported Transfer that results in Excess Stock pursuant to Section 3 of this Article VII. Shares of Excess Stock so held in trust shall be issued and outstanding stock of the Corporation. The Purported Record Transferee shall have no rights in such Excess Stock except as expressly provided for in the this Article VII.

Section 15. DIVIDENDS ON EXCESS STOCK. Shares of Excess Stock will be entitled to dividends and distributions authorized and declared with respect to the class or series of Equity Stock from which the Excess Stock was converted and will be payable to the Trustee of the Trust in which such Excess Stock is held, for the benefit of the Charitable Beneficiary. Dividends and distributions will be authorized and declared with respect to each share of Excess Stock in an amount equal to the dividends and distributions authorized and declared on each share of stock of the class or series of Equity Stock from which the Excess Stock was converted. Any dividend or distribution paid to a Purported Record Transferee of Excess Stock prior to the discovery by the Corporation that Equity Stock has been transferred in violation of the provisions of the Charter shall be repaid by the Purported Record Transferee to the Trustee upon demand. The Corporation shall rescind any dividend or distribution authorized and declared but unpaid as void AB INITIO with respect to the Purported Record

Transferee, and the Corporation shall pay such dividend or distribution when due to the Trustee of the trust for the benefit of the Charitable Beneficiary.

Section 16. LIQUIDATION DISTRIBUTIONS FOR EXCESS STOCK. Subject to the preferential rights of the Preferred Stock, if any, as may be determined by the Board of Directors, in the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any other distribution of all or substantially all of the assets of the Corporation, each holder of shares of Excess Stock shall be entitled to receive, in the case of Excess Stock converted from Preferred Stock, ratably with each other holder of Preferred Stock and Excess Stock converted from Preferred Stock and having the same rights to payment upon liquidation, dissolution or winding up as such Preferred Stock and, in the case of Excess Stock converted from Common Stock, ratably with each other holder of Common Stock and Excess Stock converted from Common Stock, that portion of the assets of the Corporation available for distribution to its stockholders as the number of shares of the Excess Stock held by such holder bears to the total number of shares of (i) Preferred Stock and Excess Stock then outstanding (in the case of Excess Stock converted from Preferred Stock) and (ii) Common Stock and Excess Stock then outstanding (in the case of Excess Stock converted from Common Stock).

Any liquidation distributions to be distributed with respect to Excess Stock shall be distributed in the same manner as

proceeds from the sale of Excess Stock are distributed as set forth in Section 18 of this Article VII.

Section 17. VOTING RIGHTS FOR EXCESS STOCK. Any vote cast by a Purported Record Transferee of Excess Stock prior to the discovery by the Corporation that Equity Stock has been transferred in violation of the provisions of the Charter shall be void AB INITIO. While the Excess Stock is held in trust, the Purported Record Transferee will be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Equity Stock which have been converted into shares of Excess Stock for the benefit of the Charitable Beneficiary.

Section 18. NON-TRANSFERABILITY OF EXCESS STOCK. Excess Stock shall not be transferable. In its sole discretion, the Trustee of the Trust may transfer the interest in the Trust representing shares of Excess Stock to any Person if the shares of Excess Stock would not be Excess Stock in the hands of such Person. If such transfer is made, the interest of the Charitable Beneficiary in the Excess Stock shall terminate and the proceeds of the sale shall be payable by the Trustee to the Purported Record Transferee and to the Charitable Beneficiary as herein set forth. The Purported Record Transferee shall receive from the Trustee the lesser of (i) the price paid by the Purported Record Transferee for its shares of Equity Stock that were converted into Excess Stock or, if the Purported Record Transferee did not give value for such shares (E.G., the stock was received through a gift, devise or other transaction), the average closing price for the class of

shares from which such shares of Excess Stock were converted for the ten trading days immediately preceding such sale or gift, and (ii) the price received by the Trustee from the sale or other disposition of the Excess Stock held in trust. The Trustee may reduce the amount payable to the Purported Record Transferee by the amount of dividends and distributions which have been paid to the Purported Record Transferee and are owed by the Purported Record Transferee to the Trustee pursuant to Section 15 of this Article VII. Any proceeds in excess of the amount payable to the Purported Record Transferee shall be paid by the Trustee to the Charitable Beneficiary. Upon such transfer of an interest in the Trust, the corresponding shares of Excess Stock in the Trust shall be automatically exchanged for an equal number of shares of Common Stock and/or Preferred Stock, as applicable, and such shares of Common Stock and/or Preferred Stock, as applicable, shall be transferred of record to the transferee of the interest in the Trust if such shares of Common Stock and/or Preferred Stock, as applicable, would not be Excess Stock in the hands of such transferee. Prior to any transfer of any interest in the Trust, the Corporation must have waived in writing its purchase rights under Section 20 of this Article VII.

Section 19. NYSE TRANSACTIONS. Nothing in this Article VII shall preclude the settlement of any transaction entered into through the facilities of the NYSE. The fact that the settlement of any transaction may occur shall not negate the effect of any other provision of this Article VII and any transferee in such a

transaction shall be subject to all of the provisions and limitations set forth in this Article VII.

Section 20. CALL BY CORPORATION ON EXCESS STOCK. Shares of Excess Stock shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share payable to the Purported Record Transferee equal to the lesser of (i) the price per share in the transaction that created such Excess Stock (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price of the Common Stock or Preferred Stock from which such Excess Stock was converted on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Purported Record Transferee by the amount of dividends and distributions which have been paid to the Purported Record Transferee and are owed by the Purported Record Transferee to the Trustee pursuant to Section 15 of this Article VII. The Corporation may pay the amount of such reductions to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Corporation's receipt of notice pursuant to Section 5 of this Article VII and (ii) if the Corporation does not receive a notice of such Transfer pursuant to Section 5 of this Article VII, the date that the Board of Directors determines in good faith that a Transfer resulting in Excess Stock has occurred, but in no event later than a permitted Transfer pursuant to and in compliance with the terms of Section 18 of this Article VII.

Section 21. ENFORCEMENT. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VII.

Section 22. NON-WAIVER. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

ARTICLE VIII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to its charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in this charter, of any shares of outstanding stock. All rights and powers conferred by the charter on stockholders, directors and officers are granted subject to this reservation. Any amendment to the charter shall be valid only if approved by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter.

ARTICLE IX

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this

Article IX, nor the adoption or amendment of any other provision of the charter or Bylaws inconsistent with this Article IX, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation and acknowledge the same to be my act on this 9th day of June, 1997.

/S/ JAMES O'CONNOR

James O'Connor

EXHIBIT 3.2

SL GREEN REALTY CORP.

BYLAWS

ARTICLE I

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation shall be located at such place or places as the Board of Directors may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional offices at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the principal office of the Corporation or at such other place within the United States as shall be stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on a date and at the time set by the Board of Directors during the month of May in each year.

Section 3. SPECIAL MEETINGS. The president, chief executive officer or Board of Directors may call special meetings of the stockholders. Special meetings of stockholders shall also be called by the secretary of the Corporation upon the written request of the holders of shares entitled to cast not less than 25% of all the votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted on at such meeting. The secretary shall inform such stockholders of the reasonably estimated cost of preparing and mailing notice of the meeting and, upon payment to the Corporation by such stockholders of such costs, the secretary shall give notice to each stockholder entitled to notice of the meeting. Unless requested by the stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting, a special meeting need not be called to consider any matter which is substantially

the same as a matter voted on at any special meeting of the stockholders held during the preceding twelve months.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail or by presenting it to such stockholder personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at his post office address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 6. ORGANIZATION. At every meeting of stockholders, the Chairman of the Board, if there be one, shall conduct the meeting or, in the case of vacancy in office or absence of the Chairman of the Board, one of the following officers present shall conduct the meeting in the order stated: the Vice Chairman of the Board, if there be one, the President, the Vice Presidents in their order of rank and seniority, or a Chairman chosen by the stockholders entitled to cast a majority of the votes which all stockholders present in person or by proxy are entitled to cast, shall act as Chairman, and the Secretary, or, in his absence, an assistant secretary, or in the absence of both the Secretary and assistant secretaries, a person appointed by the Chairman shall act as Secretary.

Section 7. QUORUM. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. VOTING. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the charter of the Corporation. Unless otherwise provided in the charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

Section 9. PROXIES. A stockholder may vote the stock owned of record by him, either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 10. VOTING OF STOCK BY CERTAIN HOLDERS. Stock of the Corporation registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with

respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

Notwithstanding any other provision of the charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

Section 11. INSPECTORS. At any meeting of stockholders, the chairman of the meeting may, or upon the request of any stockholder shall, appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the stockholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be PRIMA FACIE evidence thereof.

Section 12. NOMINATIONS AND STOCKHOLDER BUSINESS

(a) ANNUAL MEETINGS OF STOCKHOLDERS. (1) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders (except for stockholder proposals included in the proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section 12(a), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 12(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 12, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the secretary at the principal executive offices of the Corporation not less than 75 days nor more than 180 days prior to the first anniversary of the preceding year's annual meeting or special meeting in lieu thereof; provided, however, that in the event that the date of the annual meeting is advanced by more than seven calendar days or delayed by more than 60 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 180th day prior to such annual meeting and not later than the close of business on the later of the 75th day prior to such annual meeting or the twentieth day following the earlier of the day on which public announcement of the date of such meeting is first made or notice of the meeting is mailed to stockholders. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (x) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (y) the number of shares of each class of stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 12 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 85 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 12(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) SPECIAL MEETINGS OF STOCKHOLDERS. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 12(b), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 12(b). In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position as specified in the Corporation's notice of meeting, if the stockholder's notice containing the information required by paragraph (a)(2) of this Section 12 shall be delivered to the secretary at the principal executive offices of the Corporation not earlier than the 180th day prior to such special meeting and not later than the close of business on the later of the 75th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(c) GENERAL. (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 12 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 12. The presiding officer of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 12 and, if any proposed nomination or business is not in compliance with this Section 12, to declare that such defective nomination or proposal be disregarded.

(2) For purposes of this Section 12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 12, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters

set forth in this Section 12. Nothing in this Section 12 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 13. VOTING BY BALLOT. Voting on any question or in any election may be VIVA VOCE unless the presiding officer shall order or any stockholder shall demand that voting be by ballot.

ARTICLE III

DIRECTORS

Section 1. GENERAL POWERS; QUALIFICATIONS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the Maryland General Corporation Law, nor more than 15, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board (or any co-chairman of the board if more than one), president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. NOTICE. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, facsimile transmission, United States mail or courier to each director at his business or residence address. Notice by personal delivery, by telephone or a facsimile transmission shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting and shall be deemed to be given when deposited in the United States mail properly

addressed, with postage thereon prepaid. Telephone notice shall be deemed to be given when the director is personally given such notice in a telephone call to which he is a party. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to the charter of the Corporation or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The Board of Directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. VOTING. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable statute.

Section 8. TELEPHONE MEETINGS. Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 9. INFORMAL ACTION BY DIRECTORS. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing to such action is signed by each director and such written consent is filed with the minutes of proceedings of the Board of Directors.

Section 10. VACANCIES. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder (even if fewer than three directors remain). Any vacancy on the Board of Directors for any cause other than an increase in the number of directors shall be filled by a majority of the remaining directors, although such majority is less than a

quorum. Any vacancy in the number of directors created by an increase in the number of directors may be filled by a majority vote of the entire Board of Directors. Any individual so elected as director shall hold office for the unexpired term of the director he is replacing.

Section 11. COMPENSATION. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive fixed sums per year and/or per meeting and/or per visit to real property owned or to be acquired by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they performed or engaged in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 12. LOSS OF DEPOSITS. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or stock have been deposited.

Section 13. SURETY BONDS. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his duties.

Section 14. RELIANCE. Each director, officer, employee and agent of the Corporation shall, in the performance of his duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

Section 15. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, employee or agent of the Corporation, in his personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to or in addition to or in competition with those of or relating to the Corporation.

ARTICLE IV

COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Compensation Committee and other committees, composed of two or more directors, to serve at the pleasure of the Board of Directors.

Section 2. POWERS. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 3. MEETINGS. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or any two members of any committee may fix the time and place of its meeting unless the Board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member. Each committee shall keep minutes of its proceedings.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. INFORMAL ACTION BY COMMITTEES. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing to such action is signed by each member of the committee and such written consent is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V

OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall include
[a chief executive officer, a president, a secretary and a treasurer]and may include a chairman of the board (or one or more co-chairmen of the board), a vice chairman of the board, one or more executive vice presidents, one or more senior vice presidents, one or more vice presidents, a chief operating officer, a chief financial officer, a treasurer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of stockholders, except that the chief executive officer may appoint one or more vice presidents, assistant secretaries and assistant treasurers. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. In its discretion, the Board of Directors may leave unfilled any office except that of president, treasurer and secretary. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the chairman of the board (or any co-chairman of the board if more than one), the president or the secretary. Any resignation shall take effect at any time subsequent to the time specified therein or, if the time when it shall become effective is not specified therein, immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. VACANCIES. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. CHIEF EXECUTIVE OFFICER. The Board of Directors may designate a chief executive officer. In the absence of such designation, the chairman of the board (or, if more than

one, the co-chairmen of the board in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation.

Section 5. CHIEF OPERATING OFFICER. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 6. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 7. CHAIRMAN OF THE BOARD. The Board of Directors shall designate a chairman of the board (or one or more co-chairmen of the board). The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he shall be present. If there be more than one, the co-chairmen designated by the Board of Directors will perform such duties. The chairman of the board shall perform such other duties as may be assigned to him or them by the Board of Directors.

Section 8. CHAIRMAN OF THE BOARD EMERITUS. The directors may elect by a majority vote, from time to time, a chairman of the board emeritus (or one or more co-chairmen of the board emeritus). The chairman of the board emeritus shall be an honorary position and shall have no vote on any matter considered by the directors. The chairman of the board emeritus shall serve for such term as determined by the Board of Directors and may be removed by a majority role of directors with or without cause.

Section 9. PRESIDENT. The president or chief executive officer, as the case may be, shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 10. VICE PRESIDENTS. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president,

the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to him by the president or by the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president or as vice president for particular areas of responsibility.

Section 11. SECRETARY. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the share transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the Board of Directors.

Section 12. TREASURER. The treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 13. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

Section 14. SALARIES. The salaries and other compensation of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the directors or by an authorized person shall be valid and binding upon the Board of Directors and upon the Corporation when authorized or ratified by action of the Board of Directors.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

ARTICLE VII

STOCK

Section 1. CERTIFICATES. Each stockholder shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of stock held by him in the Corporation. Each certificate shall be signed by the chief executive officer, the president or a vice president and countersigned by the secretary or an assistant secretary or the treasurer or an assistant treasurer and may be sealed with the seal, if any, of the Corporation. The signatures may be either

manual or facsimile. Certificates shall be consecutively numbered; and if the Corporation shall, from time to time, issue several classes of stock, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. If the Corporation has authority to issue stock of more than one class, the certificate shall contain on the face or back a full statement or summary of the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each class of stock and, if the Corporation is authorized to issue any preferred or special class in series, the differences in the relative rights and preferences between the shares of each series to the extent they have been set and the authority of the Board of Directors to set the relative rights and preferences of subsequent series. In lieu of such statement or summary, the certificate may state that the Corporation will furnish a full statement of such information to any stockholder upon request and without charge. If any class of stock is restricted by the Corporation as to transferability, the certificate shall contain a full statement of the restriction or state that the Corporation will furnish information about the restrictions to the stockholder on request and without charge.

Section 2. TRANSFERS. Upon surrender to the Corporation or the transfer agent of the Corporation of a stock certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class of stock will be subject in all respects to the charter of the Corporation and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. Any officer designated by the Board of Directors may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the Board of Directors may, in his discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not longer than 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment

thereof, except when (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII

ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX

DISTRIBUTIONS

Section 1. AUTHORIZATION. Dividends and other distributions upon the stock of the Corporation may be authorized and declared by the Board of Directors, subject to the provisions of law and the charter of the Corporation. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the charter.

Section 2. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors

shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the charter of the Corporation, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

Section 1. SEAL. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words "Corporate Seal Maryland." The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

INDEMNIFICATION AND ADVANCES FOR EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall indemnify and shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made a party to the proceeding by reason of his service in that capacity or (b) any individual who, while a director of the Corporation and at the request of the Corporation, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee of such corporation, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made a party to the proceeding by reason of his service in that capacity. The Corporation may, with the approval of its Board of Directors, provide such indemnification and advance for expenses to

a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Bylaws or charter of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XIII

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIV

AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

EXHIBIT 10.1

FIRST AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

SL GREEN OPERATING PARTNERSHIP, L.P.

Dated as of_____, 1997

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FIRST AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
SL GREEN OPERATING PARTNERSHIP, L.P.

THIS FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, dated as of _____, 1997, is entered into by and among SL Green Realty Corp., a Maryland corporation, as the General Partner of and a Limited Partner in the Partnership, and the Persons (as defined below) whose names are set forth on Exhibit A, as attached hereto (as it may be amended from time to time).

WHEREAS, the Partnership was formed on _____, 1997, and, on _____, 1997, the Partnership adopted an Agreement of Limited Partnership (the "Prior Agreement"); and

WHEREAS, the parties hereto will make certain capital contributions to the Partnership;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby amend and restate the Prior Agreement in its entirety and agree to continue the Partnership as a limited partnership under the Delaware Revised Uniform Limited Partnership Act, as amended from time to time, as follows:

ARTICLE I
DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"ACT" means the Delaware Revised Uniform Limited Partnership Act, 6 DEL. C. Section 17-101, ET SEQ., as it may be amended from time to time, and any successor to such statute.

"ADDITIONAL LIMITED PARTNER" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 12.2 hereof and who is shown as such on the books and records of the Partnership.

"ADJUSTED CAPITAL ACCOUNT" means the Capital Account maintained for each Partner as of the end of each Partnership Year (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (ii) decreased by the items described in Regulations Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-l(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-l(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"ADJUSTED CAPITAL ACCOUNT DEFICIT" means, with respect to Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account as of the end of the relevant Partnership Year.

"ADJUSTED PROPERTY" means any property the Carrying Value of which has been adjusted pursuant to EXHIBIT B hereto.

"ADJUSTMENT DATE" has the meaning set forth in Section 4.2.B hereof.

"AFFILIATE" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, (iii) any Person of which such Person owns or controls ten percent (10%) or more of the voting interests or (iv) any officer, director, general partner or trustee of such Person or any Person referred to in clauses (i), (ii), and (iii) above. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AGREED VALUE" means (i) in the case of any Contributed Property contributed to the Partnership as part of or in connection with the Consolidation, the amount set forth on Exhibit E attached hereto as the Agreed Value of such Property; (ii) in the case of any other Contributed Property, the 704(c) Value of such property as of the time of its contribution to the Partnership, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed; and (iii) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution as determined under Section 752 of the Code and the Regulations thereunder.

"AGREEMENT" means this First Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

"ARTICLES OF INCORPORATION" means the Articles of Incorporation or other organizational document governing the General Partner, as amended or restated from time to time.

"ASSIGNEE" means a Person to whom one or more Partnership Units have been transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5 hereof.

"AVAILABLE CASH" means, with respect to any period for which such calculation is being made:

(a) all cash revenues and funds received by the Partnership from whatever source (excluding the proceeds of any Capital Contribution) plus the amount of any reduction (including, without limitation, a reduction resulting because the General Partner determines such amounts are no longer necessary) in reserves of the Partnership, which reserves are referred to in clause (b)(iv) below;

(b) less the sum of the following (except to the extent made with the proceeds of any Capital Contribution):

(i) all interest, principal and other debt payments made during such period by the Partnership,

(ii) all cash expenditures (including capital expenditures) made by the Partnership during such period,

(iii) investments in any entity (including loans made thereto) to the extent that such investments are permitted under this Agreement and are not otherwise described in clauses (b)(i) or (ii), and

(iv) the amount of any increase in reserves established during such period which the General Partner determines is necessary or appropriate in its sole and absolute discretion.

Notwithstanding the foregoing, Available Cash shall not include any cash received or reductions in reserves, or take into account any disbursements made or reserves established, after commencement of the dissolution and liquidation of the Partnership.

"BOOK-TAX DISPARITIES" means, with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to EXHIBIT B hereto and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained, with respect to each such Contributed Property or Adjusted Property, strictly in accordance with federal income tax accounting principles.

"BUSINESS DAY" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"CAPITAL ACCOUNT" means the Capital Account maintained for a Partner pursuant to EXHIBIT B hereto.

"CAPITAL CONTRIBUTION" means, with respect to any Partner, any cash, cash equivalents or the Agreed Value of Contributed Property which such Partner contributes or is deemed to contribute to the Partnership pursuant to Section 4.1 or 4.2 hereof.

"CARRYING VALUE" means (i) with respect to a Contributed Property or Adjusted Property, the 704(c) Value of such property reduced (but not below zero) by all Depreciation with respect to such Contributed Property or Adjusted Property, as the case may be, charged to the Partners' Capital Accounts and (ii) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with EXHIBIT B hereto, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"CASH AMOUNT" means an amount of cash equal to the Value on the Valuation Date of the Shares Amount.

"CERTIFICATE" means the Certificate of Limited Partnership relating to the Partnership filed in the office of the Delaware Secretary of State, as amended from time to time in accordance with the terms hereof and the Act.

"CHARTER DOCUMENTS" has the meaning set forth in Section 7.11.D hereof.

"CLASS A" has the meaning set forth in Section 5.1.C hereof.

"CLASS A SHARE" has the meaning set forth in Section 5.1.C hereof.

"CLASS A UNIT" means any Partnership Unit that is not specifically designated by the General Partner as being of another specified class of Partnership Units.

"CLASS B" has the meaning set forth in Section 5.1.C hereof.

"CLASS B SHARE" has the meaning set forth in Section 5.1.C hereof.

"CLASS B UNIT" means a Partnership Unit that is specifically designated by the General Partner as being a Class B Unit.

"CODE" means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"CONSENT" means the consent or approval of a proposed action by a Partner given in accordance with Section 14.2 hereof.

"CONSENT OF CERTAIN LIMITED PARTNERS" means Consent of the holders of 75% in the aggregate of the 673 First Avenue Units and the 470 Park Avenue South Units, collectively considered as one group.

"CONSENT OF THE OUTSIDE LIMITED PARTNERS" means the Consent of Limited Partners (excluding for this purpose any Limited Partnership Interests held by the General Partner, any Person of which the General Partner owns or controls more than fifty percent (50%) of the voting interests and any Person owning or controlling, directly or indirectly, more than fifty percent (50%) of the outstanding voting interests of the General Partner) holding Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interest of all Limited Partners who are not excluded for the purposes hereof.

"CONSOLIDATION" means the transactions whereby the Partnership will acquire interests in certain office properties located in midtown Manhattan and certain property management and construction businesses, which provide services to those properties and to other properties in the New York metropolitan area, in exchange for Partnership Units upon completion of an initial public offering by S.L. Green Realty Corporation.

"CONSOLIDATION TRANSACTION" has the meaning set forth in Section 7.11.C.(5) hereof.

"CONTRIBUTED PROPERTY" means each property or other asset contributed to the Partnership, in such form as may be permitted by the Act, but excluding cash contributed or deemed contributed to the Partnership. Once the Carrying Value of a Contributed Property is adjusted pursuant to EXHIBIT B hereto, such property shall no longer constitute a Contributed Property for purposes of EXHIBIT B hereto, but shall be deemed an Adjusted Property for such purposes.

"CONVERSION FACTOR" means 1.0; provided that in the event that the General Partner Entity (i) declares or pays a dividend on its outstanding Shares in Shares or makes a distribution to all holders of its outstanding Shares in Shares, (ii) subdivides its outstanding Shares or (iii) combines its outstanding Shares into a smaller number of Shares, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time) and the denominator of which shall be the actual number of Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, subdivision or combination; and PROVIDED, FURTHER that in the event that an entity shall cease to be the General Partner Entity (the "Predecessor Entity") and another entity shall become the General Partner Entity (the "Successor Entity"), the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which is the Value of one share of the Predecessor Entity, determined as of the time immediately prior to when the Successor Entity becomes the General Partner Entity, and the denominator of which is the Value of one Share of the Successor Entity

determined as of that same date. (For purposes of the second proviso in the preceding sentence, in the event that any shareholders of the Predecessor Entity will receive consideration in connection with the transaction in which the Successor Entity becomes the General Partner Entity, the numerator in the fraction described above for determining the adjustment to the Conversion Factor (that is, the Value of one Share of the Predecessor Entity) shall be the sum of the greatest amount of cash and the fair market value of any securities and other consideration that the holder of one Share in the Predecessor Entity could have received in such transaction (determined without regard to any provisions governing fractional shares).) Any adjustment to the Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for the event giving rise thereto; it being intended that (x) adjustments to the Conversion Factor are to be made in order to avoid unintended dilution or anti-dilution as a result of transactions in which Shares are issued, redeemed or exchanged without a corresponding issuance, redemption or exchange of Partnership Units and (y) if a Specified Redemption Date shall fall between the record date and the effective date of any event of the type described above, that the Conversion Factor applicable to such redemption shall be adjusted to take into account such event.

"CONVERTIBLE FUNDING DEBT" has the meaning set forth in Section 7.5.F hereof.

"DEBT" means, as to any Person, as of any date of determination, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person, (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof, and (iv) obligations of such Person incurred in connection with entering into a lease which, in accordance with generally accepted accounting principles, should be capitalized.

"DEEMED PARTNERSHIP INTEREST VALUE" means, as of any date with respect to any class of Partnership Interests, the Deemed Value of the Partnership Interest of such class multiplied by the applicable Partner's Percentage Interest of such class.

"DEEMED VALUE OF THE PARTNERSHIP INTEREST" means, as of any date with respect to any class of Partnership Interests, (a) if the shares of common stock (or other comparable equity interests) of the General Partner are Publicly Traded (i) the total number of shares of capital stock (or other comparable equity interest) of the General Partner corresponding to such class of Partnership Interest (as provided for in Section 4.2.B hereof) issued and outstanding as of the close of business on such date (excluding any treasury shares) multiplied by the Value of a share of such capital stock (or other comparable equity interest) on such date DIVIDED BY (ii) the Percentage Interest of the General Partner in such class of Partnership Interests on such date, and (b) otherwise, the aggregate Value of such class of Partnership Interests determined as set forth in the fourth and fifth sentences of the definition of Value.

"DEPRECIATION" means, for each fiscal year, an amount equal to the federal income tax depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year, except that if the Carrying Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Carrying Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year bears to such beginning adjusted tax basis; PROVIDED, HOWEVER, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Carrying Value using any reasonable method selected by the General Partner.

"DISTRIBUTION PERIOD" has the meaning set forth in Section 5.1.C hereof.

"EFFECTIVE DATE" means the date of the closing of the Consolidation.

"EQUITY MERGER" has the meaning set forth in Section 7.11.D hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXCHANGED PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"470 PARK SOUTH, L.P." means 470 Park Avenue South, L.P., a New York limited partnership.

"470 PARK AVENUE SOUTH PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"470 PARK AVENUE SOUTH UNITS" has the meaning set forth in Section 7.11.C hereof.

"FUNDING DEBT" means the incurrence of any Debt by or on behalf of the General Partner for the purpose of providing funds to the Partnership.

"GENERAL PARTNER" means S.L. Green Realty Corporation, a Maryland corporation, or its successors as general partner of the Partnership.

"GENERAL PARTNER ENTITY" means the General Partner; provided, however, that if (i) the shares of common stock (or other comparable equity interests) of the General Partner are at any time not Publicly Traded and (ii) the shares of common stock (or other comparable equity interests) of an entity that owns, directly or indirectly, fifty percent (50%) or more of the shares of common stock (or other comparable equity interests) of the General Partner are Publicly

Traded, the term "General Partner Entity" shall refer to such entity whose shares of common stock (or other comparable equity securities) are Publicly Traded. If both requirements set forth in clauses (i) and (ii) above are not satisfied, then the term "General Partner Entity" shall mean the General Partner.

"GENERAL PARTNER PAYMENT" has the meaning set forth in Section 15.14 hereof.

"GENERAL PARTNERSHIP INTEREST" means a Partnership Interest held by the General Partner that is a general partnership interest. A General Partnership Interest may be expressed as a number of Partnership Units.

"IRS" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"IMMEDIATE FAMILY" means, with respect to any natural Person, such natural Person's spouse, parents, descendants, nephews, nieces, brothers, and sisters.

"INCAPACITY" or "INCAPACITATED" means, (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her Person or estate, (ii) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter, (iii) as to any partnership which is a Partner, the dissolution and commencement of winding up of the partnership, (iv) as to any estate which is a Partner, the distribution by the fiduciary of the estate's entire interest in the Partnership, (v) as to any trustee of a trust which is a Partner, the termination of the trust (but not the substitution of a new trustee) or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment or (h) an appointment referred to in clause (g) is not vacated within ninety (90) days after the expiration of any such stay.

"INDEMNITEE" means (i) any Person made a party to a proceeding or threatened with being made a party to a proceeding by reason of its status as (A) the General Partner, (B) a Limited Partner or (C) a director or officer of the Partnership or the General Partner and (ii) such other Persons (including Affiliates of the General Partner, a Limited Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"LIMITED PARTNER" means any Person named as a Limited Partner in Exhibit A attached hereto, as such Exhibit may be amended and restated from time to time, or any Substituted Limited Partner or Additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"LIMITED PARTNERSHIP INTEREST" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partnership Interest may be expressed as a number of Partnership Units.

"LIQUIDATING EVENT" has the meaning set forth in Section 13.1 hereof.

"LIQUIDATING TRANSACTION" has the meaning set forth in Section 7.11.C hereof.

"LIQUIDATOR" has the meaning set forth in Section 13.2.A hereof.

"NET INCOME" means, for any taxable period, the excess, if any, of the Partnership's items of income and gain for such taxable period over the Partnership's items of loss and deduction for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with EXHIBIT B hereto. If an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to the special allocation rules in EXHIBIT C hereto, Net Income or the resulting Net Loss, whichever the case may be, shall be recomputed without regard to such item.

"NET LOSS" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction for such taxable period over the Partnership's items of income and gain for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with EXHIBIT B. If an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to the special allocation rules in EXHIBIT C hereto, Net Loss or the resulting Net Income, whichever the case may be, shall be recomputed without regard to such item.

"NEW SECURITIES" means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase shares of capital stock (or other comparable equity interest) of the General Partner, excluding grants under any Stock

Option Plan, or (ii) any Debt issued by the General Partner that provides any of the rights described in clause (i).

"NONRECOURSE BUILT-IN GAIN" means, with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Section 2.B of EXHIBIT C hereto if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"NONRECOURSE DEDUCTIONS" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"NONRECOURSE LIABILITY" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"NOTICE OF REDEMPTION" means a Notice of Redemption substantially in the form of EXHIBIT D attached hereto.

"PARTNER" means the General Partner or a Limited Partner, and "Partners" means the General Partner and the Limited Partners.

"PARTNER MINIMUM GAIN" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"PARTNER NONRECOURSE DEBT" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"PARTNER NONRECOURSE DEDUCTIONS" has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"PARTNERSHIP" means the limited partnership formed under the Act and continued upon the terms and conditions set forth in this Agreement, and any successor thereto.

"PARTNERSHIP INTEREST" means a Limited Partnership Interest or the General Partnership Interest and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be expressed as a number of Partnership Units.

"PARTNERSHIP MINIMUM GAIN" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"PARTNERSHIP RECORD DATE" means the record date established by the General Partner either (i) for the distribution of Available Cash pursuant to Section 5.1 hereof, which record date shall be the same as the record date established by the General Partner Entity for a distribution to its shareholders of some or all of its portion of such distribution received by the General Partner if the shares of common stock (or comparable equity interests) of the General Partner Entity are Publicly Traded, or (ii) if applicable, for determining the Partners entitled to vote on or consent to any proposed action for which the consent or approval of the Partners is sought pursuant to Section 14.2 hereof.

"PARTNERSHIP UNIT" means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to, Sections 4.1 and 4.2 hereof, and includes Class A Units, Class B Units and any other classes or series of Partnership Units established after the date hereof. The number of Partnership Units outstanding and the Percentage Interests in the Partnership represented by such Partnership Units are set forth in EXHIBIT A hereto, as such Exhibit may be amended and restated from time to time. The ownership of Partnership Units may be evidenced by a certificate in a form approved by the General Partner.

"PARTNERSHIP YEAR" means the fiscal year of the Partnership, which shall be the calendar year.

"PERCENTAGE INTEREST" means, as to a Partner holding a class of Partnership Interests, its interest in such class, determined by dividing the Partnership Units of such class owned by such Partner by the total number of Partnership Units of such class then outstanding as specified in EXHIBIT A attached hereto, as such exhibit may be amended and restated from time to time, multiplied by the aggregate Percentage Interest allocable to such class of Partnership Interests. In the event that the Partnership shall at any time have outstanding more than one class of Partnership Interests, the Percentage Interest attributable to each class of Partnership Interests shall be determined as set forth in Section 4.2.B hereof.

"PERSON" means a natural person, partnership (whether general or limited), trust, estate, association, corporation, limited liability company, unincorporated organization, custodian, nominee or any other individual or entity in its own or any representative capacity.

"PREDECESSOR ENTITY" has the meaning set forth in the definition of "Conversion Factors herein.

"PUBLICLY TRADED" means listed or admitted to trading on the New York Stock Exchange, the American Stock Exchange or another national securities exchange or designated for quotation on the NASDAQ National Market, or any successor to any of the foregoing.

"QUALIFIED REIT SUBSIDIARY" means any Subsidiary of the General Partner that is a "qualified REIT subsidiary" within the meaning Section 856(i) of the Code.

"RECAPTURE INCOME" means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"REDEEMING PARTNER" has the meaning set forth in Section 8.6.A hereof.

"REDEMPTION AMOUNT" means either the Cash Amount or the Shares Amount, as determined by the General Partner in its sole and absolute discretion; provided that in the event that the Shares are not Publicly Traded at the time a Redeeming Partner exercises its Redemption Right the Redemption Amount shall be paid only in the form of the Cash Amount unless the Redeeming Partner, in its sole and absolute discretion, consents to payment of the Redemption Amount in the form of the Shares Amount. A Redeeming Partner shall have no right, without the General Partner's consent, in its sole and absolute discretion, to receive the Redemption Amount in the form of the Shares Amount.

"REDEMPTION RIGHT" has the meaning set forth in Section 8.6.A hereof.

"REGULATIONS" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"REIT" means a real estate investment trust under Section 856 of the Code.

"REIT REQUIREMENTS" has the meaning set forth in Section 5.1.A hereof.

"REPLACEMENT PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"RESIDUAL GAIN" or "RESIDUAL LOSS" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 2.B.1(a) or 2.B.2(a) of EXHIBIT C hereto to eliminate Book-Tax Disparities.

"SAFE HARBOR" has the meaning set forth in Section 11.6.F hereof.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"704(C) VALUE" of any Contributed Property means the fair market value of such property at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt. Subject to EXHIBIT B hereto, the General Partner shall, in

its sole and absolute discretion, use such method as it deems reasonable and appropriate to allocate the aggregate of the 704(c) Values of Contributed Properties in a single or integrated transaction among each separate property on a basis proportional to their fair market values. The 704(c) Values of the Contributed Properties contributed to the Partnership as part of or in connection with the Consolidation are set forth on EXHIBIT E attached hereto.

"SHARE" means a share of capital stock (or other comparable equity interest) of the General Partner Entity. Shares may be issued in one or more classes or series in accordance with the terms of the Articles of Incorporation (or, if the General Partner is not the General Partner Entity, the organizational documents of the General Partner Entity). In the event that there is more than one class or series of Shares, the term "Shares" shall, as the context requires, be deemed to refer to the class or series of Shares that correspond to the class or series of Partnership Interests for which the reference to Shares is made. When used with reference to Class A Units, the term "Shares" refers to shares of common stock (or other comparable equity interest) of the General Partner Entity.

"SHARES AMOUNT" means a number of Shares equal to the product of the number of Partnership Units offered for redemption by a Redeeming Partner times the Conversion Factor; PROVIDED THAT, in the event the General Partner Entity issues to all holders of Shares rights, options, warrants or convertible or exchangeable securities entitling such holders to subscribe for or purchase Shares or any other securities or property (collectively, the "rights"), then the Shares Amount for any Partnership Units outstanding prior to the issuance of such rights shall also include such rights that a holder of that number of Shares would be entitled to receive; and PROVIDED, FURTHER that, the Shares Amount shall be adjusted pursuant to Section 7.5 hereof in the event that the General Partner acquires material assets other than on behalf of the Partnership.

"673 FIRST AVENUE PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"673 FIRST AVENUE REALTY COMPANY" means 673 First Realty Company, a New York general partnership.

"673 FIRST AVENUE UNITS" has the meaning set forth in Section 7.11.C hereof.

"SPECIFIED REDEMPTION DATE" means the tenth Business Day after receipt by the General Partner of a Notice of Redemption; PROVIDED THAT, if the Shares are not Publicly Traded, the Specified Redemption Date means the thirtieth Business Day after receipt by the General Partner of a Notice of Redemption.

"STOCK OPTION PLAN" means any stock incentive plan of the General Partner, the Partnership or any Affiliate of the Partnership or the General Partner.

"SUBSIDIARY" means, with respect to any Person, any corporation, limited liability company, partnership or joint venture, or other entity of which a majority of (i) the voting

power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"SUBSTITUTED LIMITED PARTNER" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4 hereof.

"SUCCESSOR ENTITY" has the meaning set forth in the definition of "Conversion Factor" herein.

"SUCCESSOR PARTNERSHIP" has the meaning set forth in Section 7.11.C hereof.

"TENANT" means any tenant from which the General Partner derives rent, either directly or indirectly through partnerships, including the Partnership, or through any Qualified REIT Subsidiary.

"TERMINATING CAPITAL TRANSACTION" means any sale or other disposition of all or substantially all of the assets of the Partnership for cash or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership for cash.

"TERMINATION TRANSACTION" has the meaning set forth in Section 11.2.B hereof.

"TRANSFERRED PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"UNREALIZED GAIN" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the fair market value of such property (as determined under EXHIBIT B hereto) as of such date, over (ii) the Carrying Value of such property (prior to any adjustment to be made pursuant to EXHIBIT B hereto) as of such date.

"UNREALIZED LOSS" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the Carrying Value of such property (prior to any adjustment to be made pursuant to EXHIBIT B hereto) as of such date, over (ii) the fair market value of such property (as determined under EXHIBIT B hereto) as of such date.

"VALUATION DATE" means the date of receipt by the General Partner of a Notice of Redemption or, if such date is not a Business Day, the first Business Day thereafter.

"VALUE" means, with respect to any outstanding Shares of the General Partner Entity that are Publicly Traded, the average of the daily market price for the ten (10) consecutive trading days immediately preceding the date with respect to which value must be determined or, if such date is not a Business Day, the immediately preceding Business Day. The market price for each such trading day shall be the closing price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices on such day. In the event that the outstanding Shares of the General Partner Entity are Publicly Traded

and the Shares Amount includes rights that a holder of Shares would be entitled to receive, then the Value of such rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event that the Shares of the General Partner Entity are not Publicly Traded, the Value of the Shares Amount per Partnership Unit offered for redemption (which will be the Cash Amount per Partnership Unit offered for redemption payable pursuant to Section 8.6.A hereof) means the amount that a holder of one Partnership Unit would receive if each of the assets of the Partnership were to be sold for its fair market value on the Specified Redemption Date, the Partnership were to pay all of its outstanding liabilities, and the remaining proceeds were to be distributed to the Partners in accordance with the terms of this Agreement. Such Value shall be determined by the General Partner, acting in good faith and based upon a commercially reasonable estimate of the amount that would be realized by the Partnership if each asset of the Partnership (and each asset of each Partnership, limited liability company, joint venture or other entity in which the Partnership owns a direct or indirect interest) were sold to an unrelated purchaser in an arms' length transaction where neither the purchaser nor the seller were under economic compulsion to enter into the transaction (without regard to any discount in value as a result of the Partnership's minority interest in any property or any illiquidity of the Partnership's interest in any property). In connection with determining the Deemed Value of the Partnership Interest for purposes of determining the number of additional Partnership Units issuable upon a Capital Contribution funded by an underwritten public offering of shares of capital stock (or other comparable equity interest) of the General Partner, the Value of such shares shall be the public offering price per share of such class of the capital stock (or other comparable equity interest) sold.

ARTICLE II
ORGANIZATIONAL MATTERS

SECTION 2.1 ORGANIZATION

The Partnership is a limited partnership organized pursuant to the provisions of the Act and upon the terms and conditions set forth in the Prior Agreement. The Partners hereby continue the Partnership and amend and restate the Prior Agreement in its entirety. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

SECTION 2.2 NAME

The name of the Partnership is SL Green Operating Partnership, L.P. The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any

jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

SECTION 2.3 REGISTERED OFFICE AND AGENT; PRINCIPAL OFFICE

The address of the registered office of the Partnership in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be Corporation Trust Company. The principal office of the Partnership shall be 70 West 36th Street, New York, New York 10018, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

SECTION 2.4 TERM

The term of the Partnership commenced on _____, 1997, the date on which the Certificate was filed in the office of the Secretary of State of the State of Delaware in accordance with the Act, and shall continue until December 31, 209__, unless it is dissolved sooner pursuant to the provisions of Article XIII hereof or as otherwise provided by law.

ARTICLE III
PURPOSE

SECTION 3.1 PURPOSE AND BUSINESS

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act; PROVIDED, HOWEVER, that such business shall be limited to and conducted in such a manner as to permit the General Partner Entity at all times to be classified as a REIT, unless the General Partner ceases to qualify or is not qualified as a REIT for any reason or reasons not related to the business conducted by the Partnership; (ii) to enter into any partnership, joint venture, limited liability company or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged, directly or indirectly, in any of the foregoing; and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, the Partners acknowledge that the status of the General Partner Entity as a REIT inures to the benefit of all the Partners and not solely the General Partner or its Affiliates.

SECTION 3.2 POWERS

The Partnership is empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership, including, without limitation, full power and authority, directly or through its ownership interest in other entities, to enter into, perform and carry out contracts of any kind, borrow money and issue evidences of indebtedness whether or not secured by mortgage, deed of trust, pledge or other lien, acquire, own, manage, improve and develop real property, and lease, sell, transfer and dispose of real property; PROVIDED, HOWEVER, that the Partnership shall not take, or refrain from taking, any action which, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the ability of the General Partner Entity to continue to qualify as a REIT, (ii) could subject the General Partner Entity to any additional taxes under Section 857 or Section 4981 of the Code or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner Entity or its securities, unless such action (or inaction) shall have been specifically consented to by the General Partner in writing.

SECTION 3.3 PARTNERSHIP ONLY FOR PURPOSES SPECIFIED

The Partnership shall be a partnership only for the purposes specified in Section 3.1 above, and this Agreement shall not be deemed to create a partnership among the Partners with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in Section 3.1 above.

ARTICLE IV
CAPITAL CONTRIBUTIONS AND ISSUANCES OF PARTNERSHIP INTERESTS

SECTION 4.1 CAPITAL CONTRIBUTIONS OF THE PARTNERS

A. INITIAL CAPITAL CONTRIBUTIONS AND RECAPITALIZATION OF THE PARTNERSHIP ON THE EFFECTIVE DATE. On the Effective Date, the Partners will make Capital Contributions to the Partnership in connection with the Consolidation. On the Effective Date, the General Partner will complete EXHIBIT A hereto to reflect the Capital Contributions made by each Partner, the Partnership Units assigned to each Partner and the Percentage Interest in the Partnership represented by such Partnership Units. The Capital Accounts of the Partners and the Carrying Values of the Partnership's Assets shall be determined as of the Effective Date pursuant to Section I.D of EXHIBIT B hereto to reflect the Capital Contributions made on the Effective Date.

B. GENERAL PARTNERSHIP INTEREST. A number of Partnership Units held by the General Partner equal to one percent (1%) of all outstanding Partnership Units shall be deemed to be the General Partner Partnership Units and shall be the General Partnership Interest. All

other Partnership Units held by the General Partner shall be deemed to be Limited Partnership Interests and shall be held by the General Partner in its capacity as a Limited Partner in the Partnership.

C. CAPITAL CONTRIBUTIONS BY MERGER. To the extent the Partnership acquires any property by the merger of any other Person into the Partnership, Persons who receive Partnership Interests in exchange for their interests in the Person merging into the Partnership shall become Partners and shall be deemed to have made Capital Contributions as provided in the applicable merger agreement and as set forth in EXHIBIT A hereto.

D. NO OBLIGATION TO MAKE ADDITIONAL CAPITAL CONTRIBUTIONS. Except as provided in Sections 7.5 and 10.5 hereof, the Partners shall have no obligation to make any additional Capital Contributions or provide any additional funding to the Partnership (whether in the form of loans, repayments of loans or otherwise). No Partner shall have any obligation to restore any deficit that may exist in its Capital Account, either upon a liquidation of the Partnership or otherwise.

SECTION 4.2 ISSUANCES OF PARTNERSHIP INTERESTS

A. GENERAL. The General Partner is hereby authorized to cause the Partnership from time to time to issue to Partners (including the General Partner and its Affiliates) or other Persons (including, without limitation, in connection with the contribution of property to the Partnership) Partnership Units or other Partnership Interests in one or more classes, or in one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to Limited Partnership Interests, all as shall be determined, subject to applicable Delaware law, by the General Partner in its sole and absolute discretion, including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests, (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; PROVIDED THAT, no such Partnership Units or other Partnership Interests shall be issued to the General Partner unless either (a) the Partnership Interests are issued in connection with the grant, award or issuance of Shares or other equity interests in the General Partner having designations, preferences and other rights such that the economic interests attributable to such Shares or other equity interests are substantially similar to the designations, preferences and other rights (except voting rights) of the additional Partnership Interests issued to the General Partner in accordance with this Section 4.2.A or (b) the Partnership Interests are issued to all Partners holding Partnership Interests in the same class in proportion to their respective Percentage Interests in such class. In the event that the Partnership issues Partnership Interests pursuant to this Section 4.2.A, the General Partner shall make such revisions to this Agreement (including but not limited to the revisions described in Section 5.4, Section 6.2 and Section 8.6 hereof) as it deems necessary to reflect the issuance of such additional Partnership Interests.

B. PERCENTAGE INTEREST ADJUSTMENTS IN THE CASE OF CAPITAL CONTRIBUTIONS FOR PARTNERSHIP UNITS. Upon the acceptance of additional Capital Contributions in exchange for Partnership Units, the Percentage Interest related thereto shall be equal to a fraction, the numerator of which is equal to the amount of cash, if any, plus the Agreed Value of Contributed Property, if any, contributed with respect to such additional Partnership Units and the denominator of which is equal to the sum of (i) the Deemed Value of the Partnership Interests for all outstanding classes (computed as of the Business Day immediately preceding the date on which the additional Capital Contributions are made (an "Adjustment Date")) plus (ii) the aggregate amount of additional Capital Contributions contributed to the Partnership on such Adjustment Date in respect of such additional Partnership Units. The Percentage Interest of each other Partner holding Partnership Interests not making a full pro rata Capital Contribution shall be adjusted to a fraction the numerator of which is equal to the sum of (i) the Deemed Partnership Interest Value of such Limited Partner (computed as of the Business Day immediately preceding the Adjustment Date) plus (ii) the amount of additional Capital Contributions (such amount being equal to the amount of cash, if any, plus the Agreed Value of Contributed Property, if any, so contributed), if any, made by such Partner to the Partnership in respect of such Partnership Interest as of such Adjustment Date and the denominator of which is equal to the sum of (i) the Deemed Value of the Partnership Interests of all outstanding classes (computed as of the Business Day immediately preceding such Adjustment Date) plus (ii) the aggregate amount of the additional Capital Contributions contributed to the Partnership on such Adjustment Date in respect of such additional Partnership Interests. For purposes of calculating a Partner's Percentage Interest pursuant to this Section 4.2.B, cash Capital Contributions by the General Partner will be deemed to equal the cash contributed by the General Partner plus (a) in the case of cash contributions funded by an offering of any equity interests in or other securities of the General Partner, the offering costs attributable to the cash contributed to the Partnership, and (b) in the case of Partnership Units issued pursuant to Section 7.5.E hereof, an amount equal to the difference between the Value of the Shares sold pursuant to any Stock Option Plan and the net proceeds of such sale.

C. CLASSES OF PARTNERSHIP UNITS. From and after the Effective Date, subject to Section 4.2.A above, the Partnership shall have two classes of Partnership Units, entitled "Class A Units" and "Class B Units." Either Class A Units or Class B Units, at the election of the General Partner, in its sole and absolute discretion, may be issued to newly admitted Partners in exchange for the contribution by such Partners of cash, real estate partnership interests, stock, notes or other assets or consideration; PROVIDED, that all Partnership Units issued to Partners in connection with the Consolidation shall be Class A Units; and, PROVIDED, FURTHER, that any Partnership Unit that is not specifically designated by the General Partner as being of a particular class shall be deemed to be a Class A Unit. Each Class B Unit shall be converted automatically into a Class A Unit on the day immediately following the Partnership Record Date for the Distribution Period (as defined in Section 5.1.C hereof) in which such Class B Unit was issued, without the requirement for any action by either the Partnership or the Partner holding the Class B Unit.

SECTION 4.3 NO PREEMPTIVE RIGHTS

Except to the extent expressly granted by the Partnership pursuant to another agreement, no Person shall have any preemptive, preferential or other similar right with respect to (i) additional Capital Contributions or loans to the Partnership or (ii) issuance or sale of any Partnership Units or other Partnership Interests.

SECTION 4.4 OTHER CONTRIBUTION PROVISIONS

In the event that any Partner is admitted to the Partnership and is given a Capital Account in exchange for services rendered to the Partnership, such transaction shall be treated by the Partnership and the affected Partner as if the Partnership had compensated such Partner in cash, and the Partner had contributed such cash to the capital of the Partnership.

SECTION 4.5 NO INTEREST ON CAPITAL

No Partner shall be entitled to interest on its Capital Contributions or its Capital Account.

ARTICLE V
DISTRIBUTIONS

SECTION 5.1 REQUIREMENT AND CHARACTERIZATION OF DISTRIBUTIONS

A. GENERAL. The General Partner shall distribute at least quarterly an amount equal to one hundred percent (100%) of Available Cash generated by the Partnership during such quarter or shorter period to the Partners who are Partners on the Partnership Record Date with respect to such quarter or shorter period as provided in Sections 5.1.B, 6.1.C and 5.1.D below. Notwithstanding anything to the contrary contained herein, in no event may a Partner receive a distribution of Available Cash with respect to a Partnership Unit for a quarter or shorter period if such Partner is entitled to receive a distribution out of such Available Cash with respect to a Share for which such Partnership Unit has been redeemed or exchanged. Unless otherwise expressly provided for herein or in an agreement at the time a new class of Partnership Interests is created in accordance with Article IV hereof, no Partnership Interest shall be entitled to a distribution in preference to any other Partnership Interest. The General Partner shall make such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the qualification of the General Partner Entity as a REIT, to distribute Available Cash (a) to Limited Partners so as to preclude any such distribution or portion thereof from being treated as part of a sale of property by a Limited Partner under Section 707 Code or the Regulations thereunder; PROVIDED THAT, the General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of any distribution to a Limited Partner being so treated, and (b) to the General Partner in an amount sufficient to enable the General Partner Entity to pay stockholder dividends that will (1) satisfy the requirements for qualification as a

REIT under the Code and the Regulations (the "REIT Requirements") and (2) avoid any federal income or excise tax liability for the General Partner Entity.

B. METHOD. (i) Each holder of Partnership Interests that are entitled to any preference in distribution shall be entitled to a distribution in accordance with the rights of any such class of Partnership Interests (and, within such class, pro rata in proportion to the respective Percentage Interests on such Partnership Record Date); and

(ii) To the extent there is Available Cash remaining after the payment of any preference in distribution in accordance with the foregoing clause (i), with respect to Partnership Interests that are not entitled to any preference in distribution, pro rata to each such class in accordance with the terms of such class (and, within each such class, pro rata in proportion to the respective Percentage Interests on such Partnership Record Date).

C. DISTRIBUTIONS WHEN CLASS B UNITS ARE OUTSTANDING. If for any quarter or shorter period with respect to which a distribution is to be made (a "Distribution Period") Class B Units are outstanding on the Partnership Record Date for such Distribution Period, the General Partner shall allocate the Available Cash with respect to such Distribution Period available for distribution with respect to the Class A Units and Class B Units collectively between the Partners who are holders of Class A Units ("Class A") and the Partners who are holders of Class B Units ("Class B") as follows:

(1) Class A shall receive that portion of the Available Cash (the "Class A Share") determined by multiplying the amount of Available Cash by the following fraction:

$$\frac{A \times Y}{(A \times Y)+(B \times X)}$$

(2) Class B shall receive that portion of the Available Cash (the "Class B Share") determined by multiplying the amount of Available Cash by the following fraction:

$$\frac{B \times X}{(A \times Y)+(B \times X)}$$

(3) For purposes of the foregoing formulas, (i) "A" equals the number of Class A Units outstanding on the Partnership Record Date for such Distribution Period; (ii) "B" equals the number of Class B Units outstanding on the Partnership Record Date for such Distribution Period; (iii) "Y" equals the number of days in the Distribution Period; and (iv) "X" equals the number of days in the Distribution Period for which the Class B Units were issued and outstanding.

The Class A Share shall be distributed among Partners holding Class A Units on the Partnership Record Date for the Distribution Period in accordance with the number of Class A Units held by each Partner on such Partnership Record Date; PROVIDED THAT, in no event may a Partner receive a distribution of Available Cash with respect to a Class A Unit if the Partner is entitled to receive a distribution out of such Available Cash with respect to a Share for which such Class A Unit has been redeemed or exchanged. The Class B Share shall be distributed among the Partners holding Class B Units on the Partnership Record Date for the Distribution Period in accordance with the number of Class B Units held by each Partner on such Partnership Record Date. In no event shall any Partner holding Class B Units be entitled to receive any distribution of Available Cash with respect to such Units for any Distribution Period ending prior to the date on which such Class B Units are issued.

D. DISTRIBUTIONS WHEN CLASS B UNITS HAVE BEEN ISSUED ON DIFFERENT DATES. In the event that Class B Units which have been issued on different dates are outstanding on the Partnership Record Date for any Distribution Period, then the Class B Units issued on each particular date shall be treated as a separate series of Partnership Units for purposes of making the allocation of Available Cash for such Distribution Period among the holders of Partnership Units (and the formula for making such allocation, and the definitions of variables used therein, shall be modified accordingly). Thus, for example, if two series of Class B Units are outstanding on the Partnership Record Date for any Distribution Period, the allocation formula for each series, "Series B1" and "Series B2" would be as follows:

(1) Series B1 shall receive that portion of the Available Cash determined by multiplying the amount of Available Cash by the following fraction:

$$\frac{B1 \times X1}{(A \times Y)+(Bl \times X1)+(B2 \times X2)}$$

(2) Series B2 shall receive that portion of the Available Cash determined by multiplying the amount of Available Cash by the following fraction:

$$\frac{B2 \times X2}{(A \times Y)+(Bl \times Xl)+(B2 \times X2)}$$

(3) For purposes of the foregoing formulas the definitions set forth in Section 5.1.C.3 above remain the same except that (i) "Bl" equals the number of Partnership Units in Series B1 outstanding on the Partnership Record Date for such Distribution Period; (ii) "B2" equals the number of Partnership Units in Series B2 outstanding on the Partnership Record Date for such Distribution Period; (iii) "Xl" equals the number of days in the Distribution Period for which the Partnership Units in Series B1 were issued and outstanding; and (iv) "X2"

equals the number of days in the Distribution Period for which the Partnership Units in Series B2 were issued and outstanding.

E. MINIMUM DISTRIBUTIONS IF GENERAL PARTNER NOT PUBLICLY TRADED. In addition (and without regard to the amount of Available Cash), if the shares of common stock (or other comparable equity interests) of the General Partner Entity are not Publicly Traded, the General Partner shall make cash distributions with respect to the Class A Units at least annually for each taxable year of the Partnership beginning prior to the fifteenth (15th) anniversary of the Effective Date in an aggregate amount with respect to each such taxable year at least equal to 95% of the Partnership's taxable income for such year allocable to the Class A Units, with such distributions to be made not later than 60 days after the end of such year.

SECTION 5.2 AMOUNTS WITHHELD

All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.5 hereof with respect to any allocation, payment or distribution to the General Partner, the Limited Partners or Assignees shall be treated as amounts distributed to the General Partner, Limited Partners or Assignees pursuant to Section 5.1 above for all purposes under this Agreement.

SECTION 5.3 DISTRIBUTIONS UPON LIQUIDATION

Proceeds from a Terminating Capital Transaction shall be distributed to the Partners in accordance with Section 13.2 hereof.

SECTION 5.4 REVISIONS TO REFLECT ISSUANCE OF ADDITIONAL PARTNERSHIP INTERESTS

In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Article IV hereof, the General Partner shall make such revisions to this Article V as it deems necessary to reflect the issuance of such additional Partnership Interests.

ARTICLE VI
ALLOCATIONS

SECTION 6.1 ALLOCATIONS FOR CAPITAL ACCOUNT PURPOSES

For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with EXHIBIT B hereto) shall be allocated among the Partners in each taxable year (or portion thereof) as provided hereinbelow.

A. NET INCOME. After giving effect to the special allocations set forth in Section 1 of EXHIBIT C hereto, Net Income shall be allocated (i) first, to the General Partner to the extent that Net Losses previously allocated to the General Partner pursuant to the last sentence of Section 6.1.B below exceed Net Income previously allocated to the General Partner pursuant to this clause (i) of Section 6.1.A, (ii) second, to the holders of any Partnership Interests that are entitled to any preference in distribution in accordance with the rights of any such class of Partnership Interests until each such Partnership Interest has been allocated, on a cumulative basis pursuant to this clause (ii), Net Income equal to the sum of the amount of distributions received with respect to such Partnership Interests pursuant to clause (i) of Section 5.1.B hereof and the amount of any prior allocations of Net Losses to such class of Partnership Interests pursuant to Section 6.1.B(i) below (and, within such class, pro rata in proportion to the respective interests in such class as of the last day of the period for which such allocation is being made) and (iii) third, with respect to Partnership Interests that are not entitled to any preference in the allocation of Net Income, pro rata to each such class in accordance with the terms of such class (and, within such class, pro rata in proportion to the respective interests in such class as of the last day of the period for which such allocation is being made).

B. NET LOSSES. After giving effect to the special allocations set forth in Section 1 of EXHIBIT C hereto, Net Losses shall be allocated (i) first, to the holders of any Partnership Interests that are entitled to any preference in distribution in accordance with the rights of any such class of Partnership Interests to the extent that any prior allocations of Net Income to such class of Partnership Interests pursuant to Section 6.1.A(ii) above exceed, on a cumulative basis, distributions with respect to such Partnership Interests pursuant to clause (i) of Section 5.1.B hereof (and, within such class, pro rata in proportion to the respective interests in such class as of the last day of the period for which such allocation is being made) and (ii) second, with respect to classes of Partnership Interests that are not entitled to any preference in distribution, pro rata to each such class in accordance with the terms of such class (and, within such class, pro rata in proportion to the respective interests in such class as of the last day of the period for which such allocation is being made); PROVIDED THAT, Net Losses shall not be allocated to any Limited Partner pursuant to this Section 6.1.B to the extent that such allocation would cause such Limited Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) at the end of such taxable year (or portion thereof). All Net Losses in excess of the limitations set forth in this Section 6.1.B shall be allocated to the General Partner.

C. ALLOCATION OF NONRECOURSE DEBT. For purposes of Regulations Section 1.752-3(a), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (i) the amount of Partnership Minimum Gain and (ii) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

D. RECAPTURE INCOME. Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible after taking into account other required allocations of gain pursuant to EXHIBIT C hereto, be characterized as

Recapture Income in the same proportions and to the same extent as such Partners have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

SECTION 6.2 REVISIONS TO ALLOCATIONS TO REFLECT ISSUANCE OF ADDITIONAL PARTNERSHIP INTERESTS

In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Article IV hereof, the General Partner shall make such revisions to this Article VI as it deems necessary to reflect the terms of the issuance of such additional Partnership Interests, including making preferential allocations to classes of Partnership Interests that are entitled thereto. Such revisions shall not require the consent or approval of any other Partner.

ARTICLE VII
MANAGEMENT AND OPERATIONS OF BUSINESS

SECTION 7.1 MANAGEMENT

A. POWERS OF GENERAL PARTNER. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may not be removed by the Limited Partners with or without cause; PROVIDED, HOWEVER, that if the Shares (or comparable equity securities) of the General Partner Entity are not Publicly Traded, the General Partner may be removed with cause with the Consent of the Outside Limited Partners. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Sections 7.6 and 7.11 below, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof, including, without limitation:

(1) the making of any expenditures, the lending or borrowing of money (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to its Partners in such amounts as are required under Section 5.1.E hereof or will permit the General Partner Entity (as long as the General Partner Entity qualifies as a REIT) to avoid the payment of any federal income tax (including, for this purpose, any excise tax pursuant to Section 4981 of the Code) and to make distributions to its shareholders sufficient to permit the General

Partner Entity to maintain REIT status, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations the General Partner deems necessary for the conduct of the activities of the Partnership;

(2) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(3) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership (including the exercise or grant of any conversion, option, privilege or subscription right or other right available in connection with any assets at any time held by the Partnership) or the merger or other combination of the Partnership with or into another entity, on such terms as the General Partner deems proper;

(4) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms it sees fit, including, without limitation, the financing of the conduct of the operations of the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the Partnership's Subsidiaries) and the repayment of obligations of the Partnership and its Subsidiaries and any other Person in which the Partnership has an equity investment and the making of capital contributions to its Subsidiaries;

(5) the management, operation, leasing, landscaping, repair, alteration, demolition or improvement of any real property or improvements owned by the Partnership or any Subsidiary of the Partnership or any Person in which the Partnership has made a direct or indirect equity investment;

(6) the negotiation, execution, and performance of any contracts, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including contracting with contractors, developers, consultants, accountants, legal counsel, other

professional advisors, and other agents and the payment of their expenses and compensation out of the Partnership's assets;

(7) the mortgage, pledge, encumbrance or hypothecation of any assets of the Partnership, and the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms it sees fit, including, without limitation, the financing of the conduct or the operations of the General Partners or the Partnership, the lending of funds to other Persons (including, without limitation, any Subsidiaries of the Partnership) and the repayment of obligations of the Partnership, any of its Subsidiaries and any other Person in which it has an equity investment;

(8) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement;

(9) the holding, managing, investing and reinvesting of cash and other assets of the Partnership;

(10) the collection and receipt of revenues and income of the Partnership;

(11) the selection, designation of powers, authority and duties and dismissal of employees of the Partnership (including, without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors of the Partnership, and the determination of their compensation and other terms of employment or hiring;

(12) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate;

(13) the formation of, or acquisition of an interest (including non-voting interests in entities controlled by Affiliates of the Partnership or third parties) in, and the contribution of property to, any further limited or general partnerships, joint ventures, limited liability companies or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of funds or property, or the making of loans, to its Subsidiaries and any other Person in which it has an equity investment from time to time or the incurrence of indebtedness on behalf of such Persons or the guarantee of obligations of such

Persons); provided that, as long as the General Partner has determined to qualify as a REIT, the Partnership may not engage in any such formation, acquisition or contribution that would cause the General Partner to fail to qualify as a REIT);

(14) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution or abandonment of any claim, cause of action, liability, debt or damages due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurring of legal expense and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(15) the determination of the fair market value of any Partnership property distributed in kind, using such reasonable method of valuation as the General Partner may adopt;

(16) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any assets or investment held by the Partnership;

(17) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, individually or jointly with any such Subsidiary or other Person;

(18) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have any interest pursuant to contractual or other arrangements with such Person;

(19) the making, executing and delivering of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or other legal instruments or agreements in writing necessary or appropriate in the judgment of

the General Partner for the accomplishment of any of the powers of the General Partner under this Agreement;

(20) the distribution of cash to acquire Partnership Units held by a Limited Partner in connection with a Limited Partner's exercise of its Redemption Right under Section 8.6 hereof; and

(21) the amendment and restatement of EXHIBIT A hereto to reflect accurately at all times the Capital Contributions and Percentage Interests of the Partners as the same are adjusted from time to time to the extent necessary to reflect redemptions, Capital Contributions, the issuance of Partnership Units, the admission of any Additional Limited Partner or any Substituted Limited Partner or otherwise, which amendment and restatement, notwithstanding anything in this Agreement to the contrary, shall not be deemed an amendment of this Agreement, as long as the matter or event being reflected in EXHIBIT A hereto otherwise is authorized by this Agreement.

B. NO APPROVAL BY LIMITED PARTNERS. Except as provided in Section 7.11 below, each of the Limited Partners agrees that the General Partner is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership without any further act, approval or vote of the Partners, notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation, to the full extent permitted under the Act or other applicable law. The execution, delivery or performance by the General Partner or the Partnership of any agreement authorized or permitted under this Agreement shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement or of any duty stated or implied by law or equity.

C. INSURANCE. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain (i) casualty, liability and other insurance on the properties of the Partnership, (ii) liability insurance for the Indemnitees hereunder and (iii) such other insurance as the General Partner, in its sole and absolute discretion, determines to be necessary.

D. WORKING CAPITAL AND OTHER RESERVES. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time, including upon liquidation of the Partnership pursuant to Section 13.2 hereof.

E. NO OBLIGATIONS TO CONSIDER TAX CONSEQUENCES OF LIMITED PARTNERS. In exercising its authority under this Agreement, the General Partner may, but shall be under no

obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken (or not taken) by it. The General Partner and the Partnership shall not have liability to a Limited Partner for monetary damages or otherwise for losses sustained, liabilities incurred or benefits not derived by such Limited Partner in connection with such decisions, provided that the General Partner has acted in good faith and pursuant to its authority under this Agreement.

SECTION 7.2 CERTIFICATE OF LIMITED PARTNERSHIP

The General Partner has previously filed the Certificate with the Secretary of State of Delaware. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or other jurisdiction in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5.A(4) hereof, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and any other state, the District of Columbia or other jurisdiction in which the Partnership may elect to do business or own property.

SECTION 7.3 TITLE TO PARTNERSHIP ASSETS

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partners, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; PROVIDED, HOWEVER, that the General Partner shall use its best efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

SECTION 7.4 REIMBURSEMENT OF THE GENERAL PARTNER

A. NO COMPENSATION. Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles V and VI hereof regarding distributions,

payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

B. RESPONSIBILITY FOR PARTNERSHIP EXPENSES. The Partnership shall be responsible for and shall pay all expenses relating to the Partnership's organization, the ownership of its assets and its operations. The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses it incurs relating to the ownership and operation of, or for the benefit of, the Partnership (including, without limitation, expenses related to the management and administration of any Subsidiaries of the General Partner or the Partnership or Affiliates of the Partnership such as auditing expenses and filing fees); PROVIDED THAT, the amount of any such reimbursement shall be reduced by (i) any interest earned by the General Partner with respect to bank accounts or other instruments or accounts held by it as permitted in Section 7.5.A below and (ii) any amount derived by the General Partner from any investments permitted in Section 7.5.A below; and, PROVIDED FURTHER, that the General Partner shall not be reimbursed for (i) income tax liabilities or (ii) filing or similar fees in connection with maintaining the General Partner's continued corporate existence that are incurred by the General Partner. The General Partner shall determine in good faith the amount of expenses incurred by it related to the ownership and operation of, or for the benefit of, the Partnership. In the event that certain expenses are incurred for the benefit of the Partnership and other entities (including the General Partner), such expenses will be allocated to the Partnership and such other entities in such a manner as the General Partner in its sole and absolute discretion deems fair and reasonable. Such reimbursements shall be in addition to any reimbursement to the General Partner pursuant to Section 10.3.C hereof and as a result of indemnification pursuant to Section 7.7 below. All payments and reimbursements hereunder shall be characterized for federal income tax purposes as expenses of the Partnership incurred on its behalf, and not as expenses of the General Partner.

C. PARTNERSHIP INTEREST ISSUANCE EXPENSES. The General Partner shall also be reimbursed for all expenses it incurs relating to any issuance of additional Partnership Interests, Shares, Debt of the Partnership or the General Partner or rights, options, warrants or convertible or exchangeable securities pursuant to Article IV hereof (including, without limitation, all costs, expenses, damages and other payments resulting from or arising in connection with litigation related to any of the foregoing), all of which expenses are considered by the Partners to constitute expenses of, and for the benefit of, the Partnership.

D. PURCHASES OF SHARES BY THE GENERAL PARTNER. In the event that the General Partner exercises its rights under the Articles of Incorporation to purchase Shares or otherwise elects to purchase from its shareholders Shares in connection with a stock repurchase or similar program or for the purpose of delivering such Shares to satisfy an obligation under any dividend reinvestment or stock purchase program adopted by the General Partner, any employee stock purchase plan adopted by the General Partner or any similar obligation or arrangement undertaken by the General Partner in the future, the purchase price paid by the General Partner for such Shares and any other expenses incurred by the General Partner in connection with such purchase shall be considered expenses of the Partnership and shall be reimbursable to the

General Partner, subject to the conditions that: (i) if such Shares subsequently are to be sold by the General Partner, the General Partner pays to the Partnership any proceeds received by the General Partner for such Shares (provided that a transfer of Shares for Partnership Units pursuant to Section 8.6 hereof would not be considered a sale for such purposes); and (ii) if such Shares are not retransferred by the General Partner within thirty (30) days after the purchase thereof, the General Partner shall cause the Partnership to cancel a number of Partnership Units of the appropriate class (rounded to the nearest whole Partnership Unit) held by the General Partner equal to the product attained by multiplying the number of such Shares by a fraction, the numerator of which is one and the denominator of which is the Conversion Factor.

E. REIMBURSEMENT NOT A DISTRIBUTION. If and to the extent any reimbursement made pursuant to this Section 7.4 is determined for federal income tax purposes not to constitute a payment of expenses of the Partnership, the amount so determined shall constitute a guaranteed payment with respect to capital within the meaning of Section 707(c) of the Code, shall be treated consistently therewith by the Partnership and all Partners and shall not be treated as a distribution for purposes of computing the Partners' Capital Accounts.

SECTION 7.5 OUTSIDE ACTIVITIES OF THE GENERAL PARTNER

A. GENERAL. Without the Consent of the Outside Limited Partners, the General Partner shall not, directly or indirectly, enter into or conduct any business other than in connection with the ownership, acquisition and disposition of Partnership Interests as a General Partner or Limited Partner and the management of the business of the Partnership and such activities as are incidental thereto. Without the Consent of the Outside Limited Partners, the assets of the General Partner shall be limited to Partnership Interests and permitted debt obligations of the Partnership (as contemplated by Section 7.5.F below), so that Shares and Partnership Units are completely fungible except as otherwise specifically provided herein; PROVIDED, that the General Partner shall be permitted to hold such bank accounts or similar instruments or account in its own name as it deems necessary to carry out its responsibilities and purposes as contemplated under this Agreement and its organizational documents; and, PROVIDED, FURTHER, that the General Partner shall be permitted to acquire, directly or through a Qualified REIT Subsidiary, up to a one percent (1%) interest in any partnership or limited liability company at least ninety-nine percent (99%) of the equity of which is owned by the Partnership. The General Partner and any of its Affiliates may acquire Limited Partnership Interests and shall be entitled to exercise all rights of a Limited Partner relating to such Limited Partnership Interests. If, at any time, the General Partner acquires material assets (other than on behalf of the Partnership), the definition of "Shares Amount" shall be adjusted, as agreed to by the General Partner and the Limited Partners (which agreement shall be evidenced by Consent of the Outside Limited Partners), to reflect the value of a share of capital stock (or other comparable equity interest) of the General Partner relative to the Deemed Partnership Interest Value of the related Partnership Unit.

B. REPURCHASE OF SHARES. In the event the General Partner exercises its rights under the Articles of Incorporation to purchase Shares or otherwise elects to purchase from its

shareholders Shares in connection with a stock repurchase or similar program or for the purpose of delivering such shares to satisfy an obligation under any dividend reinvestment or stock purchase program adopted by the General Partner, any employee stock purchase plan adopted by the General Partner or any similar obligation or arrangement undertaken by the General Partner in the future, then the General Partner shall cause the Partnership to purchase from the General Partner that number of Partnership Units of the appropriate class equal to the product obtained by multiplying the number of Shares purchased by the General Partner times a fraction, the numerator of which is one and the denominator of which is the Conversion Factor, on the same terms and for the same aggregate price that the General Partner purchased such Shares.

C. FORFEITURE OF SHARES. In the event the Partnership or the General Partner acquires Shares as a result of the forfeiture of such Shares under a restricted or similar share plan, then the General Partner shall cause the Partnership to cancel that number of Partnership Units of the appropriate class equal to the number of Shares so acquired times one divided by the Conversion Factor, and, if the Partnership acquired such Shares, it shall transfer such Shares to the General Partner for cancellation.

D. ISSUANCES OF SHARES. After the Effective Date, the General Partner shall not grant, award, or issue any additional Shares (other than Shares issued pursuant to Section 8.6 hereof or pursuant to a dividend or distribution (including any stock split) of Shares to all of its shareholders), other equity securities of the General Partner or New Securities unless (i) the General Partner shall cause, pursuant to Section 4.2.A hereof, the Partnership to issue to the General Partner Partnership Interests or rights, options, warrants or securities of the Partnership having designations, preferences and other rights, all such that the economic interests are substantially the same as those of such additional Shares, other equity securities or New Securities, as the case may be, and (ii) the General Partner transfers to the Partnership, as an additional Capital Contribution, the proceeds from the grant, award, or issuance of such additional Shares, other equity securities or New Securities, as the case may be, or from the exercise of rights contained in such additional Shares, other equity securities or New Securities, as the case may be. Without limiting the foregoing, the General Partner is expressly authorized to issue additional Shares, other equity securities or New Securities, as the case may be, for less than fair market value, and the General Partner is expressly authorized, pursuant to Section 4.2.A hereof, to cause the Partnership to issue to the General Partner corresponding Partnership Interests, as long as (a) the General Partner concludes in good faith that such issuance is in the interests of the General Partner and the Partnership (for example, and not by way of limitation, the issuance of Shares and corresponding Partnership Units pursuant to a stock purchase plan providing for purchases of Shares, either by employees or shareholders, at a discount from fair market value or pursuant to employee stock options that have an exercise price that is less than the fair market value of the Shares, either at the time of issuance or at the time of exercise) and (b) the General Partner transfers all proceeds from any such issuance or exercise to the Partnership as an additional Capital Contribution.

E. STOCK OPTION PLAN. If at any time or from time to time, the General Partner sells Shares pursuant to any Stock Option Plan, the General Partner shall transfer the

net proceeds of the sale of such Shares to the Partnership as an additional Capital Contribution in exchange for an amount of additional Partnership Units equal to the number of Shares so sold divided by the Conversion Factor.

F. FUNDING DEBT. The General Partner may incur a Funding Debt, including, without limitation, a Funding Debt that is convertible into Shares or otherwise constitutes a class of New Securities, subject to the condition that the General Partner lends to the Partnership the net proceeds of such Funding Debt; PROVIDED, that the General Partner shall not be obligated to lend the net proceeds of any Funding Debt to the Partnership in a manner that would be inconsistent with the General Partner's ability to remain qualified as a REIT. If the General Partner enters into any Funding Debt, the loan to the Partnership shall be on comparable terms and conditions, including interest rate, repayment schedule and costs and expenses, as are applicable with respect to or incurred in connection with such Funding Debt.

SECTION 7.6 TRANSACTIONS WITH AFFILIATES

A. TRANSACTIONS WITH CERTAIN AFFILIATES. Except as expressly permitted by this Agreement (other than Section 7.1.A hereof which shall not be considered authority for a transaction that otherwise would be prohibited by this Section 7.6.A), the Partnership shall not, directly or indirectly, sell, transfer or convey any property to, or purchase any property from, or borrow funds from, or lend funds to, any Partner or any Affiliate of the Partnership or the General Partner or the General Partner Entity that is not also a Subsidiary of the Partnership, except pursuant to transactions that are on terms that are fair and reasonable and no less favorable to the Partnership than would be obtained from an unaffiliated third party.

B. BENEFIT PLANS. The General Partner, in its sole and absolute discretion and without the approval of the Limited Partners, may propose and adopt on behalf of the Partnership employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership, the General Partner, or any of the Partnership's Subsidiaries.

C. CONFLICT AVOIDANCE. The General Partner is expressly authorized to enter into, in the name and on behalf of the Partnership, a right of first opportunity arrangement and other conflict avoidance agreements with various Affiliates of the Partnership and General Partner on such terms as the General Partner, in its sole and absolute discretion, believes are advisable.

SECTION 7.7 INDEMNIFICATION

A. GENERAL. The Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorneys fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from or in connection with any and all claims, demands,

actions, suits or proceedings, civil, criminal, administrative or investigative incurred by the Indemnitee and relating to the Partnership or the General Partner or the formation or operations of, or the ownership of property by, either of them as set forth in this Agreement in which any such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established by a final determination of a court of competent jurisdiction that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the Indemnitee actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guarantee, contractual obligations for any indebtedness or other obligations or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7.A. The termination of any proceeding by conviction or upon a plea of NOLO CONTENDERE or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 7.7.A with respect to the subject matter of such proceeding. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, and any insurance proceeds from the liability policy covering the General Partner and any Indemnitees, and neither the General Partner nor any Limited Partner shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

B. ADVANCEMENT OF EXPENSES. Reasonable expenses expected to be incurred by an Indemnitee shall be paid or reimbursed by the Partnership in advance of the final disposition of any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative made or threatened against an Indemnitee upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 7.7 A has been met and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. NO LIMITATION OF RIGHTS. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity unless otherwise provided in a written agreement pursuant to which such Indemnitee is indemnified.

D. INSURANCE. The Partnership may purchase and maintain insurance on behalf of the Indemnitees and such other Persons as the General Partner shall determine against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. BENEFIT PLAN FIDUCIARY. For purposes of this Section 7.7, (i) the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan, (ii) excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 7.7 and (iii) actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

F. NO PERSONAL LIABILITY FOR LIMITED PARTNERS. In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

G. INTERESTED TRANSACTIONS. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. BENEFIT. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7, or any provision hereof, shall be prospective only and shall not in any way affect the limitation on the Partnership's liability to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or related to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

I. INDEMNIFICATION PAYMENTS NOT DISTRIBUTIONS. If and to the extent any payments to the General Partner pursuant to this Section 7.7 constitute gross income to the General Partner (as opposed to the repayment of advances made on behalf of the Partnership), such amounts shall constitute guaranteed payments within the meaning of Section 707(c) of the Code, shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

SECTION 7.8 LIABILITY OF THE GENERAL PARTNER

A. GENERAL. Notwithstanding anything to the contrary set forth in this Agreement, the General Partner and its directors and officers shall not be liable for monetary damages to the Partnership, any Partners or any Assignees for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission if the General Partner acted in good faith.

B. NO OBLIGATION TO CONSIDER SEPARATE INTERESTS OF LIMITED PARTNERS OR SHAREHOLDERS. The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership and the General Partner's shareholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners or Assignees or to such shareholders) in deciding whether to cause the Partnership to take (or decline to take) any actions and that the General Partner shall not be liable for monetary damages or otherwise for losses sustained, liabilities incurred or benefits not derived by Limited Partners in connection with such decisions, provided that the General Partner has acted in good faith.

C. ACTIONS OF AGENTS. Subject to its obligations and duties as General Partner set forth in Section 7.1.A above, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

D. EFFECT OF AMENDMENT. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's liability to the Partnership and the Limited Partners under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 7.9 OTHER MATTERS CONCERNING THE GENERAL PARTNER

A. RELIANCE ON DOCUMENTS. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

B. RELIANCE ON ADVISORS. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisors selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

C. ACTION THROUGH AGENTS. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

D. ACTIONS TO MAINTAIN REIT STATUS OR AVOID TAXATION OF THE GENERAL PARTNER ENTITY. Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the General Partner Entity to continue to qualify as a REIT or (ii) to allow the General Partner Entity to avoid incurring any liability for taxes under Section 857 or 4981 of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

SECTION 7.10 RELIANCE BY THIRD PARTIES

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without consent or approval of any other Partner or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership, to enter into any contracts on behalf of the Partnership and to take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if the General Partner were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies which may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership, and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

SECTION 7.11 RESTRICTIONS ON GENERAL PARTNER'S AUTHORITY

A. CONSENT REQUIRED. The General Partner may not take any action in contravention of an express prohibition or limitation of this Agreement without the written Consent of (i) all Partners adversely affected or (ii) such lower percentage of the Limited

Partnership Interests as may be specifically provided for under a provision of this Agreement or the Act.

B. SALE OF ALL ASSETS OF THE PARTNERSHIP. Except as provided in Article XIII hereof and subject to Section 7.11.C and Section 7.11.D below, the General Partner may not, directly or indirectly, cause the Partnership to sell, exchange, transfer or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions (including by way of merger (including a triangular merger), consolidation or other combination with any other Persons) (i) if such merger, sale or other transaction is in connection with a Termination Transaction permitted under Section 11.2.B hereof, without the Consent of the Partners holding a majority of Percentage Interests (including the effect of any Partnership Units held by the General Partner) or (ii) otherwise, without the Consent of the Outside Limited Partners.

C. REQUIRED CONSENT OF CERTAIN PARTNERS. (i) The General Partner may not, directly or indirectly, cause the Partnership to take any action prohibited by this Section 7.11.C without the requisite approval as provided in this Section 7.11.C.

(1) For a period of twelve (12) years following the Effective Date, the General Partner may not, directly or indirectly, cause the Partnership to sell, exchange or otherwise dispose of the property located at 673 First Avenue, New York, New York or any indirect interest therein (collectively, the "673 First Avenue Property") (other than an involuntary sale pursuant to foreclosure of the mortgage secured by the 673 First Avenue Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the 673 First Avenue Property has been accelerated) or a proceeding in connection with a bankruptcy) without the consent of the Partners who at the time of the proposed sale, exchange or other disposition (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) hold seventy-five percent (75%) of the Partnership Units which were issued to or with respect to 673 First Realty Company in the Consolidation and which remain outstanding (whether held by the original recipient of such Partnership Units or by a successor or transferee of the original recipient, but not including the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) excluding any such Partnership Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise (referred to as "673 First Avenue Units"). In addition, during such twelve-year period, the General Partner may not, directly or indirectly, cause the Partnership to repay, earlier than one year prior to

its stated maturity, any indebtedness secured by the 673 First Avenue Property without the consent of Partners holding seventy-five percent (75%) of the 673 First Avenue Units, unless such repayment (a) is made in connection with the refinancing (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated by clause (2) below, a Partner Nonrecourse Debt) of such indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the 673 First Avenue Units (or the direct or indirect partners or members thereof) who elect to join in such guarantee in a form and on terms consistent with any guarantees by the holders of the 673 First Avenue Units (or the direct or indirect partners or members thereof) that may be in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee may be obtained on commercially reasonable terms, or (b) is made in connection with an involuntary sale pursuant to foreclosure of the mortgage secured by the 673 First Avenue Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the 673 First Avenue Property has been accelerated) or a proceeding in connection with a bankruptcy. During such twelve-year period, the General Partner shall use commercially reasonable efforts during the one-year period prior to the stated maturity of such indebtedness to cause the Operating Partnership to refinance (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated by clause (2) below, a Partner Nonrecourse Debt) the indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, provided such refinancing can be obtained on commercially reasonable terms, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the 673 First Avenue Units (or the direct or indirect partners or members thereof) who elect to join in such guarantee in a form and on terms consistent with any guarantees by the holders of the 673 First Avenue Units (or the direct or indirect partners or members thereof) that may be in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee may be obtained on commercially reasonable terms. Finally, during such twelve-year period, the General Partner shall not, without the consent of Partners holding seventy-five percent (75%) of the 673 First Avenue Units, incur indebtedness secured by the 673 First Avenue Property if, at

the time such indebtedness is incurred, the aggregate amount of the indebtedness secured by the 673 First Avenue Property would exceed the greater of (i) seventy-five percent (75%) of the fair market value of the 673 First Avenue Property (or the interest therein) securing such indebtedness or (ii) the then outstanding indebtedness being refinanced plus all costs (including prepayment fees, "breakage" payments and similar costs) incurred in connection with such refinancing.

(2) For a period of twelve (12) years following the Effective Date, the General Partner may not, directly or indirectly, cause the Partnership to sell, exchange or otherwise dispose of the property located at 470 Park Avenue South, New York, New York or any indirect interest therein (collectively, the "470 Park Avenue South Property") (other than an involuntary sale pursuant to foreclosure of the mortgage secured by the 470 Park Avenue South Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless maturity of the indebtedness secured by the 470 Park Avenue South Property has been accelerated) or a proceeding in connection with a bankruptcy) without the consent of the Partners who at the time of the proposed sale, exchange or other disposition (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) hold seventy-five percent (75%) of the Partnership Units which were issued to or with respect to the 470 Park Avenue South, L.P. in the Consolidation and which remain outstanding (whether held by the original recipient of such Partnership Units or by a successor or transferee of the original recipient, but not including the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) excluding any such Partnership Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise (referred to as "470 Park Avenue South Units"). In addition, during such twelve-year period, the General Partner may not, directly or indirectly, cause the Partnership to repay, earlier than one year prior to its stated maturity, any indebtedness secured by the 470 Park Avenue South Property without the consent of Partners who hold seventy-five percent (75%) of the 470 Park Avenue South Units, unless such repayment (a) is made in connection with the refinancing (on a basis such that the new debt would he considered a Nonrecourse Liability, or, as contemplated by clause (2) below, a Partner Nonrecourse Debt) of such indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but

not requiring) a guarantee of such indebtedness by the holders of the 470 Park Avenue South Units (or the direct or indirect partners or members thereof) who elect to join in such guarantee in a form and on terms consistent with any guarantees by the holders of the 470 Park Avenue South Units (or the direct or indirect partners or members thereof) that may be in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee may be obtained on commercially reasonable terms, or (b) is made in connection with an involuntary sale pursuant to foreclosure of the mortgage secured by the 470 Park Avenue South Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the 470 Park Avenue South Property has been accelerated) or a proceeding in connection with a bankruptcy. During such twelve-year period, the General Partner shall use commercially reasonable efforts during the one-year period prior to the stated maturity of such indebtedness to cause the Operating Partnership to refinance (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated by clause (2) below, a Partner Nonrecourse Debt) the indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, provided such refinancing can be obtained on commercially reasonable terms, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the 470 Park Avenue South Units (or the direct or indirect partners or members thereof) who elect to join in such guarantee in a form and on terms consistent with any guarantees by the holders of the 470 Park Avenue South Units (or the direct or indirect partners or members thereof) that may be in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee may be obtained on commercially reasonable terms. Finally, during such twelve-year period, the General Partner shall not, without the consent of Partners holding seventy-five percent (75%) of the 470 Park Avenue South Units, incur indebtedness secured by the 470 Park Avenue South Property if, at the time such indebtedness is incurred, the aggregate amount of the indebtedness secured by the 470 Park Avenue South Property would exceed the greater of (i) seventy-five percent (75%) of the fair market value of the 470 Park Avenue South Property (or the interest therein) securing such indebtedness or (ii) the then outstanding indebtedness being refinanced plus all costs (including prepayment fees, "breakage" payments and similar costs) incurred in connection with such refinancing.

(3) Subparagraphs (1) and (2) shall not apply to any transaction that involves the 673 First Avenue Property or the 470 Park Avenue South Property, as the case may be (which Property is referred to as the "Exchanged Property"), if such transaction qualifies as a like-kind exchange under Section 1031 of the Code in which no gain is recognized by the Partnership as long as the following conditions are satisfied: (x) such exchange is not with a "related party" within the meaning of Section 1031(f)(3) of the Code; (y) the property received in exchange for the Exchanged Property (referred to as the "Replacement Property") is secured by nonrecourse indebtedness in an amount not less than the outstanding principal amount of the nonrecourse indebtedness secured by the Exchanged Property at the time of the exchange, nor greater than the amount that would be permitted under Sections 7.11.C(1) or (2), as the case may be, with a maturity not earlier than, and a principal amortization rate not more rapid than, the maturity and principal amortization rate of such indebtedness secured by the Exchanged Property, which indebtedness permits (but does not require) a guarantee of such indebtedness by the holders of the 673 First Avenue Units or the 470 Park Avenue South Units (or the direct or indirect partners or members thereof), as the case may be, who elect to join in such guarantee in a form on terms consistent with any guarantees by the holders of the 673 First Avenue Units or the 470 Park Avenue South Units (or the direct or indirect partners or members thereof), as the case may be, that may be in effect immediately prior to the time of the exchange, and (z) the Replacement Property is thereafter treated for all purposes of the restrictions in this Section 7.11.C as the Exchanged Property and the indebtedness secured by such Replacement Property is subject to the same restrictions and agreements as apply with respect to the indebtedness secured by the Exchanged Property.

(4) Subparagraphs (1) and (2) shall not apply to any transaction that involves the 673 First Avenue Property or the 470 Park Avenue South Property, as the case may be (which Property is referred to as the "Transferred Property"), if (x) such transaction does not result in, and is not otherwise in connection with, a dissolution of the Partnership, (y) such transaction qualifies as a contribution to a partnership under Section 721 of the Code in which no gain is recognized with respect to the 673 First Avenue Property or the 470 Park Avenue South Property by the Partnership or the holders of the 673 First Avenue Units or the 470 Park Avenue South Units, as the case may be (other than gain, if any, resulting solely because the share, if any, of indebtedness allocable to the holder of a Partnership Unit under Regulations Section 1.752-3(a)(3) (or any successor thereto) is reduced or eliminated), and (z) the entity to which such Transferred Property is transferred agrees, for the benefit of the holders of the 470

Park Avenue South Units or the 673 First Avenue Units, as the case may be, that all of the restrictions of this Section 7.11.C shall apply to the Transferred Property and the indebtedness outstanding with respect thereto in the same manner and to the extent set forth in this Section 7.11.C and such agreement is reflected in the partnership agreement (or other comparable governing instrument) of the entity to which the Transferred Property is transferred.

(5) Subparagraphs (1) and (2) shall not apply to any transaction that involves either a merger or consolidation of the Partnership with or into another entity that qualifies as a "partnership" for federal income tax purposes (the "Successor Partnership") or a transfer of all or substantially all of the assets of the Partnership to a Successor Partnership and dissolution of the Partnership in connection therewith (in either case, a "Consolidation Transaction") so long as (y) no gain is recognized with respect to the 673 First Avenue Property or the 470 Park Avenue South Property by the Partnership or the holders of the 673 First Avenue Units or the 470 Park Avenue South Units, as the case may be, in connection with such Consolidation Transaction (other than gain, if any, resulting solely because the share, if any, of indebtedness allocable to the holder of a Partnership Unit under Regulations Section 1.752-3(a)(3) (or any successor thereto) is reduced or eliminated) and (y) the Successor Partnership agrees in writing, for the benefit of the holders of the 673 First Avenue Units or the 470 Park Avenue South Units, as the case may be, that all of the restrictions of this Section 7.11.C shall apply to the 673 First Avenue Property and the 470 Park Avenue South Property and the indebtedness outstanding with respect thereto in the same manner and to the extent set forth in this Section 7.11.C.

(6) Subparagraphs (1) and (2) shall not apply to any sale or other disposition transaction not otherwise described in Subparagraph (3), (4) or (5) (including a merger or consolidation) involving the 673 First Avenue Property and/or the 470 Park Avenue South Property that is undertaken in connection with and as an integral part of a sale or other disposition of all or substantially all of the assets of the Partnership (referred to as a "Liquidating Transaction") so long as the Liquidating Transaction is undertaken with the Consent of Certain Limited Partners.

(ii) Nothing herein shall be deemed to require that the Partnership or the General Partner take any action to avoid or prevent an involuntary disposition of any property, whether pursuant to foreclosure of a mortgage secured by such property or otherwise, including pursuant to a deed in lieu of foreclosure where the maturity of the related indebtedness has been accelerated or a proceeding in connection with a bankruptcy.

(iii) Nothing herein shall prevent the sale, exchange, transfer or other disposition of any property pursuant to the dissolution and liquidation of the Partnership in accordance with Article XIII hereof (other than Section 13.1(v), which shall be subject to this Section 7.11.C).

D. MERGER OR CONSOLIDATION IN WHICH THE PARTNERSHIP IS NOT THE SURVIVING ENTITY. In the event that the Partnership is to merge or consolidate with or into any other entity in a transaction in which holders of Partnership Units will receive consideration other than cash or equity securities that are Publicly Traded (an "Equity Merger") and such Equity Merger would be prohibited by Section 7.11.C but for the application of Section 7.11.C(5), then (in addition to any Consent requirements under Section 7.11.B and Section 7.11.C) the Equity Merger shall require the Consent of Certain Limited Partners unless:

(i) the partnership agreement, limited liability agreement or other operative governing documents (the "Charter Documents") of the entity that is the surviving entity in such Equity Merger contain provisions that are comparable in all material respects to, or the entity that is the surviving entity in such Equity Merger otherwise agrees in writing, for the benefit of the holders of the 673 First Avenue Units and the 470 Park Avenue South Units, to restrictions that are comparable in all material respects to the provisions of Section 4.2.A, Article V and Article VI (except for differences that would be permitted pursuant to Sections 4.2, 5.1.E, 5.4, 6.2 and 14.1.B(3) if such changes were to be made to this Agreement), Section 7.1.A (second sentence only), Section 7.6.A, Section 7.11.A, Section 7.11.B, this Section 7.11.D, Section 8.6 (and all defined terms set forth in Article I that relate to the Redemption Right), Section 11.2, Section 13.1, Section 13.2.A(3) (except as permitted pursuant to Sections 4.2, 5.4, 6.2 and 14.1 B(3)), Section 14.1.C, Section 14.1.D, and Section 14.2, all as in effect immediately prior to the Equity Merger; and

(ii) the Equity Merger would not either cause a holder of a Partnership Unit to be a general partner or to have liability equivalent to that of a general partner in a partnership or otherwise modify the limited liability of a Limited Partner under this Agreement.

SECTION 7.12 LOANS BY THIRD PARTIES

The Partnership may incur Debt, or enter into similar credit, guarantee, financing or refinancing arrangements for any purpose (including, without limitation, in connection with any acquisition of property) with any Person that is not the General Partner upon such terms as the General Partner determines appropriate; PROVIDED THAT, the Partnership shall not incur any Debt that is recourse to the General Partner, except to the extent otherwise agreed to by the General Partner in its sole discretion.

ARTICLE VIII
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

SECTION 8.1 LIMITATION OF LIABILITY

The Limited Partners shall have no liability under this Agreement except as expressly provided in this Agreement, including Section 10.5 hereof, or under the Act.

SECTION 8.2 MANAGEMENT OF BUSINESS

No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the operation, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

SECTION 8.3 OUTSIDE ACTIVITIES OF LIMITED PARTNERS

Subject to Section 7.5 hereof, and subject to any agreements entered into pursuant to Section 7.6.C hereof and to any other agreements entered into by a Limited Partner or its Affiliates with the Partnership or a Subsidiary, any Limited Partner (other than the General Partner) and any officer, director, employee, agent, trustee, Affiliate or shareholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct or indirect competition with the Partnership. Neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. None of the Limited Partners (other than the General Partner) nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures to the Partnership, any Limited Partner or any such other Person, even if such opportunity is of a character which, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person.

SECTION 8.4 RETURN OF CAPITAL

Except pursuant to the right of redemption set forth in Section 8.6 below, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. No Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions (except as permitted by Section 4.2.A hereof) or, except to the extent provided by EXHIBIT C hereto or as permitted by Sections 4.2.A, 5.1.B(i), 6.1.A(ii) and 6.1.B(i) hereof or otherwise expressly provided in this Agreement, as to profits, losses, distributions or credits.

SECTION 8.5 RIGHTS OF LIMITED PARTNERS RELATING TO THE PARTNERSHIP

A. GENERAL. In addition to other rights provided by this Agreement or by the Act, and except as limited by Section 8.5.D below, each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon written demand with a statement of the purpose of such demand and at such Limited Partner's own expense:

(1) to obtain a copy of the most recent annual and quarterly reports filed with the Securities and Exchange Commission by the General Partner Entity pursuant to the Exchange Act;

(2) to obtain a copy of the Partnership's federal, state and local income tax returns for each Partnership Year;

(3) to obtain a current list of the name and last known business, residence or mailing address of each Partner;

(4) to obtain a copy of this Agreement and the Certificate and all amendments thereto, together with executed copies of all powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed; and

(5) to obtain true and full information regarding the amount of cash and a description and statement of any other property or services contributed by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner.

B. NOTICE OF CONVERSION FACTOR. The Partnership shall notify each Limited Partner upon request of the then current Conversion Factor and any changes that have been made thereto.

C. NOTICE OF EXTRAORDINARY TRANSACTION OF THE GENERAL PARTNER ENTITY. The General Partner Entity shall not make any extraordinary distributions of cash or property to its shareholders or effect a merger (including without limitation, a triangular merger), a sale of all or substantially all of its assets or any other similar extraordinary transaction without notifying the Limited Partners of its intention to make such distribution or effect such merger, sale or other extraordinary transaction at least twenty (20) Business Days prior to the record date to determine shareholders eligible to receive such distribution or to vote upon the approval of such merger, sale or other extraordinary transaction (or, if no such record date is applicable, at least twenty (20) Business Days before consummation of such merger, sale or other extraordinary transaction). This provision for such notice shall not be deemed (i) to permit any transaction that otherwise is prohibited by this Agreement or requires a Consent of the Partners or (ii) to require a Consent of the Limited Partners to a transaction that does not otherwise require Consent under this Agreement. Each Limited Partner agrees, as a condition to the receipt of the notice pursuant hereto, to keep confidential the information set forth therein until such time as the General Partner Entity has made public disclosure thereof and to use such information during such period of confidentiality solely for purposes of determining whether or not to exercise the Redemption Right; PROVIDED, HOWEVER, that a Limited Partner may disclose such information to its attorney, accountant and/or financial advisor for purposes of obtaining advice with respect to such exercise so long as such attorney, accountant and/or financial advisor agrees to receive and hold such information subject to this confidentiality requirement.

D. CONFIDENTIALITY. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that (i) the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the Partnership or its business or (ii) the Partnership is required by law or by agreements with unaffiliated third parties to keep confidential.

SECTION 8.6 REDEMPTION RIGHT

A. GENERAL. (i) Subject to Section 8.6.C below, on or after the date [two (2) years] after the issuance of a Partnership Unit to a Limited Partner pursuant to Article IV hereof (which [two-year] period shall commence upon the issuance of such Partnership Unit regardless of whether such Partnership Unit is designated upon issuance as a Class A Unit, a Class B Unit or otherwise and shall include the period of time from the date such Partnership Unit is issued to such Limited Partner as other than a Class A Unit until the date such Partnership Unit is converted automatically to a Class A Unit pursuant to Section 4.2.C hereof), or on or after such date prior to the expiration of such [two-year] period as the General Partner, in its sole and absolute discretion, designates with respect to any or all Class A Units then outstanding, the holder of a Partnership Unit (if other than the General Partner or the General Partner Entity) shall have the right (the "Redemption Right") to require the Partnership to redeem such Partnership Unit on a Specified Redemption Date and at a redemption price equal to and in the

form of the Cash Amount to be paid by the Partnership. Any such Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the Partnership (with a copy to the General Partner) by the Limited Partner who is exercising the Redemption Right (the "Redeeming Partner"). A Limited Partner may not exercise the Redemption Right for less than one thousand (1,000) Partnership Units or, if such Redeeming Partner holds less than one thousand (1,000) Partnership Units, for less than all of the Partnership Units held by such Redeeming Partner.

(ii) The Redeeming Partner shall have no right with respect to any Partnership Units so redeemed to receive any distributions paid after the Specified Redemption Date.

(iii) The Assignee of any Limited Partner may exercise the rights of such Limited Partner pursuant to this Section 8.6 and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Limited Partner's Assignee. In connection with any exercise of the such rights by such Assignee on behalf of such Limited Partner, the Cash Amount shall be paid by the Partnership directly to such Assignee and not to such Limited Partner.

(iv) In the event that the General Partner provides notice to the Limited Partners pursuant to Section 8.5.C hereof, the Redemption Right shall be exercisable, without regard to whether the Partnership Units have been outstanding for any specified period, during the period commencing on the date on which the General Partner provides such notice and ending on the record date to determine shareholders eligible to receive such distribution or to vote upon the approval of such merger, sale or other extraordinary transaction (or, if no record date is applicable, at least twenty (20) business days before the consummation of such merger, sale or other extraordinary transaction). In the event that this subparagraph (iv) applies, the Specified Redemption Date is the date on which the Partnership and the General Partner receive notice of exercise of the Redemption Right, rather than ten (10) Business Days after receipt of the notice of redemption.

B. GENERAL PARTNER ASSUMPTION OF RIGHT. (i) If a Limited Partner has delivered a Notice of Redemption, the General Partner may, in its sole and absolute discretion (subject to any limitations on ownership and transfer of Shares set forth in the Articles of Incorporation), elect to assume directly and satisfy a Redemption Right by paying to the Redeeming Partner either the Cash Amount or the Shares Amount, as the General Partner determines in its sole and absolute discretion (provided that payment of the Redemption Amount in the form of Shares shall be in Shares registered under Section 12 of the Exchange Act and listed for trading on the exchange or national market on which the Shares are Publicly Traded, and PROVIDED, FURTHER that, in the event that the Shares are not Publicly Traded at the time a Redeeming Partner exercises its Redemption Right, the Redemption Amount shall be paid only in the form of the Cash Amount unless the Redeeming Partner, in its sole and absolute discretion, consents to payment of the Redemption Amount in the form of the Shares Amount), on the Specified Redemption Date, whereupon the General Partner shall acquire the Partnership Units offered for

redemption by the Redeeming Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units. Unless the General Partner, in its sole and absolute discretion, shall exercise its right to assume directly and satisfy the Redemption Right, the General Partner shall not have any obligation to the Redeeming Partner or to the Partnership with respect to the Redeeming Partner's exercise of the Redemption Right. In the event the General Partner shall exercise its right to satisfy the Redemption Right in the manner described in the first sentence of this Section 8.6.B and shall fully perform its obligations in connection therewith, the Partnership shall have no right or obligation to pay any amount to the Redeeming Partner with respect to such Redeeming Partner's exercise of the Redemption Right, and each of the Redeeming Partner, the Partnership and the General Partner shall, for federal income tax purposes, treat the transaction between the General Partner and the Redeeming Partner as a sale of the Redeeming Partner's Partnership Units to the General Partner. Nothing contained in this Section 8.6.B shall imply any right of the General Partner to require any Limited Partner to exercise the Redemption Right afforded to such Limited Partner pursuant to Section 8.6.A above.

(ii) In the event that the General Partner determines to pay the Redeeming Partner the Redemption Amount in the form of Shares, the total number of Shares to be paid to the Redeeming Partner in exchange for the Redeeming Partner's Partnership Units shall be the applicable Shares Amount . In the event this amount is not a whole number of Shares, the Redeeming Partner shall be paid (i) that number of Shares which equals the nearest whole number less than such amount plus (ii) an amount of cash which the General Partner determines, in its reasonable discretion, to represent the fair value of the remaining fractional Share which would otherwise be payable to the Redeeming Partner.

(iii) Each Redeeming Partner agrees to execute such documents as the General Partner may reasonably require in connection with the issuance of Shares upon exercise of the Redemption Right.

C. EXCEPTIONS TO EXERCISE OF REDEMPTION RIGHT. Notwithstanding the provisions of Sections 8.6.A and 8.6.B above, a Partner shall not be entitled to exercise the Redemption Right pursuant to Section 8.6.A above if (but only as long as) the delivery of Shares to such Partner on the Specified Redemption Date (i) would be prohibited under the Articles of Incorporation or (ii) as long as the Shares are Publicly Traded, would be prohibited under applicable federal or state securities laws or regulations (in each case regardless of whether the General Partner would in fact assume and satisfy the Redemption Right).

D. NO LIENS ON PARTNERSHIP UNITS DELIVERED FOR REDEMPTION. Each Limited Partner covenants and agrees with the General Partner that all Partnership Units delivered for redemption shall be delivered to the Partnership or the General Partner, as the case may be, free and clear of all liens, and, notwithstanding anything contained herein to the contrary, neither the General Partner nor the Partnership shall be under any obligation to acquire Partnership Units which are or may be subject to any liens. Each Limited Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the transfer of its Partnership

Units to the Partnership or the General Partner, such Limited Partner shall assume and pay such transfer tax.

E. ADDITIONAL PARTNERSHIP INTERESTS. In the event that the Partnership issues Partnership Interests to any Additional Limited Partner pursuant to Article IV hereof, the General Partner shall make such amendments to this Section 8.6 as it determines are necessary to reflect the issuance of such Partnership Interests (including setting forth any restrictions on the exercise of the Redemption Right with respect to such Partnership Interests).

ARTICLE IX
BOOKS, RECORDS, ACCOUNTING AND REPORTS

SECTION 9.1 RECORDS AND ACCOUNTING

The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 9.3 below. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on, or be in the form of, punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

SECTION 9.2 FISCAL YEAR

The fiscal year of the Partnership shall be the calendar year.

SECTION 9.3 REPORTS

A. ANNUAL REPORTS. As soon as practicable, but in no event later than the date on which the General Partner Entity mails its annual report to its stockholders, the General Partner shall cause to be mailed to each Limited Partner an annual report, as of the close of the most recently ended Partnership Year, containing financial statements of the Partnership, or of the General Partner Entity if such statements are prepared solely on a consolidated basis with the Partnership, for such Partnership Year, presented in accordance with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the General Partner Entity.

B. QUARTERLY REPORTS. If and to the extent that the General Partner Entity mails quarterly reports to its stockholders, as soon as practicable, but in no event later than the date on which such reports are mailed, the General Partner shall cause to be mailed to each Limited

Partner a report containing unaudited financial statements, as of the last day of such calendar quarter, of the Partnership, or of the General Partner Entity if such statements are prepared solely on a consolidated basis with the Partnership, and such other information as may be required by applicable law or regulation, or as the General Partner determines to be appropriate.

ARTICLE X
TAX MATTERS

SECTION 10.1 PREPARATION OF TAX RETURNS

The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by Limited Partners for federal and state income tax reporting purposes.

SECTION 10.2 TAX ELECTIONS

Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code; PROVIDED, HOWEVER, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

SECTION 10.3 TAX MATTERS PARTNER

A. GENERAL. The General Partner shall be the "tax matters partner" of the Partnership for federal income tax purposes. Pursuant to Section 6223(c)(3) of the Code, upon receipt of notice from the IRS of the beginning of an administrative proceeding with respect to the Partnership, the tax matters partner shall furnish the IRS with the name, address, taxpayer identification number and profit interest of each of the Limited Partners and any Assignees; PROVIDED, HOWEVER, that such information is provided to the Partnership by the Limited Partners.

B. POWERS. The tax matters partner is authorized, but not required:

(1) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement

the tax matters partner may expressly state that such agreement shall bind all Partners, except that such settlement agreement shall not bind any Partner (i) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner or (ii) who is a "notice partner" (as defined in Section 6231(a)(8) of the Code) or a member of a "notice group" (as defined in Section 6223(b)(2) of the Code);

(2) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for tax purposes (a "final adjustment") is mailed to the tax matters partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court or the filing of a complaint for refund with the United States Claims Court or the District Court of the United States for the district in which the Partnership's principal place of business is located;

(3) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(4) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(5) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(6) to take any other action on behalf of the Partners of the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 hereof shall be fully applicable to the tax matters partner in its capacity as such.

C. REIMBURSEMENT. The tax matters partner shall receive no compensation for its services. All third party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm or a law firm to assist the tax matters partner in discharging its duties hereunder, as long as the compensation paid by the Partnership for such services is reasonable.

SECTION 10.4 ORGANIZATIONAL EXPENSES

The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a sixty (60) month period as provided in Section 709 of the Code.

SECTION 10.5 WITHHOLDING

Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of federal, state, local, or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Section 1441, 1442, 1445, or 1446 of the Code. Any amount paid on behalf of or with respect to a Limited Partner shall constitute a recourse loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within fifteen (15) days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution which would otherwise be made to the Limited Partner or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to the Limited Partner. Any amounts withheld pursuant to the foregoing clauses (i) or (ii) shall be treated as having been distributed to such Limited Partner. Each Limited Partner hereby unconditionally and irrevocably grants to the Partnership a security interest in such Limited Partner's Partnership Interest to secure such Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this Section 10.5. In the event that a Limited Partner fails to pay any amounts owed to the Partnership pursuant to this Section 10.5 when due, the General Partner may, in its sole and absolute discretion, elect to make the payment to the Partnership on behalf of such defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to such defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against such defaulting Limited Partner (including, without limitation, the right to receive distributions). Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the WALL STREET JOURNAL, plus four (4) percentage points (but not higher than the maximum lawful rate) from the date such amount is due (i.e., fifteen (15) days after demand) until such amount is paid in full. Each Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

ARTICLE XI
TRANSFERS AND WITHDRAWALS

SECTION 11.1 TRANSFER

A. DEFINITION. The term "transfer," when used in this Article XI with respect to a Partnership Interest or a Partnership Unit, shall be deemed to refer to a transaction by which the General Partner purports to assign all or any part of its General Partnership Interest to another Person or by which a Limited Partner purports to assign all or any part of its Limited Partnership Interest to another Person, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. The term "transfer" when used in this Article XI does not include any redemption or repurchase of Partnership Units by the Partnership from a Partner (including the General Partner) or acquisition of Partnership Units from a Limited Partner by the General Partner pursuant to Section 8.6 hereof or otherwise. No part of the interest of a Limited Partner shall be subject to the claims of any creditor, any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

B. GENERAL. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article XI. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article XI shall be null and void.

SECTION 11.2 TRANSFERS OF PARTNERSHIP INTERESTS OF GENERAL PARTNER

A. Except for transfers of Partnership Units to the Partnership as provided in Section 7.5 or Section 8.6 hereof, the General Partner may not transfer any of its Partnership Interest (including both its General Partnership Interest and its Limited Partnership Interest) except in connection with a transaction described in Section 11.2.B below or as otherwise expressly permitted under this Agreement), nor shall the General Partner withdraw as General Partner except in connection with a transaction described in Section 11.2.B below.

B. The General Partner shall not engage in any merger (including a triangular merger), consolidation or other combination with or into another person, sale of all or substantially all of its assets or any reclassification, recapitalization or change of outstanding Shares (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination as described in the definition of "Conversion Factor") ("Termination Transaction"), unless the Termination Transaction has been approved by the Consent of the Partners holding a majority or more of the then outstanding Percentage Interests (including the effect of any Partnership Units held by the General Partner) and in connection with which all Limited Partners either will receive, or will have the right to elect to receive, for each Partnership Unit an amount of cash, securities, or other property equal to the product of the Conversion Factor and the greatest amount of cash, securities or other property paid to a holder

of Shares, if any, corresponding to such Partnership Unit that was issued pursuant to Section 4.2.A hereof in consideration of one such Share at any time during the period from and after the date on which the Termination Transaction is consummated; PROVIDED THAT, if, in connection with the Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of more than fifty percent (50%) of the outstanding Shares, each holder of Partnership Units shall receive, or shall have the right to elect to receive, the greatest amount of cash, securities, or other property which such holder would have received had it exercised the Redemption Right and received Shares in exchange for its Partnership Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer.

SECTION 11.3 LIMITED PARTNERS' RIGHTS TO TRANSFER

A. GENERAL. Subject to the provisions of Sections 11.3.C, 11.3.D, 11.3.E, 11.4 and 11.6 below, prior to the second anniversary of the Effective Date, a Limited Partner may not transfer any of such Limited Partner's rights as a Limited Partner without the consent of the General Partner, which consent the General Partner may withhold in its sole discretion if it determines that such a transfer would cause any or all of the Limited Partners other than the Limited Partner seeking to transfer its rights as a Limited Partner to be subject to tax liability as a result of such transfer. Any purported transfer attempted in violation of the foregoing sentence shall be deemed void AB INITIO and shall have no force or effect. Subject to the provisions of Sections 11.3.C, 11.3.D, 11.3.E, 11.4 and 11.6 below, on or after the second anniversary of the Effective Date, a Limited Partner (other than the General Partner) may transfer, with or without the consent of the General Partner, all or any portion of its Partnership Interest, or any of such Limited Partner's rights as a Limited Partner, provided that prior written notice of such proposed transfer is delivered to the General Partner.

B. INCAPACITATED LIMITED PARTNERS. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners for the purpose of settling or managing the estate and such power as the Incapacitated Limited Partner possessed to transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. NO TRANSFERS VIOLATING SECURITIES LAWS. The General Partner may prohibit any transfer of Partnership Units by a Limited Partner if, in the opinion of legal counsel to the Partnership, such transfer would require filing of a registration statement under the Securities Act or would otherwise violate any federal, or state securities laws or regulations applicable to the Partnership or the Partnership Unit.

D. NO TRANSFERS AFFECTING TAX STATUS OF PARTNERSHIP. No transfer of Partnership Units by a Limited Partner (including a redemption or exchange pursuant to Section 8.6 hereof) may be made to any Person if (i) in the opinion of legal counsel for the Partnership,

it would result in the Partnership being treated as an association taxable as a corporation for federal income tax purposes or would result in a termination of the Partnership for federal income tax purposes (except as a result of the redemption or exchange for Shares of all Partnership Units held by all Limited Partners other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity or pursuant to a transaction expressly permitted under Section 7 11.B or Section 11.2 hereof), (ii) in the opinion of legal counsel for the Partnership, it would adversely affect the ability of the General Partner Entity to continue to qualify as a REIT or would subject the General Partner Entity to any additional taxes under Section 857 or Section 4981 of the Code or (iii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

E. NO TRANSFERS TO HOLDERS OF NONRECOURSE LIABILITIES. No pledge or transfer of any Partnership Units may be made to a lender to the Partnership, or to any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership, whose loan constitutes a Nonrecourse Liability without the consent of the General Partner, in its sole and absolute discretion; provided that, as a condition to such consent the lender will be required to enter into an arrangement with the Partnership and the General Partner to exchange or redeem for the Redemption Amount any Partnership Units transferred or in which a security interest is held simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

SECTION 11.4 SUBSTITUTED LIMITED PARTNERS

A. CONSENT OF GENERAL PARTNER. No Limited Partner shall have the right to substitute a transferee as a Limited Partner in its place without the consent of the General Partner to the admission of a transferee of the interest of a Limited Partner pursuant to this Section 11.4 as a Substituted Limited Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or any Partner

B. RIGHTS OF SUBSTITUTED LIMITED PARTNER. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article XI shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement. The admission of any transferee as a Substituted Limited Partner shall be conditioned upon the transferee executing and delivering to the Partnership an acceptance of all the terms and conditions of this Agreement (including, without limitation, the provisions of Section 15.11 hereof and such other documents or instruments as may be required to effect the admission).

C. AMENDMENT AND RESTATEMENT OF EXHIBIT A. Upon the admission of a Substituted Limited Partner, the General Partner shall amend and restate Exhibit A hereto to

reflect the name, address, Capital Account, number of Partnership Units, and Percentage Interest of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address, Capital Account and Percentage Interest of the predecessor of such Substituted Limited Partner.

SECTION 11.5 ASSIGNEES

If the General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee under Section 11.3 above as a Substituted Limited Partner, as described in Section 11.4 above, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses, gain, loss and Recapture Income attributable to the Partnership Units assigned to such transferee, and shall have the rights granted to the Limited Partners under Section 8.6 hereof but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to vote such Partnership Units in any matter presented to the Limited Partners for a vote (such Partnership Units being deemed to have been voted on such matter in the same proportion as all other Partnership Units held by Limited Partners are voted). In the event any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article XI to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units.

SECTION 11.6 GENERAL PROVISIONS

A. WITHDRAWAL OF LIMITED PARTNER. No Limited Partner may withdraw from the Partnership other than as a result of a permitted transfer of all of such Limited Partner's Partnership Units in accordance with this Article XI or pursuant to redemption of all of its Partnership Units under Section 8.6 hereof.

B. TERMINATION OF STATUS AS LIMITED PARTNER. Any Limited Partner who shall transfer all of its Partnership Units in a transfer permitted pursuant to this Article XI or pursuant to redemption of all of its Partnership Units under Section 8.6 hereof shall cease to be a Limited Partner.

C. TIMING OF TRANSFERS. Transfers pursuant to this Article XI may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner otherwise agrees.

D. ALLOCATIONS. If any Partnership Interest is transferred during any quarterly segment of the Partnership's fiscal year in compliance with the provisions of this Article XI or redeemed or transferred pursuant to Section 8.6 hereof, Net Income, Net Losses, each item thereof and all other items attributable to such interest for such fiscal year shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the fiscal year in accordance with Section 706(d) of the Code, using the

interim closing of the books method (unless the General Partner, in its sole and absolute discretion, elects to adopt a daily, weekly, or a monthly proration period, in which event Net Income, Net Losses, each item thereof and all other items attributable to such interest for such fiscal year shall be prorated based upon the applicable method selected by the General Partner). Solely for purposes of making such allocations, each of such items for the calendar month in which the transfer or redemption occurs shall be allocated to the Person who is a Partner as of midnight on the last day of said month. All distributions of Available Cash attributable to any Partnership Unit with respect to which the Partnership Record Date is before the date of such transfer, assignment or redemption shall be made to the transferor Partner or the Redeeming Partner, as the case may be, and, in the case of a transfer or assignment other than a redemption, all distributions of Available Cash thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

E. ADDITIONAL RESTRICTIONS. In addition to any other restrictions on transfer herein contained, including without limitation the provisions of this Article XI, in no event may any transfer or assignment of a Partnership Interest by any Partner (including pursuant to Section 8.6 hereof) be made without the express consent of the General Partner, in its sole and absolute discretion, (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) if in the opinion of legal counsel to the Partnership such transfer would cause a termination of the Partnership for federal or state income tax purposes (except as a result of the redemption or exchange for Shares of all Partnership Units held by all Limited Partners or pursuant to a transaction expressly permitted under Section 7.11.B or Section 11.2 hereof); (v) if in the opinion of counsel to the Partnership, such transfer would cause the Partnership to cease to be classified as a partnership for federal income tax purposes (except as a result of the redemption or exchange for Shares of all Partnership Units held by all Limited Partners or pursuant to a transaction expressly permitted under Section 7.11.B or Section 11.2 hereof); (vi) if such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (vii) if such transfer would, in the opinion of counsel to the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.1101; (viii) if such transfer requires the registration of such Partnership Interest pursuant to any applicable federal or state securities laws; (ix) if such transfer is effectuated through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code or such transfer causes the Partnership to become a "publicly traded partnership," as such term is defined in Section 469(k)(2) or Section 7704(b) of the Code; (x) if such transfer subjects the Partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended; (xi) if the transferee or assignee of such Partnership Interest is unable to make the representations set forth in Section 15.15 hereof or such transfer could otherwise adversely affect the ability of the General Partner Entity to remain qualified as

a REIT; or (xii) if in the opinion of legal counsel for the Partnership, such transfer would adversely affect the ability of the General Partner Entity to continue to qualify as a REIT or subject the General Partner Entity to any additional taxes under Section 857 or Section 4981 of the Code.

F. AVOIDANCE OF "PUBLICLY TRADED PARTNERSHIP" STATUS. The General Partner shall monitor the transfers of interests in the Partnership to determine (i) if such interests are being traded on an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code and (ii) whether additional transfers of interests would result in the Partnership being unable to qualify for at least one of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof") within the meaning of Section 7704 of the Code (the "Safe Harbors"). The General Partner shall take all steps reasonably necessary or appropriate to prevent any trading of interests or any recognition by the Partnership of transfers made on such markets and, except as otherwise provided herein, to insure that at least one of the Safe Harbors is met.

ARTICLE XII
ADMISSION OF PARTNERS

SECTION 12.1 ADMISSION OF SUCCESSOR GENERAL PARTNER

A successor to all of the General Partner's General Partnership Interest pursuant to Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective upon such transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner's executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

SECTION 12.2 ADMISSION OF ADDITIONAL LIMITED PARTNERS

A. GENERAL. No Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent shall be given or withheld in the General Partner's sole and absolute discretion. A Person who makes a Capital Contribution to the Partnership in accordance with this Agreement, including, without limitation, pursuant to Section 4.1.C hereof, or who exercises an option to receive Partnership Units shall be admitted to the Partnership as an Additional Limited Partner only with the consent of the General Partner and only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 15.11 hereof and (ii) such other documents or instruments as may be required in the discretion of the General Partner in order to effect such

Person's admission as an Additional Limited Partner. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the consent of the General Partner to such admission.

B. ALLOCATIONS TO ADDITIONAL LIMITED PARTNERS. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items allocable among Partners and Assignees for such Partnership Year shall be allocated among such Additional Limited Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method (unless the General Partner, in its sole and absolute discretion, elects to adopt a daily, weekly or monthly proration method, in which event Net Income, Net Losses, and each item thereof would be prorated based upon the applicable period selected by the General Partner). Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Partners and Assignees including such Additional Limited Partner. All distributions of Available Cash with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner, and all distributions of Available Cash thereafter shall be made to all the Partners and Assignees including such Additional Limited Partner.

SECTION 12.3 AMENDMENT OF AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership (including an amendment and restatement of EXHIBIT A hereto) and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 15.11 hereof.

ARTICLE XIII
DISSOLUTION AND LIQUIDATION

SECTION 13.1 DISSOLUTION

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following ("Liquidating Events"):

(i) the expiration of its term as provided in Section 2.4 hereof;

(ii) an event of withdrawal of the General Partner, as defined in the Act (other than an event of bankruptcy), unless, within ninety (90) days after the withdrawal a "majority in interest" (as defined below) of the remaining Partners Consent in writing to continue the business of the Partnership and to the appointment, effective as of the date of withdrawal, of a substitute General Partner;

(iii) an election to dissolve the Partnership made by the General Partner, in its sole and absolute discretion, after December 31, [204__];

(iv) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

(v) the sale of all or substantially all of the assets and properties of the Partnership for cash or for marketable securities (subject to Section 7.11.C); or

(vi) a final and nonappealable judgment is entered by a court of competent jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and nonappealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect, unless prior to or within ninety days after of the entry of such order or judgment a "majority in interest" (as defined below) of the remaining Partners Consent in writing to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such order or judgment, of a substitute General Partner.

As used herein, a "majority in interest" shall refer to Partners (excluding the General Partner) who hold more than fifty percent (50%) of the outstanding Percentage Interests not held by the General Partner.

SECTION 13.2 WINDING UP

A. GENERAL. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event there is no remaining General Partner, any Person elected by a majority in interest of the Limited Partners (the "Liquidator")) shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property and the

Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include equity or other securities of the General Partner or any other entity) shall be applied and distributed in the following order:

(1) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to the Partners; and

(3) The balance, if any, to the Partners in accordance with their Capital Accounts, after giving effect to all contributions, distributions, and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article XIII.

B. DEFERRED LIQUIDATION. Notwithstanding the provisions of Section 13.2.A above which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A above, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

SECTION 13.3 COMPLIANCE WITH TIMING REQUIREMENTS OF REGULATIONS

Subject to Section 13.4 below, in the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article XIII to the General Partner and Limited Partners who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), such Partner shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership

or to any other Person for any purpose whatsoever. In the discretion of the General Partner, a pro rata portion of the distributions that would otherwise be made to the General Partner and Limited Partners pursuant to this Article XIII may be: (A) distributed to a trust established for the benefit of the General Partner and Limited Partners for the purposes of liquidating Partnership assets, collecting amounts owed to the Partnership and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership (in which case the assets of any such trust shall be distributed to the General Partner and Limited Partners from time to time, in the reasonable discretion of the General Partner, in the same proportions as the amount distributed to such trust by the Partnership would otherwise have been distributed to the General Partner and Limited Partners pursuant to this Agreement); or (B) withheld to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld amounts shall be distributed to the General Partner and Limited Partners as soon as practicable.

SECTION 13.4 DEEMED DISTRIBUTION AND RECONTRIBUTION

Notwithstanding any other provision of this Article XIII, in the event the Partnership is deemed liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes and for purposes of maintaining Capital Accounts pursuant to EXHIBIT B hereto, the Partnership shall be deemed to have distributed its assets in kind to the General Partner and Limited Partners, who shall be deemed to have assumed and taken such assets subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the General Partner and Limited Partners shall be deemed to have recontributed the Partnership assets in kind to the Partnership, which shall be deemed to have assumed and taken such assets subject to all such liabilities.

SECTION 13.5 RIGHTS OF LIMITED PARTNERS

Except as otherwise provided in this Agreement, each Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contributions and shall have no right or power to demand or receive property other than cash from the Partnership. Except as otherwise expressly provided in this Agreement, no Limited Partner shall have priority over any other Limited Partner as to the return of its Capital Contributions, distributions, or allocations.

SECTION 13.6 NOTICE OF DISSOLUTION

In the event a Liquidating Event occurs or an event occurs that would, but for provisions of an election or objection by one or more Partners pursuant to Section 13.1 above, result in a dissolution of the Partnership, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each of the Partners and to all other parties with

whom the Partnership regularly conducts business (as determined in the discretion of the General Partner) and shall publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the discretion of the General Partner).

SECTION 13.7 CANCELLATION OF CERTIFICATE OF LIMITED PARTNERSHIP

Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2 above, the Partnership shall be terminated and the Certificate and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

SECTION 13.8 REASONABLE TIME FOR WINDING UP

A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 above, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect among the Partners during the period of liquidation.

SECTION 13.9 WAIVER OF PARTITION

Each Partner hereby waives any right to partition of the Partnership property.

SECTION 13.10 LIABILITY OF LIQUIDATOR

The Liquidator shall be indemnified and held harmless by the Partnership in the same manner and to the same degree as an Indemnitee may be indemnified pursuant to Section 7.11 hereof.

ARTICLE XIV
AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS

SECTION 14.1 AMENDMENTS.

A. GENERAL. Amendments to this Agreement may be proposed by the General Partner or by any Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests. Following such proposal (except an amendment pursuant to Section 14.1.B below), the General Partner shall submit any proposed amendment to the Limited Partners. The General Partner shall seek the written vote of the Partners on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. For purposes of obtaining a written vote, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time

period shall constitute a vote which is consistent with the General Partner's recommendation with respect to the proposal. Except as provided in Section 14.1.B, 14.1.C or 14.1.D below, a proposed amendment shall be adopted and be effective as an amendment hereto if it is approved by the General Partner and it receives the Consent of Partners holding a majority of the Percentage Interests of the Limited Partners (including Limited Partnership Interests held by the General Partner).

B. AMENDMENTS NOT REQUIRING LIMITED PARTNER APPROVAL. Notwithstanding Section 14.1.A or Section 14.1.C hereof, the General Partner shall have the power, without the Consent of the Limited Partners, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(1) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(2) to reflect the admission, substitution, termination or withdrawal of any Partner in accordance with this Agreement;

(3) to set forth the designations, rights, powers, duties, and preferences of the holders of any additional Partnership Interests issued pursuant to Article IV hereof;

(4) to reflect a change that does not adversely affect any of the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement or as may be expressly provided by any other provisions of this Agreement; and

(5) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a federal, state or local agency or contained in federal, state or local law.

The General Partner shall notify the Limited Partners when any action under this Section 14.1.B is taken in the next regular communication to the Limited Partners.

C. AMENDMENTS REQUIRING LIMITED PARTNER APPROVAL (EXCLUDING GENERAL PARTNER). Notwithstanding Section 14 1.A above, without the Consent of the Outside Limited Partners, the General Partner shall not amend Section 4.2.A, Section 5.1.E, Section 7.1.A (second sentence only), Section 7.5, Section 7.6, Section 7.8, Section 7.11.B, Section 11.2, Section 13.1, this Section 14.1.C or Section 14.2.

D. OTHER AMENDMENTS REQUIRING CERTAIN LIMITED PARTNER APPROVAL. Notwithstanding anything in this Section 14.1 to the contrary, this Agreement shall not be amended with respect to any Partner adversely affected without the Consent of such Partner adversely affected if such amendment would (i) convert a Limited Partner's interest in the Partnership into a general partner's interest, (ii) modify the limited liability of a Limited Partner, (iii) amend Section 7.11.A, (iv) amend Article V, Article VI, or Section 13.2.A(3) (except as permitted pursuant to Sections 4.2, 5.1.E, 5.4, 6.2 and 14.1(B)(3)), (v) amend Section 8.6 or any defined terms set forth in Article I that relate to the Redemption Right (except as permitted in Section 8.6.E), or (vi) amend this Section 14.1.D. In addition, any amendment to Section 7.11.C of this Agreement shall require the following consent:

(i) In the event that the amendment to Section 7.11.C affects the 673 First Avenue Property or the rights of holders of 673 First Avenue Units, such amendment shall require the Consent of Partners (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) who hold seventy-five percent (75%) of the 673 First Avenue Units;

(ii) In the event that the amendment to Section 7.11.C affects the 470 Park Avenue South Property or the rights of holders of 470 Park Avenue South Units, such amendment shall require the Consent of Partners (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) who hold seventy-five percent (75%) of the 470 Park Avenue South Units.

E. AMENDMENT AND RESTATEMENT OF EXHIBIT A NOT AN AMENDMENT. Notwithstanding anything in this Article XIV or elsewhere in this Agreement to the contrary, any amendment and restatement of EXHIBIT A hereto by the General Partner to reflect events or changes otherwise authorized or permitted by this Agreement, whether pursuant to Section 7.1.A(20) hereof or otherwise, shall not be deemed an amendment of this Agreement and may be done at any time and from time to time, as necessary by the General Partner without the Consent of the Limited Partners.

SECTION 14.2 MEETINGS OF THE PARTNERS

A. GENERAL. Meetings of the Partners may be called by the General Partner and shall be called upon the receipt by the General Partner of a written request by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners not less than seven (7) days nor more than thirty (30) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Whenever the vote or Consent of Partners is permitted or required under this Agreement, such vote or Consent may be given at a meeting of Partners or may be given in accordance with the procedure prescribed in Section 14.1.A above. Except as otherwise expressly provided in this Agreement, the

Consent of holders of a majority of the Percentage Interests held by Limited Partners (including Limited Partnership Interests held by the General Partner) shall control.

B. ACTIONS WITHOUT A MEETING. Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the action so taken is signed by a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent may be in one instrument or in several instruments, and shall have the same force and effect as a vote of a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified.

C. PROXY. Each Limited Partner may authorize any Person or Persons to act for him by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Limited Partner executing it. Such revocation to be effective upon the Partnership's receipt of notice thereof in writing.

D. CONDUCT OF MEETING. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate.

ARTICLE XV
GENERAL PROVISIONS

SECTION 15.1 ADDRESSES AND NOTICE

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address set forth in Exhibit A hereto or such other address as the Partners shall notify the General Partner in writing.

SECTION 15.2 TITLES AND CAPTIONS

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

SECTION 15.3 PRONOUNS AND PLURALS

Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

SECTION 15.4 FURTHER ACTION

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

SECTION 15.5 BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

SECTION 15.6 CREDITORS

Other than as expressly set forth herein with regard to any Indemnitee, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

SECTION 15.7 WAIVER

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

SECTION 15.8 COUNTERPARTS

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

SECTION 15.9 APPLICABLE LAW

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

SECTION 15.10 INVALIDITY OF PROVISIONS

If any provision of this Agreement 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.

SECTION 15.11 POWER OF ATTORNEY

A. GENERAL. Each Limited Partner and each Assignee who accepts Partnership Units (or any rights, benefits or privileges associated therewith) is deemed to irrevocably constitute and appoint the General Partner, any Liquidator and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments or restatements thereof) that the General Partner or any Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property, (b) all instruments that the General Partner or any Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms, (c) all conveyances and other instruments or documents that the General Partner or any Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation, (d) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article XI, XII or XIII hereof or the Capital Contribution of any Partner and (e) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of Partnership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner or any Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate

or necessary, in the sole discretion of the General Partner or any Liquidator, to effectuate the terms or intent of this Agreement.

Nothing contained in this Section 15.11 shall be construed as authorizing the General Partner or any Liquidator to amend this Agreement except in accordance with Article XIV hereof or as may be otherwise expressly provided for in this Agreement.

B. IRREVOCABLE NATURE. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, in recognition of the fact that each of the Partners will be relying upon the power of the General Partner or any Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Units and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or any Liquidator, acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner or any Liquidator, taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within fifteen (15) days after receipt of the General Partner's or Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator, as the case may be, deems necessary to effectuate this Agreement and the purposes of the Partnership.

SECTION 15.12 ENTIRE AGREEMENT

This Agreement contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and supersedes any prior written oral understandings or agreements among them with respect thereto.

SECTION 15.13 NO RIGHTS AS SHAREHOLDERS

Nothing contained in this Agreement shall be construed as conferring upon the holders of the Partnership Units any rights whatsoever as shareholders of the General Partner Entity, including, without limitation, any right to receive dividends or other distributions made to shareholders of the General Partner Entity or to vote or to consent or receive notice as shareholders in respect to any meeting of shareholders for the election of directors of the General Partner Entity or any other matter.

SECTION 15.14 LIMITATION TO PRESERVE REIT STATUS

To the extent that any amount paid or credited to the General Partner or its officers, directors, employees or agents pursuant to Section 7.4 or Section 7.7 hereof would

constitute gross income to the General Partner Entity for purposes of Section 856(c)(2) or 856(c)(3) of the Code (a "General Partner Payment") then, notwithstanding any other provision of this Agreement, the amount of such General Partner Payments for any fiscal year shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) 4.20% of the General Partner Entity's total gross income (but not including the amount of any General Partner Payments) for the fiscal year which is described in subsections (A) though (H) of Section 856(c)(2) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(2) of the Code) derived by the General Partner Entity from sources other than those described in subsections (A) through (H) of Section 856(c)(2) of the Code (but not including the amount of any General Partner Payments); or

(ii) an amount equal to the excess, if any of (a) 25% of the General Partner Entity's total gross income (but not including the amount of any General Partner Payments) for the fiscal year which is described in subsections (A) through (I) of Section 856(c)(3) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(3) of the Code) derived by the General Partner Entity from sources other than those described in subsections (A) through (I) of Section 856(c)(3) of the Code (but not including the amount of any General Partner Payments);

PROVIDED, HOWEVER, that General Partner Payments in excess of the amounts set forth in subparagraphs (i) and (ii) above may be made if the General Partner Entity, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts would not adversely affect the General Partner Entity's ability to qualify as a REIT. To the extent General Partner Payments may not be made in a year due to the foregoing limitations, such General Partner Payments shall carry over and be treated as arising in the following year, PROVIDED, HOWEVER, that such amounts shall not carry over for more than five years, and if not paid within such five year period, shall expire; PROVIDED, FURTHER, that (i) as General Partner Payments are made, such payments shall be applied first to carryover amounts outstanding, if any, and (ii) with respect to carryover amounts for more than one Partnership Year, such payments shall be applied to the earliest Partnership Year first.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

SL GREEN REALTY CORP.

By: ----------

Name: ----------

Title: ----------

LIMITED PARTNERS:

SL GREEN REALTY CORP.

By: ----------

Name: ----------

Title: ----------

[ADD OTHER LIMITED PARTNERS]

EXHIBIT A
PARTNERS AND PARTNERSHIP INTERESTS

Name and Address of Partner	Class A Partnership Units	Class B Partnership Units	Agreed Initial Capital Account	Percentage Interest
GENERAL PARTNER:				
SL Green Realty Corp. 70 West 36th Street New York, New York 10018				
LIMITED PARTNERS:				
SL Green Realty Corp. 70 West 36th Street New York, New York 10018 [List other Partners]				
TOTAL				100.00%

EXHIBIT B
CAPITAL ACCOUNT MAINTENANCE

1. CAPITAL ACCOUNTS OF THE PARTNERS

A. The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Regulations Section 1.704-l(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions and any other deemed contributions made by such Partner to the Partnership pursuant to this Agreement and (ii) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1 of the Agreement and EXHIBIT C hereof, and decreased by (x) the amount of cash or Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1 of the Agreement and EXHIBIT C hereof.

B. For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Partners' Capital Accounts, unless otherwise specified in this Agreement, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes determined in accordance with Section 703(a) of the Code (for this purpose all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(1) Except as otherwise provided in Regulations Section 1.704-l(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership, provided that the amounts of any adjustments to the adjusted bases of the assets of the Partnership made pursuant to Section 734 of the Code as a result of the distribution of property by the Partnership to a Partner (to the extent that such adjustments have not previously been reflected in the Partners' Capital Accounts) shall be reflected in the Capital Accounts of the Partners in the manner and subject to the limitations prescribed in Regulations Section 1.704-l(b)(2)(iv) (m)(4).

(2) The computation of all items of income, gain, and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(3) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(4) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year.

(5) In the event the Carrying Value of any Partnership Asset is adjusted pursuant to Section 1.D hereof, the amount of any such adjustment shall be taken into account as gain or loss from the disposition of such asset.

(6) Any items specially allocated under Section 2 of EXHIBIT C hereof shall not be taken into account.

C. Generally, a transferee (including any Assignee) of a Partnership Unit shall succeed to a pro rata portion of the Capital Account of the transferor; provided, however, that, if the transfer causes a termination of the Partnership under Section 708(b)(1)(B) of the Code, the Partnership's properties shall be deemed, solely for federal income tax purposes, to have been distributed in liquidation of the Partnership to the holders of Partnership Units (including such transferee) and recontributed by such holders in reconstitution of the Partnership. In such event, the Carrying Values of the Partnership properties shall be adjusted immediately prior to such deemed distribution pursuant to Section 1.D.(2) hereof. The Capital Accounts of such reconstituted Partnership shall be maintained in accordance with the principles of this EXHIBIT B.

D. (1) Consistent with the provisions of Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in Section 1.D(2), the Carrying Values of all Partnership assets shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the times of the adjustments provided in Section 1.D(2) hereof, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property and allocated pursuant to Section 6.1 of the Agreement.

(2) Such adjustments shall be made as of the following times: (a) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; and (c) immediately prior to the liquidation of the Partnership within the meaning of Regulations Section 1.704-l(b)(2)(ii)(g), provided however that adjustments pursuant

to clauses (a) and (b) above shall be made only if the General Partner determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

(3) In accordance with Regulations Section 1.704- l(b)(2)(iv)(e), the Carrying Value of Partnership assets distributed in kind shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the time any such asset is distributed.

(4) In determining Unrealized Gain or Unrealized Loss for purposes of this EXHIBIT B, the aggregate cash amount and fair market value of all Partnership assets (including cash or cash equivalents) shall be determined by the General Partner using such reasonable method of valuation as it may adopt, or in the case of a liquidating distribution pursuant to Article XIII of the Agreement, shall be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt. The General Partner, or the Liquidator, as the case may be, shall allocate such aggregate fair market value among the assets of the Partnership in such manner as it determines in its sole and absolute discretion to arrive at a fair market value for individual properties.

E. The provisions of the Agreement (including this EXHIBIT B and the other Exhibits to the Agreement) relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-l(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, the General Partner, or the Limited Partners) are computed in order to comply with such Regulations, the General Partner may make such modification without regard to Article XIV of the Agreement, provided that it is not likely to have a material effect on the amounts distributable to any Person pursuant to Article XIII of the Agreement upon the dissolution of the Partnership. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

2. NO INTEREST

No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

3. NO WITHDRAWAL

No Partner shall be entitled to withdraw any part of its Capital Contribution or Capital Account or to receive any distribution from the Partnership, except as provided in Articles IV, V, VII and XIII of the Agreement.

EXHIBIT C
SPECIAL ALLOCATION RULES

1. SPECIAL ALLOCATION RULES.

Notwithstanding any other provision of the Agreement or this EXHIBIT C, the following special allocations shall be made in the following order:

A. MINIMUM GAIN CHARGEBACK. Notwithstanding the provisions of Section 6.1 of the Agreement or any other provisions of this EXHIBIT C, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6). This Section 1.A is intended to comply with the minimum gain chargeback requirements in Regulations Section 1.704-2(f) and, for purposes of this Section 1.A only, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of this Agreement with respect to such Partnership Year and without regard to any decrease in Partner Minimum Gain during such Partnership Year.

B. PARTNER MINIMUM GAIN CHARGEBACK. Notwithstanding any other provision of Section 6.1 of this Agreement or any other provisions of this EXHIBIT C (except Section 1.A hereof), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i) (4). This Section 1.B is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith. Solely for purposes of this Section 1.B, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of the Agreement or this Exhibit with respect to such Partnership Year, other than allocations pursuant to Section 1.A hereof.

C. QUALIFIED INCOME OFFSET. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), or 1.704-l(b)(2)(ii)(d)(6), and after giving effect to the allocations required under Sections 1.A and 1.B hereof with respect to such Partnership Year, such Partner

has an Adjusted Capital Account Deficit, items of Partnership income and gain (consisting of a pro rata portion of each item of Partnership income, including gross income and gain for the Partnership Year) shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible. This Section 1.C is intended to constitute a "qualified income offset" under Regulations Section 1.704-l(b)(2)(ii)(d) and shall be interpreted consistently therewith.

D. GROSS INCOME ALLOCATION. In the event that any Partner has an Adjusted Capital Account Deficit at the end of any Partnership Year (after taking into account allocations to be made under the preceding paragraphs hereof with respect to such Partnership Year), each such Partner shall be specially allocated items of Partnership income and gain (consisting of a pro rata portion of each item of Partnership income, including gross income and gain for the Partnership Year) in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit.

E. NONRECOURSE DEDUCTIONS. Nonrecourse Deductions for any Partnership Year shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio for such Partnership Year to the numerically closest ratio which would satisfy such requirements.

F. PARTNER NONRECOURSE DEDUCTIONS. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(b)(4) and 1.704-2(i).

G. CODE SECTION 754 ADJUSTMENTS. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-l(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

2. ALLOCATIONS FOR TAX PURPOSES

A. Except as otherwise provided in this Section 2, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this EXHIBIT C.

B. In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, and deduction shall be allocated for federal income tax purposes among the Partners as follows:

(1) (a) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners consistent with the principles of Section 704(c) of the Code to take into account the variation between the 704(c) Value of such property and its adjusted basis at the time of contribution (taking into account Section 2.C of this EXHIBIT C); and

(b) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this EXHIBIT C.

(2) (a) In the case of an Adjusted Property, such items shall

(i) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to EXHIBIT B;

(ii) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 2.B(1) of this EXHIBIT C; and

(b) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this EXHIBIT C.

C. To the extent Regulations promulgated pursuant to Section 704(c) of the Code permit a Partnership to utilize alternative methods to eliminate the disparities between the Carrying Value of property and its adjusted basis, the General Partner shall, subject to the following, have the authority to elect the method to be used by the Partnership and such election shall be binding on all Partners. With respect to the Contributed Properties transferred to the Partnership in connection with the Consolidation, the Partnership shall elect to use the "traditional method" set forth in Regulations Section 1.704-3(b).

EXHIBIT D
NOTICE OF REDEMPTION

The undersigned hereby irrevocably (i) tenders for redemption _____ Partnership Units in SL Green Operating Partnership, L.P. in accordance with the terms of the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., as amended, and the Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein and (iii) directs that the Cash Amount or Shares Amount (as determined by the General Partner) deliverable upon exercise of the Redemption Right be delivered to the address specified below, and if Shares are to be delivered, such Shares be registered or placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has marketable and unencumbered title to such Partnership Units, free and clear of the rights of or interests of any other person or entity, (b) has the full right, power and authority to redeem and surrender such Partnership Units as provided herein and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consult or approve such redemption and surrender.

Dated:_____ Name of Limited Partner:_____

_____
(Signature of Limited Partner)

_____
(Street Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:_____

IF SHARES ARE TO BE ISSUED, ISSUE TO:

Name:

Please insert social security or identifying number:

EXHIBIT E
VALUE OF CONTRIBUTED PROPERTY

Underlying Property	704(c) Value	Agreed Value

EXHIBIT 10.6

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of _____, 1997 by and between SL GREEN REALTY CORP., a Maryland corporation (the "Company"), and the holders of Units listed on SCHEDULE A hereto (individually, a "Holder"), attached hereto.

WHEREAS, on the date hereof, the Holders are receiving units of limited partnership interest ("Units") in SL Green Operating Partnership, L.P. (the "Partnership");

WHEREAS, in connection therewith, the Company has agreed to grant to Holders the Registration Rights (as defined in Section 1 hereof);

NOW, THEREFORE, the parties hereto, in consideration of the foregoing, the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, hereby agree as follows:

SECTION 1. REGISTRATION RIGHTS

If Holder receives shares of common stock ("Common Stock") of the Company upon redemption of Units (the "Redemption Shares") pursuant to the terms of the agreement of limited partnership of the Partnership, as amended (the "Partnership Agreement"), Holder shall be entitled to offer for sale pursuant to a shelf registration statement the Redemption Shares, subject to the terms and conditions set forth herein (the "Registration Rights").

1.1 DEMAND REGISTRATION RIGHTS.

1.1(a)REGISTRATION PROCEDURE. Subject to Sections 1.1(c) and 1.2 hereof, if Holder desires to exercise its Registration Rights with respect to the Redemption Shares, Holder shall deliver to the Company a written notice (a "Registration Notice") informing the Company of such exercise and specifying the number of shares to be offered by Holder (such shares to be offered being referred to herein as the "Registrable Securities"). Such notice may be given at any time on or after the date a notice of redemption is delivered by Holder to the Partnership pursuant to the Partnership Agreement, but must be given at least ten (10) business days prior to the consummation of the sale of Registrable Securities. Upon receipt of the Registration Notice, the Company, if it has not already caused the Registrable Securities to be included as part of an existing

shelf registration statement and related prospectus (the "Shelf Registration Statement") that the Company then has on file with the Securities and Exchange Commission (in which event the Company shall be deemed to have satisfied its registration obligation under this Section 1.1), will cause to be filed with the Securities and Exchange Commission (the "SEC") as soon as reasonably practicable after receiving the Registration Notice a new registration statement and related prospectus (a "New Registration Statement") that complies as to form in all material respects with applicable SEC rules providing for the sale by Holder of the Registrable Securities, and agrees (subject to Section 1.2 hereof) to use its best efforts to cause such New Registration Statement to be declared effective by the SEC as soon as practicable. (As used herein, "Registration Statement" and "Prospectus" refer to the Shelf Registration Statement and related prospectus (including any preliminary prospectus) or the New Registration Statement and related prospectus (including any preliminary prospectus), whichever is utilized by the Company to satisfy Holder's Registration Rights pursuant to this Section 1, including in each case any documents incorporated therein by reference). Holder agrees to provide in a timely manner information regarding the proposed distribution by Holder of the Registrable Securities and such other information reasonably requested by the Company in connection with the preparation of and for inclusion in the Registration Statement. The Company agrees (subject to Section 1.2 hereof) to use its best efforts to keep the Registration Statement effective (including the preparation and filing of any amendments and supplements necessary for that purpose) until the earlier of (i) the date on which Holder consummates the sale of all of the Registrable Securities registered under the Registration Statement, or (ii) the date on which all of the Registrable Securities are eligible for sale pursuant to Rule 144(k) (or any successor provision) or in a single transaction pursuant to Rule 144(e) (or any successor provision) under the Securities Act of 1933, as amended (the "Act"). The Company agrees to provide to Holder a reasonable number of copies of the final Prospectus and any amendments or supplements thereto.

1.1(b) OFFERS AND SALES. All offers and sales by Holder under the Registration Statement referred to in this Section 1.1 shall be completed within the period during which the Registration Statement is required to remain effective pursuant to Section 1.1(a), and upon expiration of period Holder will not offer or sell any Registrable Securities under the Registration Statement. If directed by the Company, Holder will return all undistributed copies of the Prospectus in its possession upon the expiration of such period.

1.1(c) LIMITATIONS ON REGISTRATION RIGHTS. Each exercise of a Registration Right shall be with respect to a minimum of the lesser of (i) Fifty Thousand (50,000) shares of

Common Stock or (ii) the total number of Redemption Shares held by Holder at such time plus the number of Redemption Shares that may be issued upon redemption of Units by Holder. The right of Holder to deliver a Registration Notice commences upon the date a Holder is permitted to redeem Units pursuant to the Partnership Agreement. The right of Holder to deliver a Registration Notice shall expire on the date on which all of the Redemption Shares held by Holder or issuable upon redemption of Units held by Holder are eligible for sale pursuant to Rule 144(k) (or any successor provision) or in a single transaction pursuant to Rule 144(e) (or any successor provision) under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Rights granted pursuant to this Section 1.1 may not be exercised in connection with any underwritten public offering by the Company or by Holder without the prior written consent of the Company.

1.2 SUSPENSION OF OFFERING. Upon any notice by the Company, either before or after a Holder has delivered a Registration Notice, that a negotiation or consummation of a transaction by the Company or its subsidiaries is pending or an event has occurred, which negotiation, consummation or event would require additional disclosure by the Company in the Registration Statement of material information which the Company has a BONA FIDE business purpose for keeping confidential and the nondisclosure of which in the Registration Statement might cause the Registration Statement to fail to comply with applicable disclosure requirements (a "Materiality Notice"), Holder agrees that it will immediately discontinue offers and sales of the Registrable Securities under the Registration Statement until Holder receives copies of a supplemented or amended Prospectus that corrects the misstatement(s) or omission(s) referred to above and receives notice that any post-effective amendment has become effective; PROVIDED, that the Company may delay, suspend or withdraw the Registration Statement for such reason for no more than sixty (60) days after delivery of the Materiality Notice at any one time. If so directed by the Company, Holder will deliver to the Company all copies of the Prospectus covering the Registrable Securities current at the time of receipt of such notice.

1.3 EXPENSES. The Company shall pay all expenses incident to the performance by it of its registration obligations under this Section 1, including (i) all stock exchange, SEC and state securities registration, listing and filing fees, (ii) all expenses incurred in connection with the preparation, printing and distributing of the Registration Statement and Prospectus, and (iii) fees and disbursements of counsel for the Company and of the independent public accountants of the Company. Holder shall be responsible for the payment of any brokerage and sales commissions, fees and disbursements of Holder's counsel, and any transfer taxes relating to the sale or disposition of the Registrable Securities by Holder.

1.4 QUALIFICATION. The Company agrees to use its best efforts to register or qualify the Registrable Securities by the time the applicable Registration Statement is declared effective by the SEC under all applicable state securities or "blue sky" laws of such jurisdictions as Holder shall reasonably request in writing, to keep each such registration or qualification effective during the period such Registration Statement is required to be kept effective or during the period offers or sales are being made by Holder after delivery of a Registration Notice to the Company, whichever is shorter, and to do any and all other acts and things which may be reasonably necessary or advisable to enable Holder to consummate the disposition in each such jurisdiction of the Registrable Securities owned by Holder; PROVIDED, HOWEVER, that the Company shall not be required to (x) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 1.1, (y) subject itself to taxation in any such jurisdiction, or (z) submit to the general service of process in any such jurisdiction.

2. INDEMNIFICATION; PARTNERSHIP

2.1 INDEMNIFICATION BY THE COMPANY. The Company agrees to indemnify and hold harmless each Holder and each person, if any, who controls any Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as follows:

(a) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which the Registrable Securities were registered under the Securities Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto), including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(b) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(c) against any and all expense whatsoever, as incurred (including reasonable fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, in each case whether or not a party, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (a) or (b) above;

PROVIDED, HOWEVER, that the indemnity provided pursuant to this Section 2.1 does not apply to any Holder with respect to any loss, liability, claim, damage or expense to the extent arising out of (i) any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto), or (ii) such Holder's failure to deliver an amended or supplemental Prospectus if such loss, liability, claim, damage or expense would not have arisen had such delivery occurred.

2.2 INDEMNIFICATION BY HOLDER. Holder (and each permitted assignee of Holder, on a several basis) agrees to indemnify and hold harmless the Company, and each of its directors and officers (including each director and officer of the Company who signed a Registration Statement), and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, as follows:

(a) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which the Registrable Securities were registered under the Securities Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material

fact required to be stated therein or necessary to make the statements therein not misleading or arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(b) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of Holder; and

(c) against any and all expense whatsoever, as incurred (including reasonable fees and disbursements of counsel), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, in each case whether or not a party, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (a) or (b) above;

PROVIDED, HOWEVER, that the indemnity provided pursuant to this Section 2.1 shall only apply with respect to any loss, liability, claim, damage or expense to the extent arising out of (i) any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by Holder expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto), or (ii) Holder's failure to deliver an amended or supplemental Prospectus if such loss, liability, claim, damage or expense would not have arisen had such delivery occurred. Notwithstanding the provisions of this Section 2.2, Holder and any permitted assignee shall not be required to indemnify the Company, its officers, directors or control persons with respect to any amount in excess of the amount of the total proceeds to Holder or such permitted assignee, as the case may be, from sales of the Registrable Securities of Holder under the Registration Statement, and no

Holder shall be liable under this Section 2.2 for any statements or omissions of any other Holder.

2.3 CONDUCT OF INDEMNIFICATION PROCEEDINGS. The indemnified party shall give reasonably prompt notice to the indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify the indemnifying party (i) shall not relieve it from any liability which it may have under the indemnity agreement provided in Section 2.1 or 2.2 above, unless and to the extent it did not otherwise learn of such action and the lack of notice by the indemnified party results in the forfeiture by the indemnifying party of substantial rights and defenses, and (ii) shall not, in any event, relieve the indemnifying party from any obligations to the indemnified party other than the indemnification obligation provided under Section 2.1 or 2.2 above. If the indemnifying party so elects within a reasonable time after receipt of such notice, the indemnifying party may assume the defense of such action or proceeding at such indemnifying party's own expense with counsel chosen by the indemnifying party and approved by the indemnified party, which approval shall not be unreasonably withheld; PROVIDED, HOWEVER, that the indemnifying party will not settle any such action or proceeding without the written consent of the indemnified party unless, as a condition to such settlement, the indemnifying party secures the unconditional release of the indemnified party; and PROVIDED FURTHER, that if the indemnified party reasonably determines that a conflict of interest exists where it is advisable for the indemnified party to be represented by separate counsel or that, upon advice of counsel, there may be legal defenses available to it which are different from or in addition to those available to the indemnifying party, then the indemnifying party shall not be entitled to assume such defense and the indemnified party shall be entitled to separate counsel at the indemnifying party's expense. If the indemnifying party is not entitled to assume the defense of such action or proceeding as a result of the proviso to the preceding sentence, the indemnifying party's counsel shall be entitled to conduct the indemnifying party's defense and counsel for the indemnified party shall be entitled to conduct the defense of the indemnified party, it being understood that both such counsel will cooperate with each other to conduct the defense of such action or proceeding as efficiently as possible. If the indemnifying party is not so entitled to assume the defense of such action or does not assume such defense, after having received the notice referred to in the first sentence of this paragraph, the indemnifying party will pay the reasonable fees and expenses of counsel for the indemnified party. In such event, however, the indemnifying party will not be liable for any settlement effected without the written consent of the indemnifying party. If an indemnifying party is entitled to assume, and assumes, the defense of such action or proceeding in accordance with this

paragraph, the indemnifying party shall not be liable for any fees and expenses of counsel for the indemnified party incurred thereafter in connection with such action or proceeding.

2.4 CONTRIBUTION. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section 2 is for any reason held to be unenforceable by the indemnified party although applicable in accordance with its terms, the Company and Holder shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity agreement incurred by the Company and Holder, (i) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and Holder on the other, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative fault of but also the relative benefits to the Company on the one hand and Holder on the other, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits to the indemnifying party and indemnified party shall be determined by reference to, among other things, the total proceeds received by the indemnifying party and indemnified party in connection with the offering to which such losses, claims, damages, liabilities or expenses relate. The relative fault of the indemnifying party and indemnified party shall be determined by reference to, among other things, whether the action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, the indemnifying party or the indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action.

The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 2.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 2.4, Holder shall not be required to contribute any amount in excess of the amount of the total proceeds to Holder from sales of the Registrable Securities of Holder under the Registration Statement.

Notwithstanding the foregoing, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 2.4, each person, ifany, who controls Holder within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as Holder, and each director of the Company, each officer of the Company who signed a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company.

SECTION 3. RULE 144 COMPLIANCE

The Company covenants that it will use its best efforts to timely file the reports required to be filed by the Company under the Securities Act and the Securities Exchange Act of 1934, as amended, so as to enable each Holder to sell Registrable Securities pursuant to Rule 144 under the Securities Act. In connection with any sale, transfer or other disposition by Holder of any Registrable Securities pursuant to Rule 144 under the Securities Act, the Company shall cooperate with Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any Securities Act legend, and enable certificates for such Registrable Securities to be for such number of shares and registered in such names as Holder may reasonably request at least ten (10) business days prior to any sale of Registrable Securities hereunder.

SECTION 4. MISCELLANEOUS

4.1 INTEGRATION; AMENDMENT. This Agreement constitutes the entire agreement among the parties hereto with respect to the matters set forth herein and supersedes and renders of no force and effect all prior oral or written agreements, commitments and understandings among the parties with respect to the matters set forth herein. Except as otherwise expressly provided in this Agreement, no amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by the Company and Holder.

4.2 WAIVERS. No waiver by a party hereto shall be effective unless made in a written instrument duly executed by the party against whom such waiver is sought to be enforced, and only to the extent set forth in such instrument. Neither the waiver by any of the parties hereto of a breach or a default under any of the provisions of this Agreement, nor the failure of any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

4.3 ASSIGNMENT; SUCCESSORS AND ASSIGNS. This Agreement and the rights granted hereunder may not be assigned by Holder without the written consent of the Company; PROVIDED, HOWEVER, that Holder may assign its rights and obligations hereunder, following at least ten (10) days prior written notice to the Company, (i) to Holder's partners or beneficiaries in connection a distribution of the Units to its partners or beneficiaries, (ii) to a permitted transferee in connection with a transfer of the Units in accordance with the terms of the Partnership Agreement, and (iii) to a third party in connection with a transfer of Units as security for or in satisfaction of obligations of any partner of Holder, if in the case of (i), (ii) and (iii) above, such persons or such third party agree in writing to be bound by all of the provisions hereof. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of all of the parties hereto.

4.4 BURDEN AND BENEFIT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal and legal representatives, successors and, subject to Section 4.3 above, assigns.

4.5 NOTICES. All notices called for under this Agreement shall be in writing and shall be deemed given upon receipt if delivered personally or by facsimile transmission and followed promptly by mail, or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the addresses set forth opposite their names in SCHEDULE A hereto, or to any other address or addressee as any party entitled to receive notice under this Agreement shall designate, from time to time, to others in the manner provided in this Section 4.5 for the service of notices; PROVIDED, HOWEVER, that notices of a change of address shall be effective only upon receipt thereof. Any notice delivered to the party hereto to whom it is addressed shall be deemed to have been given and received on the day it was received; PROVIDED, HOWEVER, that if such day is not a business day then the notice shall be deemed to have been given and received on the business day next following such day. Any notice sent by facsimile transmission shall be deemed to have been given and received on the business day next following the transmission

4.6 SPECIFIC PERFORMANCE. The parties hereto acknowledge that the obligations undertaken by them hereunder are unique and that there would be no adequate remedy at law if any party fails to perform any of its obligations hereunder, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to (i) compel specific performance of the obligations, covenants and agreements of any other party under this Agreement in accordance with the terms and conditions of this Agreement and

(ii) obtain preliminary injunctive relief to secure specific performance and to prevent a breach or contemplated breach of this Agreement in any court of the United States or any State thereof having jurisdiction.

4.7 GOVERNING LAW. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Maryland, but not including the choice of law rules thereof.

4.8 HEADINGS. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof

4.9 PRONOUNS. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or entity may require.

4.10 EXECUTION IN COUNTERPARTS. To facilitate execution, this Agreement may be executed in as many counterparts as may be required. It shall not be necessary that the signature of or on behalf of each party appears on each counterpart, but it shall be sufficient that the signature of or on behalf of each party appears on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in any proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of or on behalf of all of the Parties.

4.11 SEVERABILITY. If fulfillment of any provision of this Agreement, at the time such fulfillment shall be due, shall transcend the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision contained in this Agreement operates or would operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be held ineffective, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed on its behalf as of the date first hereinabove set forth.

COMPANY:

SL Green Realty Corp.

Address:
70 West 36th Street
New York, New York 10018

By: _____
Name: _____
Title: _____

HOLDERS:

By: _____
Name: _____
Title: Attorney-in-Fact

Exhibit 10.9

OMNIBUS CONTRIBUTION AGREEMENT

BY AND AMONG

S.L. GREEN OPERATING PARTNERSHIP, L.P.

AND THE

CONTRIBUTORS NAMED HEREIN

Dated as of June 13, 1997

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OMNIBUS CONTRIBUTION AGREEMENT

This Omnibus Contribution Agreement (the "CONTRIBUTION AGREEMENT") is executed as of the 13th day of June, 1997 by SL Green Operating Partnership, L.P. (the "Operating Partnership"), a Delaware limited partnership in formation, and the Contributors whose names are set forth in EXHIBIT A hereto (each, a "CONTRIBUTOR" and, collectively, the "CONTRIBUTORS").

WHEREAS, in connection with the consolidation of its commercial real estate business, SL Green Real Estate has formed a Maryland corporation (the "REIT") that will be the sole general partner and a limited partner of the Operating Partnership and to effect an initial public offering (the "IPO") of the REIT's shares of common stock ("Common Stock");

WHEREAS, it is intended that, upon consummation of the IPO, the Operating Partnership will acquire interests in six office properties located at 673 First Avenue, New York, New York, 470 Park Avenue South, New York, New York, 70 West 36th Street, New York, New York, 29 West 35th Street, New York, New York, 1414 Avenue of the Americas, New York, New York and 35 West 43rd Street, New York, New York, as well as interests in the construction, property management and leasing and businesses currently conducted by Emerald City Construction Corp., a New York corporation, SL Green Management Corp., a New York corporation and SL Green Realty, Inc., a New York corporation;

WHEREAS, it is further understood that the Operating Partnership may acquire interests in additional office properties located in New York, New York;

WHEREAS, each Contributor owns interests in the partnerships, other entities or properties described in the supplemental exhibit dated the date hereof and delivered by or on behalf of such contributor to the Operating Partnership (such exhibit being hereinafter referred to as such Contributor's SUPPLEMENTAL ACQUISITION EXHIBIT);

WHEREAS, the Operating Partnership desires to acquire from each Contributor, and each Contributor desires to convey to the Operating Partnership under the terms and conditions set forth herein, the interests owned by such Contributor described in its Supplemental Acquisition Exhibit and (except for the Excluded Interests set forth in EXHIBIT C) any other direct or indirect interests such Contributor may have, whether now owned or hereinafter acquired, in the partnerships or other entities (the "ASSET ENTITIES") listed on EXHIBIT B (each such asset or property and all personal property related thereto or to the operation thereof is hereinafter referred to as an "ASSET" and (except for the Excluded Interests) each such direct or indirect

interest of a Contributor in such Asset Entity or (in the case of Contributors which are themselves Asset Entities) in such Asset, including without limitation, such Contributor's interests set forth in its Supplemental Acquisition Exhibit, is referred to individually as an "INTEREST" and collectively, as such Contributor's "INTERESTS");

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Operating Partnership and the Contributors agree as follows:

ARTICLE I. CONTRIBUTION TERMS AND CLOSING PROCEDURES

1.1 ACQUISITION OF INTERESTS. At the Final Closing (defined below), each Contributor shall, subject to Section 1.4 hereof, contribute, transfer, assign, and convey to the Operating Partnership and the Operating Partnership shall (i) acquire and accept from such Contributor, all right, title and interest of such Contributor in such Contributor's Interests, free and clear of all Encumbrances (as defined in Section 2.1 hereof) except Permitted Encumbrances (as defined in Section 2.1 hereof), and (ii) deliver to such Contributor such Contributor's Consideration (defined below), both in accordance with this Contribution Agreement.

1.2 TERM OF AGREEMENT. If the IPO Closing (defined below) does not occur by March 31, 1998 (the "Termination Date"), this Contribution Agreement shall be deemed terminated and shall be of no further force and effect and neither the Operating Partnership nor the Contributors shall have any further obligations hereunder except as specifically set forth herein.

1.3 CONSIDERATION. The full consideration for each Contributor's Interests (such consideration with respect to such Contributor is hereinafter referred to as such Contributor's "CONSIDERATION") shall be an amount in cash and/or a number of Units (as hereinafter defined) set forth in the Contributor's Supplemental Acquisition Exhibit, subject to the terms and provisions of Article IV hereof providing for adjustments to each Contributor's Consideration based on closing adjustments. As used herein, the term "UNITS" means units of limited partnership interest in the Operating Partnership.

1.4 CLOSING; CONDITION TO OBLIGATIONS. In connection with the acquisition of the Contributors' Interests, the Operating Partnership will notify the Contributors of a closing date, which date will be no earlier than five (5) business days after such notification and no later than March 10, 1998 (fifteen (15) business days prior to the Termination Date), for the initial

closing (the "INITIAL CLOSING") of the acquisition contemplated by Contribution Agreement. At or before such Initial Closing, which shall be held at the offices of Brown & Wood LLP, One World Trade Center, New York, New York 10048 or such other place as is determined by the Operating Partnership in its sole discretion at a time specified by the Operating Partnership in its sole discretion, the Operating Partnership and the Contributors will execute all closing documents (the "CLOSING DOCUMENTS") required by the Operating Partnership in accordance with Section 1.5 hereof and deposit the same in escrow with Brown & Wood LLP, New York, New York, as escrow agent of the Operating Partnership (the "CLOSING AGENT").

The transactions contemplated by this Contribution Agreement and by the Closing Documents executed and deposited in connection with such exercise will be consummated at the Final Closing (as defined below) only if the closing of the IPO (the "IPO CLOSING") is consummated by the earlier of (a) fifteen (15) business days after the date of the Initial Closing and (b) the Termination Date. If the IPO Closing occurs by such date:

(a) The Operating Partnership shall, contemporaneously with the IPO Closing, cause to be delivered to the Closing Agent with respect to each Contributor (i) the cash portion of such Contributor's Consideration, if any (such cash portion, the "CASH PORTION"), and (ii) if applicable, a certificate of the General Partner of the Operating Partnership certifying that such Contributor has been or will be, effective upon the Final Closing (as hereinafter defined), admitted as a limited partner of the Operating Partnership and that the Operating Partnership's books and records indicate or will indicate that such Contributor is the holder of the number of Units which are called for pursuant to the Consideration as adjusted pursuant to Article V hereof;

(b) upon receipt of the Consideration set forth in clause (a) above, the Closing Agent will release the Closing Documents to the Operating Partnership and deliver to the Contributor the Cash Portion, if any, and, if requested by the Contributor, a copy of such General Partner's certificate; and

(c) the transactions described or otherwise contemplated herein or in the Closing Documents will thereupon be deemed to have

been consummated simultaneously with the IPO Closing (such consummation, the "FINAL CLOSING").

Notwithstanding the above, the Operating Partnership may, in its sole discretion, elect not to complete the acquisition of all or any portion of the Interests of any Contributor only in the event that such Contributor specifies, in its Assignment delivered pursuant to Section 1.5, a breach of or other exception with respect to Article 2 hereof or has otherwise materially breached this Contribution Agreement (any such Contributor, a "NON-COMPLYING CONTRIBUTOR"), in which case the Operating Partnership shall, in lieu of the delivery with respect to such Contributor pursuant to clause (a) above, notify the Closing Agent of such election and direct the Closing Agent to return such Contributor's Closing Documents and Ancillary Agreements (as defined below) to such Contributor. The election of the Operating Partnership to not acquire all or any portion of the Interests of a particular Non-Complying Contributor shall not affect the obligations of any other Contributor hereunder, including any other Non-Complying Contributor.

The risk of loss to an Asset Entity's Assets prior to Closing shall be borne by such Asset Entity. If, prior to the Final Closing, any of an Asset Entity's Assets shall be destroyed or damaged by fire or other casualty, then this Agreement may, at the option of the Operating Partnership, be terminated with respect to the Asset Entity, the Assets of which have been destroyed or damaged. If, after the occurrence of any such casualty affecting an Asset Entity's Assets, this Agreement is not so terminated relative to such Asset Entity, the Operating Partnership may elect to (a) purchase the given Contributors' Interests in such Asset Entity or Assets, as the case may be, and (b) direct such Contributors to pay or cause to be paid to the Operating Partnership any sums collected under any policies of insurance because of damage due to such casualty and otherwise assign to the Operating Partnership all rights to collect such sums as may then be uncollected; provided, however, that the Contributor shall not adjust or settle any insurance claim without the Operating Partnership's prior written consent, not to be unreasonably withheld or delayed. Under such circumstances, the Consideration payable upon such purchase shall be reduced by the amount of any deductibles under the applicable insurance policies.

If the IPO Closing does not occur by the earlier of (a) fifteen (15) business days after the date of the Initial Closing and (b) the Termination Date, then, except as set forth in Section 1.8 hereof, neither party shall have any obligations under the Closing Documents or under any agreements or instruments executed in connection with the transactions contemplated hereunder or thereunder (such other agreements or

instruments, collectively, "ANCILLARY AGREEMENTS"), this Contribution Agreement, the Closing Documents and the Ancillary Agreements shall be deemed null and void AB INITIO and the Closing Agent will be, and is hereby, directed to destroy the Closing Documents and any Ancillary Agreement it holds and return to the Operating Partnership the Consideration, if any, delivered by the Operating Partnership to the Closing Agent.

1.5 DOCUMENTS TO BE DELIVERED AT CLOSING. At the Initial Closing, each Contributor shall, directly or through the attorney-in-fact appointed pursuant to Article V hereof, execute, acknowledge where deemed desirable or necessary by the Operating Partnership, and deliver to the Closing Agent, in addition to any other documents mentioned elsewhere herein, the following:

(a) An Assignment of Interests (the "ASSIGNMENT"), which assignment shall be in a form satisfactory to the Operating Partnership, shall contain a warranty of title that such Contributor owns such Contributor's Interests free and clear of all Encumbrances (as defined in Section 2.1 hereof), except, where applicable, for the Permitted Encumbrances (as defined in Section 2.1 hereof) and shall either (i) reaffirm the accuracy of all representations and warranties and the satisfaction of all covenants made by such Contributor in Article II hereof or (ii) if such reaffirmation cannot be made, identify those representations, warranties and covenants of Article II hereof (other than Section 2.5 hereof) with respect to which circumstances have changed, represent that such Contributor has used all reasonable efforts within its control to prevent and remedy such breach, and reaffirm the accuracy of all other representations and warranties and the satisfaction of all other covenants made by such Contributor in Article II hereof.

(b) Any other documents reasonably requested by the Operating Partnership or reasonably necessary or desirable to assign, transfer and convey such Contributor's Interests and effectuate the transactions contemplated hereby, including, without limitations, deeds, assignments of ground leases and space leases (as applicable), New York City and New York State transfer tax and gains tax returns and any other filings with any applicable governmental jurisdiction in which the Operating Partnership is required to file its partnership documentation or the recording of the Assignment is required.

1.6 CESSATION OF IPO. If at any time the Operating Partnership or the underwriter or underwriters determine in good faith to abandon the formation of the REIT or the IPO (the date of such determination being referred to as the "CESSATION DATE"), the Operating Partnership will so advise each Contributor in writing and thereupon all parties hereto will be relieved of all obligations under this Contribution Agreement, all Ancillary

Agreements, and all Closing Documents (except for obligations arising under Sections 1.7, 2.5 and 3.2 hereof).

1.7 CLOSING COSTS. The Operating Partnership agrees to pay all of the closing costs, other than Contributor's legal fees, arising from the transfer of the Interests of each Contributor pursuant to the exercise by the Operating Partnership of its Contribution Right, including, without limitation, any applicable transfer, gains and sales taxes and any transfer fee due in connection with the assumption of existing mortgage debt by the Operating Partnership.

1.8 DEFAULT. (a) If, after notifying the Contributors of a date for the Initial Closing, the Operating Partnership fails to close (including a failure due to the IPO Closing not occurring), then the Operating Partnership will pay to each Contributor the sum of $100.00 as liquidated and agreed-upon damages. It would be difficult, if not impossible, to ascertain the actual measure of each Contributor's damages in the event of the Operating Partnership's default and the parties agree that $100.00 is a fair reflection of each Contributor's damages in the event of the Operating Partnership's default.

(b) If any Contributor defaults with respect to its obligations under this Agreement, the Operating Partnership shall be entitled to exercise against each such Contributor any and all remedies provided at law or in equity, including but not limited to, the right to specific performance. No default by any Contributor hereunder shall in any way limit or affect the obligations of any other Contributor hereunder.

1.9 FURTHER ASSURANCES. Each Contributor will, from time to time, execute and deliver to the Operating Partnership all such other and further instruments and documents and take or cause to be taken all such other and further action as the Operating Partnership may reasonably request in order to effect the transactions contemplated by this Agreement, including instruments or documents deemed necessary or desirable by the Operating Partnership to effect and evidence the conveyance of such Contributor's Interests in accordance with the terms of this Contribution Agreement. The provisions of this Section 1.9 shall survive the Final Closing.

ARTICLE II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF CONTRIBUTORS

As a material inducement to the Operating Partnership to enter into this Contribution Agreement and to consummate the transactions contemplated hereby, each Contributor hereby severally makes to the Operating Partnership each of the representations and warranties set forth in this Article III, which representations and warranties (unless otherwise noted) are true as of the date hereof. As a condition to the Operating Partnership's obligation to complete the acquisition of any Contributor's Interests after the exercise of the Contribution Right, such representations and warranties must continue to be true as of the date of the Initial Closing and as of the date of the Final Closing.

2.1 TITLE TO INTERESTS. Each Contributor owns its Interests beneficially and of record, free and clear of any claim, lien, pledge, voting agreement, option, charge, security interest, mortgage, deed of trust, encumbrance, rights of assignment, purchase rights or other rights of any nature whatsoever (collectively, "Encumbrances"), except as disclosed as exceptions in a title report for real property owned by an Asset Entity, dated on or after April 15, 1997, provided such title exceptions are satisfactory to the Operating Partnership in its sole discretion, and as set forth on EXHIBIT D attached hereto (any such encumbrance, a "Permitted Encumbrance"), and has full power and authority to convey free and clear of any Encumbrances (except, where applicable, the Permitted Encumbrances), its Interests and, upon delivery of any Assignment by such Contributor conveying its Interests and delivery of Consideration for such Interests as herein provided, the Operating Partnership will acquire good and valid title thereto, free and clear of any Encumbrance except Encumbrances created in favor of the Operating Partnership by the transactions contemplated hereby and, where applicable, the Permitted Encumbrances. No Contributor will consent to join in or in any way effect the transfer of any Asset prior to the Final Closing. At the Final Closing, if so requested, Contributors will execute all documents necessary to enable a title insurance company (acceptable to the Operating Partnership, in its sole discretion) to issue to the Operating Partnership an ALTA Form B (1987 or later) Owner's Policy and such endorsements as the Operating Partnership may reasonably request, insuring fee simple and/or leasehold title to all real property and improvements comprising all or any part of the Assets to the Operating Partnership; provided that each Contributor's cost of complying with this requirement shall be limited to ten percent of the Consideration to be received by such Contributor, which amount shall be deducted from such Consideration at the Final Closing. Each of such Contributor's Interests have been validly issued and Contributor has funded (or will fund before the same is past due) all capital contributions

and advances to the partnership or other entity in which such Interest represents an interest that are required to be funded or advanced prior to the date hereof and the date of the Initial Closing and the Final Closing. There are no agreements, instruments or understandings with respect to any of such Contributor's Interests except as set forth in the partnership agreement of the partnership in which an Interest represents a limited partner or general partner interest or as disclosed in writing to the Operating Partnership. Such Contributor has no interest, either direct or indirect, in any of the Assets except for (a) the Interests owned by it which are the subject of this Contribution Agreement, (b) the Excluded Interests, where applicable, and (c) direct or indirect interests in partnerships or other entities which are themselves Contributors hereunder. Such Contributor covenants that no Encumbrance on his Interests (except, where applicable, the Permitted Encumbrances) will be in existence as of the date of the Final Closing. In making the representations in this Section 2.1 regarding the absence of Encumbrances, each Contributor may assume that the consents and waivers of rights set forth in Section 5.10 hereof have been given by all partners of partnerships in which such Contributor's Interest represent direct or indirect interests. Notwithstanding anything to the contrary contained herein, to the extent that the Contributor's Interests transferred hereunder constitute interests in partnerships or other entities ("Continuing Partnerships") which will continue in existence after the consummation of the transactions contemplated hereby, such Interests are and will remain subject to the terms and provisions of the partnership or other organizational agreements (as amended) of the Continuing Partnerships, including without limitation, restrictions, options, priorities and partnership loans provided for therein.

2.2 AUTHORITY. Such Contributor has full right, authority, power and capacity: (a) to enter into this Contribution Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of such Contributor pursuant to this Contribution Agreement; (b) to carry out the transactions contemplated hereby and thereby; and (c) to transfer, convey, assign and deliver all of such Contributor's Interests to the Operating Partnership upon delivery to such Contributor of the Consideration therefor in accordance with this Contribution Agreement. This Contribution Agreement and each agreement, document and instrument executed and delivered by or on behalf of such Contributor pursuant to this Contribution Agreement constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of such Contributor, each enforceable in accordance with their respective terms. Except for any breaches, violations or defaults which will be waived or cured prior to the Initial Closing and all loans, indentures, creditor agreements or other agreements which will be discharged or repaid prior to or contemporaneously with the IPO Closing, the

execution, delivery and performance of this Contribution Agreement and each such agreement, document and instrument by or on behalf of such Contributor: (a) does not and will not violate such Contributor's partnership agreement, operating agreement, declaration of trust, charter or bylaws, if applicable, or other organizational documentation; (b) does not and will not violate any foreign, federal, state, local or other laws applicable to or binding on such Contributor or require such Contributor to obtain any approval, consent or waiver of, or make any filing with, any person or authority (governmental or otherwise) that has not been obtained or made or which does not remain in effect; and (c) does not and will not result in a breach of, constitute a default under, accelerate any obligation under or give rise to a right of termination of, any indenture or loan or credit agreement or any other agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which such Contributor is a party or by which the property of such Contributor is bound or affected, or result in the creation of any Encumbrance on any of the property or assets of any partnership in which an Interest of such Contributor represents an interest. In making the representations set forth in this Section 2.2, each Contributor may assume that the consents and waivers of rights set forth in Section 6.10 hereof have been given by all partners of partnerships or owners of voting interests in entities in which such Contributor's Interests represent direct or indirect interests.

2.3 LITIGATION. There is no litigation or proceeding, either judicial or administrative, pending or overtly threatened, affecting all or any portion of such Contributor's Interests or such Contributor's ability to consummate the transactions contemplated hereby. Such Contributor knows of no outstanding order, writ, injunction or decree of any court, government, governmental entity or authority or arbitration against or affecting all or any portion of its Interests, which in any such case would impair such Contributor's ability to enter into and perform all of its obligations under this Contribution Agreement.

2.4 NO OTHER AGREEMENTS TO SELL. Such Contributor has not made any agreement with, and will not enter into any agreement with, and has no obligation (absolute or contingent) to, any person or firm other than the Operating Partnership (a) to sell, transfer or in any way encumber (except for Permitted Encumbrances) any of such Contributor's Interests or to not sell such Contributor's Interests, or (b) to enter into any agreement with respect to a sale, transfer or encumbrance or put or call right with respect to such Contributor's Interests. In making the representations set forth in this Section 2.4, the Contributor may assume that the consents and waivers of rights set forth in Section 6.10 hereof have been given by all partners of the Asset Entities.

2.5 NO BROKERS. Such Contributor has not entered into, and covenants that it will not enter into, any agreement, arrangement or understanding with any person or firm which will result in the obligation of the Operating Partnership to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby and such Contributor shall indemnify and hold harmless the Operating Partnership for all costs and expenses incurred by the Operating Partnership as a result of a breach of this representation. The provisions of this Section 2.5 shall survive termination of this Contribution Agreement.

2.6 INVESTMENT REPRESENTATIONS AND WARRANTIES. Each Contributor who is receiving Units represents and warrants as follows:

(a) Upon the issuance of Units to such Contributor, such Contributor shall become subject to, and shall be bound by, the terms and provisions of the agreement of limited partnership of the Operating Partnership (in substantially the form attached hereto as Exhibit E) (the "Partnership Agreement"), including the terms of the power of attorney contained in Section 15.11 thereof, as the Partnership Agreement may be amended from time in accordance with its terms.

(b) Such Contributor understands the risks of, and other considerations relating to, the purchase of the Units. Such Contributor, by reason of its business and financial experience, together with the business and financial experience of those persons, if any, retained by it to represent or advise it with respect to its investment in the Units, has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that it is capable of evaluating the merits and risks of an investment in the Operating Partnership and of making an informed investment decision, (ii) is capable of protecting its own interest or has engaged representatives or advisors to assist it in protecting its interests and (iii) is capable of bearing the economic risk of such investment. If such Contributor retained a person to represent or advise it with respect to the investment in Units that may be made hereby then, at Contributor's request, such Contributor shall, prior to or at the Initial Closing, (i) acknowledge in writing such representation and (ii) cause such representative or advisor to deliver a certificate to the Operating Partnership containing such representations as are reasonably requested by the Operating Partnership.

(c) Such Contributor understands that an investment in the Operating Partnership involves substantial risks. Such Contributor has been given the opportunity to make a thorough investigation of the proposed activities of the Operating Partnership and has been furnished with materials relating to the

Operating Partnership and its proposed activities. Such Contributor has been afforded the opportunity to obtain any additional information deemed necessary by such Contributor to verify the accuracy of any representations made or information conveyed to such Contributor. Such Contributor confirms that all documents, records, and books pertaining to its investment in the Operating Partnership and requested by such Contributor have been made available or delivered to such Contributor. Such Contributor has had an opportunity to ask questions of and receive answers from the Operating Partnership, or from a person or persons acting on the Operating Partnership's behalf, concerning the terms and conditions of this investment. Such Contributor has relied and is making its investment decision upon written information provided to the Contributor by or on behalf of the Operating Partnership and/or Contributor's position (in the case of certain individual Contributors) as a director or executive officer of the REIT.

(d) The Units to be issued to such Contributor will be acquired by such Contributor for its own account (or if such Contributor is a trustee, for a trust account) for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein, without prejudice, however, to such Contributor's right (subject to the terms of the Units) at all times to sell or otherwise dispose of all or any part of its Units under an exemption from such registration available under the Securities Act of 1933, as amended (the "SECURITIES ACT"), and applicable state securities laws, and subject, nevertheless, to the disposition of its assets being at all times within its control. Such Contributor was not formed for the specific purpose of acquiring an interest in the Operating Partnership.

(e) Such Contributor acknowledges that (i) the Units to be issued to such Contributor have not been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws and, if such Units are represented by certificates, such certificates will bear a legend to such effect, (ii) the REIT's and the Operating Partnership's reliance on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of such Contributor contained herein, (iii) such Units, therefore, cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available, (iv) there is no public market for such Units, and (v) the Operating Partnership has no obligation or intention to register such Units for resale under the Securities Act or any state securities laws or to take any action that would make available any exemption from the registration requirements of such laws. Such Contributor hereby acknowledges that because of the restrictions on transfer or

assignment of such Units to be issued hereunder which will be set forth in the Partnership Agreement and/or in a Registration Rights Agreement (as defined in Section 5.1 hereof), such Contributor may have to bear the economic risk of the investment commitment evidenced by this Contribution Agreement and any Units acquired hereby for an indefinite period of time, although (i) under the terms of the Partnership Agreement, as it will be in effect at the time of the IPO, Units will be redeemable at the request of the holder thereof at any time after the second anniversary of their issuance for cash or (at the option of the REIT) for Common Stock of the REIT and (ii) the holder of any such Common Stock issued upon a presentation of Units for redemption will be afforded certain rights to have such Common Stock registered for resale under the Securities Act or applicable state securities laws under the Registration Rights Agreement as described more fully below.

(f) The information set forth in the investor questionnaire (a form of which is attached hereto as Exhibit F) (the "Investor Questionnaire") which has been completed and executed by such Contributor and delivered to the Operating Partnership on the date hereof is true, correct and complete.

2.7 FIRPTA REPRESENTATION. Contributor is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.

2.8 ADDITIONAL REPRESENTATIONS OF CERTAIN CONTRIBUTORS. Certain Contributors or affiliates thereof (collectively, the "INDEMNITORS") shall enter into a supplemental agreement (the "SUPPLEMENTAL AGREEMENT") on terms mutually acceptable to the Indemnitors and the Operating Partnership whereby the Indemnitors make additional representations, warranties and covenants with respect to matters relating to this Contribution Agreement which shall survive the consummation of the transactions contemplated by this Contribution Agreement for a period equal to one (1) year from the date of the Final Closing and shall expire with, and be terminated and extinguished forever, at such time except with respect to claims asserted by written notice of or on behalf of the Operating Partnership at any time during such period against any Indemnitor making such representations, warranties or covenants. The Supplemental Agreement shall provide that (a) the maximum aggregate liability of all Indemnitors for any misrepresentation or misrepresentations or any breach or breaches of any one or more of the representations, warranties or covenants set forth therein shall total equal the value of the Units received by such Indemnitors on the closing of the IPO, (b) any such liability shall be joint and several to each of the Indemnitors, (c) the Operating Partnership shall make no claim thereunder against any Indemnitor and no such Indemnitor shall have liability resulting from claims or other assertions of liability arising from the Supplemental Agreement unless and until such claim or claims exceed $250,000 in the aggregate, and

(d) recourse thereunder shall be limited to the Indemnitors' Units.

2.9 COVENANT TO REMEDY BREACHES. Each Contributor covenants to use all reasonable efforts within its control (a) to prevent the breach of any representation or warranty of such Contributor hereunder, (b) to satisfy all covenants of such Contributor hereunder and (c) to promptly cure any breach of a representation, warranty or covenant of such Contributor hereunder upon its learning of same.

ARTICLE III. REPRESENTATIONS, WARRANTIES AND COVENANTS OF OPERATING PARTNERSHIP

As a material inducement to each Contributor to enter into this Contribution Agreement and to consummate the transactions contemplated hereby, the Operating Partnership hereby makes to each Contributor each of the representations and warranties set forth in this Article III, which representations and warranties shall be true as of the date hereof, as of the date of the Initial Closing and as of the date of consummation of the Final Closing.

3.1 AUTHORITY. The Operating Partnership has full right, authority, power and capacity: (a) to enter into this Contribution Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of it pursuant to this Contribution Agreement; (b) to carry out the transactions contemplated hereby and thereby; and (c) to issue Units to each Contributor to the extent called for in accordance with the terms of this Contribution Agreement. This Contribution Agreement and each agreement, document and instrument executed and delivered by the Operating Partnership pursuant to this Contribution Agreement constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of the Operating Partnership, each enforceable in accordance with their respective terms. The execution, delivery and performance of this Contribution Agreement and each such agreement, document and instrument by the Operating Partnership: (a) does not and will not violate the Partnership Agreement; (b) does not and will not violate any foreign, federal, state and local or other laws applicable to Operating Partnership or require the Operating Partnership to obtain any approval, consent or waiver of, or make any filing with, any person or authority (governmental or otherwise) that has not been obtained or made; and (c) does not and will not result in a breach of, constitute a default under, accelerate any obligation under or give rise to a right of termination of, any indenture or loan or credit agreement or any other agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which

the Operating Partnership is a party or by which the property of the Operating Partnership is bound or affected.

3.2 NO BROKERS. The Operating Partnership represents that it has not entered into, and covenants that will not enter into, any agreement, arrangement or understanding with any person or firm which will result in the obligation of any Contributor to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby.

ARTICLE IV. CLOSING ADJUSTMENTS

4.1 PRORATIONS. In the case of (i) each Asset Entity which is itself a Contributor and (ii) each Asset Entity in which the Operating Partnership acquires an interest pursuant to this Contribution Agreement, the Operating Partnership and such Asset Entity shall make the prorations set forth below, and make payment with respect to such prorations as appropriate. To the extent an Asset Entity ceases to have a separate legal existence as a result of the transactions contemplated hereunder, those Contributors who held interests in such Asset Entity shall collectively exercise the rights of such Asset Entity, and succeed to the obligations of such Asset Entity, under this Contribution Agreement from and after the Final Closing.

(a) TAXES. Real property taxes and general and special assessments, water and sewer rents, tap charges, and business improvements district charges upon the Asset shall be adjusted and prorated as of the date of the Final Closing on the basis of the fiscal year for such taxes and assessments (the "TAX YEAR"). If the Final Closing shall occur before the real property tax rate for the Tax Year is fixed, the apportionment of taxes shall be made on the basis of the taxes assessed for the preceding Tax Year. After the real property taxes are finally fixed for the Tax Year in which the Final Closing occurs, the Operating Partnership and such Asset Entity shall make a recalculation of the apportionment of such taxes, and the Operating Partnership or the Asset Entity, as the case may be, shall make an appropriate payment to the other based on such recalculation. To the extent that either the Asset Entity or the Operating Partnership shall obtain any real estate tax abatement, reduction, refund or incentive with respect to the Asset, the amount of the net proceeds of such tax abatement, reduction, refund or incentive shall be prorated through the date of the Final Closing if, as, and when such proceeds are paid by the applicable governmental taxing authority (it being understood that to the extent any tenant demising space in the Asset owned by such Asset Entity shall be entitled to any portion of such tax abatement, that such portion shall be turned over to the Operating Partnership to remit to such tenant and shall be deducted from any tax abatement, reduction, refund or incentive

proceeds in connection with calculating the net proceeds thereof).

(b) RENTS. Rents, additional rents, including electricity charges, operating expense recoveries, and tax reimbursements under the leases affecting the Asset (collectively, "RENTS") shall be adjusted and prorated as of the date of the Final Closing. Rents collected after the date of the Final Closing from tenants whose rental was delinquent on the date of the Final Closing shall be deemed to apply first to current rents due at the time of payment and second to past due rents accruing after the Final Closing and last to the rents which were past due on the date of the Final Closing. Unpaid and past due rents to which the Asset Entity is entitled shall be promptly paid over to the Asset Entity if collected by the Operating Partnership after the date of the Final Closing, less any reasonable collection costs actually incurred by the Operating Partnership.

(c) PREPAYMENTS. Any prepayment made by or on behalf of the Asset Entity under any service, maintenance, management, consulting, or similar contracts shall be adjusted and prorated as of the date of the Final Closing.

(d) EXPENSES. Charges and assessments for sewer and water and other utilities, including charges for consumption of electricity, steam and gas (Unless the Operating Partnership elects to have final meter readings made as of the Final Closing in which event the adjustment shall be made based on such meter readings); current operating expenses, including, without limitation, obligations under any service, maintenance, management, consulting, or similar contracts; payroll and related expenses (including all benefits and vacation and sick days); license and permit fees relating to the operation of the Asset; insurance and bond premiums; and any other charges incident to the ownership, use and/or occupancy of the Assets shall be adjusted and prorated as of the date of the Final Closing.

(e) INTEREST ON EXISTING MORTGAGES. Interest on existing mortgages encumbering any Assets shall be adjusted and prorated as of the date of the Final Closing.

(f) FUEL AND MAINTENANCE SUPPLIES STORED ON SITE. The costs of purchasing fuel and maintenance supplies stored on site shall be adjusted and prorated as of the date of the Final Closing.

(g) RELETTING EXPENSES FOR NEW LEASES. Customary reletting expenses (including without limitation, brokerage commissions, tenant improvements and moving expenses paid to the Asset Entity) for leases entered into after the date hereof and prior to the Final Closing shall be adjusted and prorated over

the base term of the applicable lease and based upon prices in effect on or immediately prior to the date of the Final Closing.

4.2 ASSET ENTITY'S RETAINED ITEMS. All cash on hand, working capital, escrow and reserve accounts other than tenant security deposits, and utility or other deposits shall be distributed by the Asset Entity to its current shareholders, partners or members, as applicable, prior to the Final Closing.

4.3 ACCOUNTS RECEIVABLE. The Asset Entity shall retain all accounts receivable and other income items other than Rents which are attributable to periods prior to the date of the Final Closing. The Asset Entity shall deliver to the Operating Partnership at the Final Closing a schedule of all such unpaid accounts receivable and other income items as of the date of the Final Closing. All such accounts receivable and other income items collected by or for the Operating Partnership after the date of the Final Closing which are attributable to periods prior to the date of the Final Closing shall be promptly remitted to the order of the Asset Entity. Except for sums actually received by the Operating Partnership pursuant to the immediately preceding sentence, the Operating Partnership shall assume no obligation to collect or enforce the payment of any amounts that may be due to the Asset Entity, except that the Operating Partnership shall render reasonable assistance, at no expense to the Operating Partnership, to the Asset Entity after the Final Closing in the event the Asset Entity proceeds against any third-party to collect any accounts receivable or other income items due the Asset Entity.

4.4 SECURITY DEPOSITS. An amount equal to all tenant security deposits and interest thereon, if any, and any other amounts due tenants with respect to such security deposits shall be paid over to the Operating Partnership at the Final Closing.

4.5 TIMING OF CALCULATIONS; COOPERATION. Each Asset Entity and/or Transferor Entity and the Operating Partnership agree to use reasonable efforts to reconcile, prorate, and adjust all of the foregoing items upon the Final Closing and, in all events within ninety (90) days after the date of the Final Closing, to adjust and prorate such prorations and adjustments . In the event any adjustments or prorations made pursuant to this Contribution Agreement are, subsequent to Final Closing, found to be erroneous, then either party hereto who is entitled to additional amounts shall invoice the other party for such additional amounts as may be owing, and such amounts shall be paid promptly by the other party upon receipt of invoice. Such invoice shall be accompanied by reasonable substantiating evidence.

4.6 ALLOCATION OF ADJUSTMENTS. All adjustments contemplated by this Article IV shall, to the extent practicable,

be made by adjusting (either up or down) the cash portion amount of the Consideration and/or the number of Units issued to each Contributor by debiting or crediting (as the case may be) such Contributor's Consideration with a portion of the prorated items allocated to the Asset Entity in which the Contributor owns an interest. The amount of an Asset Entity's adjustments calculated pursuant to this Article V allocated to each Contributor shall be that portion equal to that Contributor's pro rata equity interest in each Asset Entity.

ARTICLE V. POWER OF ATTORNEY

5.1 GRANT OF POWER OF ATTORNEY. Each Contributor does hereby irrevocably appoint Stephen L. Green, Benjamin P. Feldman, and the Operating Partnership, and each of them individually and any successor thereof from time to time (such persons or the Operating Partnership or any such successor of any of them acting in his, her or its capacity as attorney-in-fact pursuant hereto, the "ATTORNEY-IN-FACT") as the true and lawful attorney-in-fact and agent of such Contributor, to act in the name, place and stead of such Contributor:

(a) To enter into a registration rights agreement a form of which is attached hereto as EXHIBIT G (the "REGISTRATION RIGHTS AGREEMENT").

(b) To enter into a lock-up agreement (the "LOCK-UP AGREEMENT") which provides that the Contributors will not, directly or indirectly, offer, sell, offer to sell, contract to sell, grant any option to purchase or otherwise dispose of (or announce any offer, sale, offer of sale, contract of sale, grant of any option to purchase or other sale or disposition of) any share of REIT Common Stock or any securities convertible into or exchangeable for or substantially similar to REIT Common Stock, for a period of one year from the IPO Closing without the prior written consent of the managing underwriter named in the Lock-up Agreement.

(c) To take for such Contributor all steps deemed necessary or advisable by the Operating Partnership in connection with the registration of the REIT's Common Stock under the Securities Act, including without limitation (i) filing the Registration Statement and amendments thereto under the Securities Act which shall describe the benefits to be received by such Contributor in connection with the formation of the REIT and the IPO, (ii) distributing a preliminary prospectus and prospectus regarding the IPO (the "PRELIMINARY PROSPECTUS" and "PROSPECTUS") which contain such information as is deemed necessary or desirable to lawfully effect the initial public offering of such shares,

and (iii) to take such other steps as the Attorney-in-Fact may deem necessary or advisable.

(d) To make, execute, acknowledge and deliver all such other contracts, orders, receipts, notices, requests, instructions, certificates, consents, letters and other writings (including without limitation the execution of Closing Documents, Ancillary Agreements, the Partnership Agreement, any other documents relating to the acquisition by the Operating Partnership of such Contributor's Interests, and any consents contemplated by Section 6.10 hereof) and, in general, to do all things and to take all action which the Attorney-in-Fact in its sole discretion may consider necessary or proper in connection with or to carry out the transaction contemplated by this Contribution Agreement, the Ancillary Agreements, if any, and the Closing Documents as fully as could such Contributor if personally present and acting.

(e) To make, acknowledge, verify and file on behalf of such Contributor applications, consents to service of process and such other undertakings or reports as may be required by law with state commissioners or officers administering state securities or Blue Sky laws and to take any other action required to facilitate the exemption for registration of the Units and the qualification of the REIT's Common Stock under the securities or Blue Sky laws of the jurisdictions in which the Units and the REIT's Common Stock are to be offered.

The Power of Attorney granted by each Contributor pursuant to this Article V and all authority conferred hereby is granted and conferred subject to and in consideration of the interests of the Operating Partnership, the REIT and the other Contributors and is for the purpose of completing the transactions contemplated by this Contribution Agreement. The Power of Attorney shall terminate upon termination of this Contribution Agreement. The Power of Attorney of each Contributor granted hereby and all authority conferred hereby is coupled with an interest and therefore shall be irrevocable and shall not be terminated by any act of such Contributor or by operation of law, whether by the death, disability, incapacity or liquidation of such Contributor or by the occurrence of any other event or events (including without limitation the termination of any trust or estate for which such Contributor is acting as a fiduciary or fiduciaries), and if, after the execution hereof, such Contributor shall die or become disabled or incapacitated or is liquidated, or if any other such event or events shall occur before the completion of the transactions contemplated by this Contribution Agreement, the Attorney-in-Fact shall nevertheless be authorized and directed to complete all such transactions as if such death, disability, incapacity, liquidation or other event

or events had not occurred and regardless of notice thereof. Each Contributor acknowledges that Stephen L. Green, Benjamin P. Feldman and the Operating Partnership have, and any successor thereof acting as Attorney-in-Fact may have an economic interest in the transactions contemplated by this Contribution Agreement. Each Contributor agrees that, at the request of the Operating Partnership, it will promptly execute a separate power of attorney on the same terms set forth in this Article VI, such execution to be witnessed and notarized.

5.2 LIMITATION ON LIABILITY. It is understood that the Attorney-in-Fact assumes no responsibility or liability to any person by virtue of the Power of Attorney granted by each Contributor hereby. The Attorney-in-Fact makes no representations with respect to and shall have no responsibility for the formation of the REIT, the acquisitions of the Interests by the Operating Partnership, the Registration Statement, the Prospectus or any Preliminary Prospectus, nor for any aspect of the offering of the REIT's Common Stock, and it shall not be liable for any error of judgment or for any act done or omitted or for any mistake of fact or law except for its own gross negligence or bad faith. Each Contributor agrees that the Attorney-in-Fact may consult with counsel of its own choice (who may be counsel for the Operating Partnership or the REIT) and it shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. It is understood that the Attorney-in-Fact may, without breaching any express or implied obligation to the Contributor hereunder, release, amend or modify any other Power of Attorney granted by any other Contributor hereunder or by any other person under any related agreement. The provisions of this Section 5.2 shall not limit or otherwise affect the obligations of the Operating Partnership (acting for itself and not as Attorney-in-Fact) under the other Articles of this Contribution Agreement.

5.3 RATIFICATION; THIRD PARTY RELIANCE. Each Contributor does hereby ratify and confirm all that the Attorney-in-Fact shall lawfully do or cause to be done by virtue of the exercise of the powers granted unto it by such Contributor hereunder, and such Contributor authorizes the reliance of third parties on this Power of Attorney and waives its rights, if any, as against any such third party for its reliance hereon.

ARTICLE VI. CONTRIBUTORS

6.1 AMENDMENT. Any amendment hereto shall be effective only against those parties hereto who have acknowledged in writing their consent to such amendment, provided that the Operating Partnership may amend this Contribution Agreement without notice to or the consent of any Contributor (a) for the

purpose of adding additional Contributors as parties hereto or deleting Contributors as parties hereto and conforming Exhibit A in connection with such additions or deletions and (b) to conform any Contributor's Supplemental Acquisition Exhibit to the extent the interests set forth therein do not accurately or completely reflect the Interest of such Contributor in the Asset Entities or (in the case of Contributors which are themselves Asset Entities) their Properties. No waiver of any provisions of this Contribution Agreement shall be valid unless in writing and signed by the party against whom enforcement is sought.

6.2 ENTIRE AGREEMENT; COUNTERPARTS; APPLICABLE LAW. This Contribution Agreement and all Ancillary Agreements (a) constitute the entire agreement and supersede conflicting provisions set forth in all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, (b) may be executed in several counterparts, each of which will be deemed an original and all of which shall constitute one and the same instrument and (c) shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of New York without giving effect to the conflict of law provisions thereof.

6.3 ASSIGNABILITY. This Contribution Agreement shall be binding upon, and shall be enforceable by and inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns; provided, however, that this Contribution Agreement may not be assigned (except by operation of law) by any party without the prior written consent of the other parties, and any attempted assignment without such consent shall be void and of no effect.

6.4 TITLES. The titles and captions of the Articles, Sections and paragraphs of this Contribution Agreement are included for convenience of reference only and shall have no effect on the construction or meaning of this Contribution Agreement.

6.5 THIRD PARTY BENEFICIARY. No provision of this Contribution Agreement is intended, nor shall it be interpreted, to provide or create any third party beneficiary rights or any other rights of any kind in any customer, affiliate, stockholder, partner, member, director, officer or employee of any party hereto or any other person or entity, provided, however, that Sections 5.3, 6.3 and 6.10 of this Contribution Agreement shall be enforceable by and shall inure to the benefit of the persons described therein.

6.6 SEVERABILITY. If any provision of this Contribution Agreement, or the application thereof, is for any reason held to any extent to be invalid or unenforceable, the remainder of this Contribution Agreement and application of such provision to other

persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Contribution Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision and to execute any amendment, consent or agreement deemed necessary or desirable by the Operating Partnership to effect such replacement.

6.7 EQUITABLE REMEDIES. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Contribution Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Contribution Agreement and to enforce specifically the terms and provisions hereof in any federal or state court located in New York (as to which the parties agree to submit to jurisdiction for the purposes of such action), this being in addition to any other remedy to which they are entitled under this Contribution Agreement or otherwise at law or in equity.

6.8 ATTORNEYS' FEES. In connection with any litigation or a court proceeding arising out of this Contribution Agreement, the prevailing party shall be entitled to recover all costs incurred, including reasonable attorneys' fees and legal assistants' fees and costs whether incurred prior to trial, at trial, or on appeal.

6.9 NOTICES. Any notice or demand which must or may be given under this Contribution Agreement or by law shall, except as otherwise provided, be in writing and shall be deemed to have been given (a) when physically received by personal delivery (which shall include the confirmed receipt of a telecopied facsimile transmission), or (b) three (3) business days after being deposited in the United States certified or registered mail, return receipt requested, postage prepaid, or (c) one (1) business day after being deposited with a nationally known commercial courier service providing next day delivery service (such as Federal Express); addressed and delivered or telecopied in the case of a notice to the Operating Partnership at the following address and telecopy number:

SL Green Operating Partnership, L.P.
70 West 36th Street
New York, New York 10018
Attention: Stephen L. Green
Phone: 212-594-2700
Telecopy: 212-594-2262

with copies to:

Brown & Wood LLP
One World Trade Center
New York, New York 10048
Attention: Douglas A. Sgarro
Phone: 212-839-5300
Telecopy: 212-839-5599

Greenberg, Traurig, Hoffman,
Lipoff, Rosen & Quental
153 East 53rd Street
35th Floor
New York, New York 10022
Attention: Robert R. Ivanhoe
Phone: 212-801-9200
Telecopy: 212-223-7161

and addressed and delivered or telecopied, in the case of a notice to a Contributor, at the address and telecopy number set forth under such Contributor's name in the Contributor's Signature Page hereto.

6.10 WAIVER OF RIGHTS; CONSENTS WITH RESPECT TO PARTNERSHIP INTERESTS.

(a) Each Contributor acknowledges that the agreements contained herein and the transactions contemplated hereby and any actions taken in contemplation of the transactions contemplated hereby may conflict with, and may not have been contemplated by, the partnership agreement of one or more partnerships in which one or more of such Contributor's Interests represents a direct or indirect interest or another agreement among one or more holders of such Interests or one or more of the partners of any such partnership. With respect to each partnership in which an Interest of a Contributor represents a direct or indirect interest, each Contributor expressly gives all Consents (and any consents necessary to authorize the proper parties in interest to give all Consents) and Waivers necessary or desirable to facilitate any Conveyance Action relating to such partnership (as such terms are hereinafter defined).

As used herein, the term "CONVEYANCE ACTION" means, with respect to any partnership having a direct or indirect ownership interest in any Asset, (i) the conveyance or agreement to convey by a partner thereof or by any holder of an indirect interest therein (whether or not such partner or holder is a Contributor hereunder) of its direct or indirect interest in such partnership to the Operating Partnership or (ii) the entering into by any such partner or holder of any agreement relating to (x) the formation of the Operating Partnership or the REIT, or (y) the direct or indirect acquisition by the Operating Partnership of any such direct or indirect interest or (iii) the taking by any

such partner or holder of any action necessary or desirable to facilitate any of the foregoing, including, without limitation, the following (provided that the same are taken in furtherance of the foregoing): any sale or distribution to any person of a direct or indirect interest in such partnership, the entering into any agreement with any person that grants to such person the right to purchase a direct or indirect interest in such partnership, and the giving of the Consents and Waivers contained in this Section 6.10 or consents or waivers similar thereto in form or purpose. As used herein, the term "CONSENTS" means, with respect to any such partnership, any consent necessary or desirable under the partnership agreement of such partnership or any other agreement among all or any of the holders of interests therein or any other agreement relating thereto or referred to therein (i) to permit any and all Conveyance Actions relating to such partnership or to amend such partnership agreement and/or other agreements so that no provision thereof prohibits, restricts, impairs or interferes with any Conveyance Action (such amendments to include, without limitation, the deletion of provisions which cause a default under such agreement if interests therein are transferred for cash), (ii) to admit the Operating Partnership as a substitute limited partner or general partner of such partnership upon the Operating Partnership's acquisition of a limited or general partnership interest therein, respectively, and to adopt such amendment as is necessary or desirable to effect such admission, (iii) to adopt any amendment as may be deemed desirable by the Operating Partnership, either simultaneously with or immediately prior to the acquisition of any interest therein, and (iv) to continue such partnership following the transfer of interest therein to the Operating Partnership. As used herein, the term "WAIVERS" means, with respect to a partnership of which an Interest of a Contributor represents a direct or indirect interest, the waiving of any and all rights that such Contributor may have with respect to, and (to the extent possible) that any other person may have with respect to, or that may accrue to such Contributor or other person upon the occurrence of, a Conveyance Action relating to such partnership, including, but not limited to, the following rights: rights of notice, rights to response periods, rights to purchase the direct or indirect interests of another partner in such partnership or to sell such Contributor's or other person's direct or indirect interest therein to another partner, rights to sell such Contributor's or other person's direct or indirect interest therein at a price other than as provided herein, or rights to prohibit, limit, invalidate, otherwise restrict or impair any such Conveyance Action or to cause a termination or dissolution of such partnership because of such Conveyance Action. Each Contributor further covenants that such Contributor will take no action to enjoin, or seek damages resulting from, any Conveyance Action by any holder of a direct or indirect interest in a partnership in which an Interest of such Contributor represents a direct or indirect interest. The

Waivers and Consents contained in this Section 6.10 shall terminate upon the termination of this Contribution Agreement, except as to transactions completed hereunder prior to termination.

(b) Each Contributor by its execution hereof (i) with respect to each Asset Entity in which an Interest owned by Contributor represents a direct or indirect interest therein and with respect to which the Operating Partnership acquires all of the ownership interests therein gives such consent as is necessary to cause each such Asset Entity, as applicable, to have authority to transfer the Assets of such Asset Entity to the Operating Partnership on such terms and conditions as such Asset Entity and the Operating Partnership may agree; and (ii) agrees that such Contributor's Consideration may be reduced to reflect such direct transfer of assets and the consequent receipt of Units directly by such Asset Entity, provided that the total consideration to be received by such Contributor either directly hereunder or indirectly through the receipt of Units by an Asset Entity shall not be less than Contributor's Consideration.

(c) Each Contributor by its execution hereof gives such consent as is necessary to cause, with respect to the partnership agreement of each partnership in which an Interest of such Contributor represents, directly or indirectly, a limited partner or general partner interest, an amendment thereto to enable such partnership, to the extent permissible under applicable law, (i) to admit the Operating Partnership as a substitute limited partner therein and/or a substitute general partner therein if the Operating Partnership by the exercise of its Contribution Right acquires a limited partnership interest or a general partnership interest in such partnership, respectively, (ii) to redeem the interest of any other partner therein who has not agreed to become a party to this Contribution Agreement or a similar contribution agreement with the Operating Partnership, (iii) to transfer to all partners thereof, including any partner who has not agreed to become a party to this Contribution Agreement, Units and/or cash (provided that such Contributor receives as a result of all such distributions and the direct payment of consideration hereunder, an amount of cash and/or Units that is in conformity with the Consideration of such Contributor provided for herein), and thereafter, at the Operating Partnership's option, to dissolve, and (iv) any such other amendment as the Operating Partnership may deem desirable, provided that such amendment occurs simultaneously with or immediately prior to the acquisition of the applicable partnership interest and, provided further, that such amendment will not result in any increased liability on the part of any Contributor hereunder or under the applicable partnership agreement. The Attorney-in-Fact may on behalf of each Contributor execute such consents, amendments or other

instruments as it deems necessary or desirable in connection with the foregoing.

6.11 CONFIDENTIALITY. All press releases or other public communications of any kind relating to the IPO or the transactions contemplated herein, and the method and timing of release for publication thereof, will be subject to the prior written approval of the Operating Partnership.

6.12 COMPUTATION OF TIME. Any time period provided for herein which shall end on a Saturday, Sunday or legal holiday shall extend to 5:00 p.m. of the next full business day. All times are Eastern Time.

6.13 SURVIVAL. It is the express intention and agreement of the parties hereto that the representations, warranties and covenants of each Contributor set forth in this Contribution Agreement shall survive the consummation of the transactions contemplated hereby.

6.14 TIME OF THE ESSENCE. Time is of the essence with respect to all obligations of Contributor under this Contribution Agreement.

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IN WITNESS WHEREOF, each of the parties hereto has executed this Contribution Agreement, or caused the Contribution Agreement to be duly executed on its behalf, as of the date first written above.

SL GREEN OPERATING PARTNERSHIP, L.P.

By: SL GREEN REALTY CORP.
Its General Partner

By: /s/Stephen L. Green

Name: Stephen L. Green
Title: Chairman of the Board
and Chief Executive Officer

CONTRIBUTOR SIGNATURE PAGE

The undersigned, desiring to become one of the within named Contributors to that certain Contribution Agreement by and among S.L. Green Operating Partnership, L.P. and such Contributors, dated as of June 13, 1997, hereby becomes a party to such Contribution Agreement. The undersigned agrees that this signature page may be attached to any counterpart of said Contribution Agreement.

HIPPOMENES ASSOCIATES LLC

By: /s/Stephen L. Green

Name: Stephen L. Green
Title: Member

Address of Contributor:
70 West 36th Street
New York, New York 10018
Telephone/Facsimile Numbers:
(212) 594-2700/594-2262

By the Contributor's execution of this Contribution Agreement, the Contributor grants a Power of Attorney to certain individuals and to the Operating Partnership hereunder pursuant to Article V.

CONTRIBUTOR SIGNATURE PAGE

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64-36 REALTY ASSOCIATES
By: S.L. Green Properties, Inc.,
General Partner

By: /s/Stephen L. Green

Name: Stephen L. Green
Title: President

Address of Contributor:
70 West 36th Street
New York, New York 10018
Telephone/Facsimile Numbers:
(212) 594-2700/594-2262

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673 FIRST ASSOCIATES, L.P.
By: 673 First Realty Corp.,
General Partner

By: /s/Stephen L. Green

Name: Stephen L. Green
Title: President

Address of Contributor:
70 West 36th Street
New York, New York 10018
Telephone/Facsimile Numbers:
(212) 594-2700/594-2262

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GREEN 6TH AVENUE ASSOCIATES, L.P.
By: S.L. Green Realty, Inc.
General Partner

By: /s/Stephen L. Green

Name: Stephen L. Green
Title: President

Address of Contributor:
70 West 36th Street
New York, New York 10018
Telephone/Facsimile Numbers:
(212) 594-2700/594-2262

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S.L. GREEN REALTY, INC.

By: /s/Stephen L. Green

Name: Stephen L. Green
Title: President

Address of Contributor:
70 West 36th Street
New York, New York 10018
Telephone/Facsimile Numbers:
(212) 594-2700/594-2262

By the Contributor's execution of this Contribution Agreement, the Contributor grants a Power of Attorney to certain individuals and to the Operating Partnership hereunder pursuant to Article V.

CONTRIBUTOR SIGNATURE PAGE

The undersigned, desiring to become one of the within named Contributors to that certain Contribution Agreement by and among S.L. Green Operating Partnership, L.P. and such Contributors, dated as of June 13, 1997, hereby becomes a party to such Contribution Agreement. The undersigned agrees that this signature page may be attached to any counterpart of said Contribution Agreement.

By: /s/Stephen L. Green

Name: Stephen L. Green

Address of Contributor:
70 West 36th Street
New York, New York 10018
Telephone/Facsimile Numbers:
(212) 594-2700/594-2262

By the Contributor's execution of this Contribution Agreement, the Contributor grants a Power of Attorney to certain individuals and to the Operating Partnership hereunder pursuant to Article V.

EXHIBIT A

CONTRIBUTORS

1. Hippomenes Associates, LLC
2. 64-36 Realty Associates
3. 673 First Associates, L.P.
4. Green 6th Avenue Associates, L.P.
5. SL Green Realty, Inc.
6. Stephen L. Green

EXHIBIT B

ASSET ENTITIES	ASSET
1.Praedium Bar LLC	Mortgage interest in Bar Building
2.470 Park Avenue South Associates, L.A.	Fee interest in 470 Park Avenue South
3.64-36 Realty Associates	Fee interest in 70 W. 36th Street
4.673 First Associates, L.P.	Net leasehold interest in 673 First Avenue
5.1414 Management Associates, L.P.	Fee interest in 1414 Avenue of Americas
6.Emerald City Construction Corp.	Construction business assets
7.SL Green Management Corp.	Management business assets
8.SL Green Realty Inc.	Leasing and tenant representation business assets

EXHIBIT C

EXCLUDED INTERESTS

EXHIBIT D

PERMITTED ENCUMBRANCES

1. All borrowings assigned to a Contributor under the Credit Agreement, dated as of March 27, 1997, between Green Realty LLC and Lehman Brothers Holdings Inc.

EXHIBIT E

Operating Partnership Agreement

EXHIBIT F

Investor Questionnaire

EXHIBIT G

Registration Rights Agreement

SUPPLEMENTAL ACQUISITION EXHIBIT

Hippomenes Associates LLC

ASSETS TO BE TRANSFERRED

100% member interest in Praedium Bar LLC

MINIMUM CONSIDERATION TO BE RECEIVED

The minimum consideration shall be a number of Units having a value, when added to the sum of (i) the aggregate value of all other Units issued to Contributors under the Contribution Agreement, (ii) the aggregate value of all Units issued to 29/35 Realty Associates ("Realty Associates") under the Contract of Sale, dated as of June 5, 1997, between the Operating Partnership and Realty Associates and (iii) the product of (A) .65 times (B) the aggregate value of all Units issued to 470 Park South Associates, L.P. ("Park South") under the Contract of Sale, dated as of May 20, 1997, between the Operating Partnership and Park South, equal to not less than $15 million. For purposes of the foregoing, each Unit shall be deemed to have a value equal to the IPO price of a share of Common Stock.

SUPPLEMENTAL ACQUISITION EXHIBIT

64-36 Realty Associates

ASSETS TO BE TRANSFERRED

100% fee interest in 70 West 36th Street

CONSIDERATION TO BE RECEIVED

The minimum consideration shall be a number of Units having a value, when added to the sum of (i) the aggregate value of all other Units issued to Contributors under the Contribution Agreement, (ii) the aggregate value of all Units issued to 29/35 Realty Associates ("Realty Associates") under the Contract of Sale, dated as of June 5, 1997, between the Operating Partnership and Realty Associates and (iii) the product of (A) .65 times (B) the aggregate value of all Units issued to 470 Park South Associates, L.P. ("Park South") under the Contract of Sale, dated as of May 20, 1997, between the Operating Partnership and Park South, equal to not less than $15 million. For purposes of the foregoing, each Unit shall be deemed to have a value equal to the IPO price of a share of Common Stock.

SUPPLEMENTAL ACQUISITION EXHIBIT

673 First Associates, L.P.

ASSETS TO BE TRANSFERRED

Net leasehold interest in 673 First Avenue, New York, New York

CONSIDERATION TO BE RECEIVED

The minimum consideration shall be a number of Units having a value, when added to the sum of (i) the aggregate value of all other Units issued to Contributors under the Contribution Agreement, (ii) the aggregate value of all Units issued to 29/35 Realty Associates ("Realty Associates") under the Contract of Sale, dated as of June 5, 1997, between the Operating Partnership and Realty Associates and (iii) the product of (A) .65 times (B) the aggregate value of all Units issued to 470 Park South Associates, L.P. ("Park South") under the Contract of Sale, dated as of May 20, 1997, between the Operating Partnership and Park South, equal to not less than $15 million. For purposes of the foregoing, each Unit shall be deemed to have a value equal to the IPO price of a share of Common Stock.

SUPPLEMENTAL ACQUISITION EXHIBIT

Green 6th Avenue Associates, L.P.

ASSETS TO BE TRANSFERRED

99% limited partner interest in 1414 Management Associates, L.P.

CONSIDERATION TO BE RECEIVED

The minimum consideration shall be a number of Units having a value, when added to the sum of (i) the aggregate value of all other Units issued to Contributors under the Contribution Agreement, (ii) the aggregate value of all Units issued to 29/35 Realty Associates ("Realty Associates") under the Contract of Sale, dated as of June 5, 1997, between the Operating Partnership and Realty Associates and (iii) the product of (A) .65 times (B) the aggregate value of all Units issued to 470 Park South Associates, L.P. ("Park South") under the Contract of Sale, dated as of May 20, 1997, between the Operating Partnership and Park South, equal to not less than $15 million. For purposes of the foregoing, each Unit shall be deemed to have a value equal to the IPO price of a share of Common Stock.

SUPPLEMENTAL ACQUISITION EXHIBIT

S.L. Green Realty, Inc.

ASSETS TO BE TRANSFERRED

1% general partner interest in 1414 Management Associates, L.P.

CONSIDERATION TO BE RECEIVED

The minimum consideration shall be a number of Units having a value, when added to the sum of (i) the aggregate value of all other Units issued to Contributors under the Contribution Agreement, (ii) the aggregate value of all Units issued to 29/35 Realty Associates ("Realty Associates") under the Contract of Sale, dated as of June 5, 1997, between the Operating Partnership and Realty Associates and (iii) the product of (A) .65 times (B) the aggregate value of all Units issued to 470 Park South Associates, L.P. ("Park South") under the Contract of Sale, dated as of May 20, 1997, between the Operating Partnership and Park South, equal to not less than $15 million. For purposes of the foregoing, each Unit shall be deemed to have a value equal to the IPO price of a share of Common Stock.

SUPPLEMENTAL ACQUISITION EXHIBIT

Stephen L. Green

ASSETS TO BE TRANSFERRED

All outstanding non-voting common stock of Emerald City Construction Corp., S.L. Green Management Corp. and S.L. Green Realty Inc.

CONSIDERATION TO BE RECEIVED

The minimum consideration shall be a number of Units having a value, when added to the sum of (i) the aggregate value of all other Units issued to Contributors under the Contribution Agreement, (ii) the aggregate value of all Units issued to 29/35 Realty Associates ("Realty Associates") under the Contract of Sale, dated as of June 5, 1997, between the Operating Partnership and Realty Associates and (iii) the product of (A) .65 times (B) the aggregate value of all Units issued to 470 Park South Associates, L.P. ("Park South") under the Contract of Sale, dated as of May 20, 1997, between the Operating Partnership and Park South, equal to not less than $15 million. For purposes of the foregoing, each Unit shall be deemed to have a value equal to the IPO price of a share of Common Stock.

EXHIBIT 21

SUBSIDIARIES OF SL GREEN REALTY CORP.

SL Green Operating Partnership, L.P. (a Delaware limited partnership)

S.L. Green Management Corp. (a New York corporation)

S.L. Green Realty, Inc. (a New York corporation)

Emerald City Construction Corp. (a New York corporation)

S.L. Green Management LLC (a Delaware limited liability company)

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-11) and related Prospectus of SL Green Realty Corp. (the "Company") for the registration of 9,315,000 shares and to the use of our reports dated (i) June 12, 1997 with respect to the balance sheet of the Company as of June 12, 1997; (ii) April 16, 1997, except for note 9, as to which the date is May 27, 1997 with respect to the combined financial statements of SL Green Predecessor for each of the three years in the period ended December 31, 1996; and (iii) April 16, 1997 with respect to the combined financial statements of the uncombined joint ventures of SL Green Predecessor for each of the three years in the period ended December 31, 1996. We also consent to the use of our reports dated (i) May 2, 1997 with respect to the Statement of Revenues and Certain Expenses of 1414 Avenue of the Americas for the year ended December 31, 1995, (ii) May 7, 1997 with respect to the Statement of Revenues and Certain Expenses of 36 West 44th Street for the year ended December 31, 1996, (iii) May 2, 1997 with respect to the Statement of Revenues and Certain Expenses of 1372 Broadway for the year ended December 31, 1996 and (iv) May 23, 1997 with respect to the Statement of Revenues and Certain Expenses of 1140 Avenue of the Americas for the year ended December 31, 1996.

/S/ Ernst & Young LLP

New York, New York

June 12, 1997

EXHIBIT 23.3

CONSENT

Rosen Consulting Group hereby consents to the use of its report regarding the New York metropolitan economy and Manhattan office market and the references to the firm and such report under the caption "Market Overview" in the Registration Statement on Form S-11 of SL Green Realty Corp.

Rosen Consulting Group

By: /s/ Kenneth T. Rosen

Name: Kenneth T. Rosen
Title: President

Date: June 9, 1997

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S BALANCE SHEET AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENT.

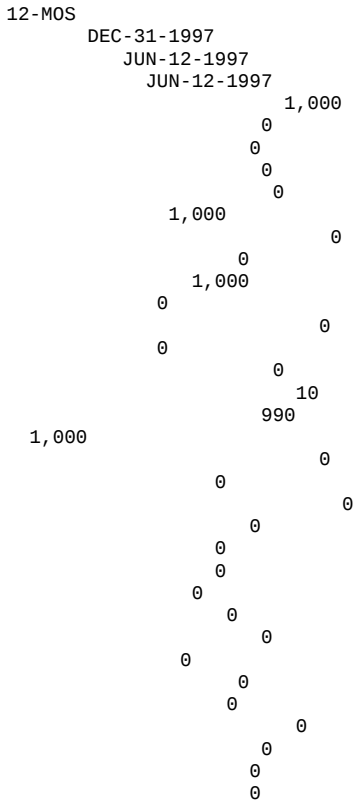

EXHIBIT 99.1

CONSENT OF DIRECTOR NOMINEE

To SL Green Realty Corp.:

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to the references in the Registration Statement of SL Green Realty Corp. (the "Company") on Form S-11, and amendments thereto, which indicate that I have accepted a nomination to become a director of the Company subsequent to the closing of the Company's initial public offering.

/s/ Edwin T. Burton, III

Dated: June 10, 1997

EXHIBIT 99.2

CONSENT OF DIRECTOR NOMINEE

To SL Green Realty Corp.:

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to the references in the Registration Statement of SL Green Realty Corp. (the "Company") on Form S-11, and amendments thereto, which indicate that I have accepted a nomination to become a director of the Company subsequent to the closing of the Company's initial public offering.

/s/ John S. Levy

Dated: June 5, 1997

EXHIBIT 99.3

CONSENT OF DIRECTOR NOMINEE

To SL Green Realty Corp.:

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to the references in the Registration Statement of SL Green Realty Corp. (the "Company") on Form S-11, and amendments thereto, which indicate that I have accepted a nomination to become a director of the Company subsequent to the closing of the Company's initial public offering.

/s/ John J. Robbins

Dated: June 7, 1997

The New York Metropolitan Economy

Summary

Strong growth of the national economy has benefited New York City, causing the New York metropolitan economy to improve significantly in recent years.* In fact, in July of 1996, Inc. Magazine named New York City as the Best Place to Do Business, stating that urban, compact areas promote interaction among companies, suppliers and customers. Manhattan is one of the worlds most important business centers. As the headquarters of 47 Fortune 500 companies, Manhattan is home to more Fortune 500 companies than any other city in the country. In addition to its diverse base of large businesses, Manhattan also has a large base of small companies. The New York City Office of the Comptroller reports that 99.7% of all private sector businesses in New York City had fewer than 500 employees and that these small businesses, representing 70.7% of the private sector work force, added a net total of 68,821 jobs during 1994 and 1995; between the third quarters of 1995 and 1996, almost 22,000 jobs were added at small businesses. Sixty-four of the 100 largest law firms in the country have a presence in Manhattan, and 27 of those are based there. Four of the Big Six accounting firms are headquartered in Manhattan, and three of the four largest U.S. commercial banks are based in Manhattan. In addition, four of the nations ten largest money managers and 23 of the 25 largest securities firms are based in Manhattan. New York City is one of the world's leading cultural centers. It is a world leader in the advertising industry, and it has a large base of nonprofit organizations. It also has the largest consulate community in the world, contributing to its position as an international center of business an politics.

The outlook in the New York metropolitan area is for healthy private sector employment growth through 2001, which should generate significant demand for office space. Within Manhattan, Mayor Giulianis efforts to improve services, reduce taxes and crime, and streamline local government have made this vibrant 24-hour city more attractive to businesses. In addition, office rents in Manhattan are relatively inexpensive when compared internationally with other major cities. In January of 1997, Richard Ellis Company ranked Midtown Manhattan 13th among major business centers around the world in terms of office rents, while downtown Manhattan ranked 37th. Many businesses are expanding within Manhattan or opening local offices, and a number of companies have made long term commitments to Manhattan by purchasing buildings or signing long term leases. The emergence of the new media industry is another major boon for Manhattan because these jobs have a high multiplier effect, generating jobs in related industries, particularly in the services sector.

Economic Overview

Economic growth in the New York metropolitan statistical area (MSA) has strengthened during the past several years. Private sector employment gained an average of almost 44,000 jobs per year during the three years between 1994 and 1996 for an average annual growth rate of 1.4%. Between March of 1996 and 1997, private sector employment growth was 1.9%, which is the strongest growth rate in more than ten years. This 1.9% private sector growth rate represents the addition of more than 61,000 jobs (see Figure 1 and Tables 1 and 2). The New York MSA led the Northeast and ranked eighth in the nation in terms of the number of jobs created in metropolitan statistical areas with more than 250,000 jobs during the twelve months ended in March of 1997. The metropolitan area offers several key competitive advantages, including access to a skilled work force, customers, partners and investors, that make it a strategically advantageous place to do business and which drive private sector employment growth. Similar to each of the prior economic cycles, the New York metropolitan areas economy is going through a reengineering process, characterized by the emergence of several dynamic new industries and the streamlining of older industries, including the public sector. It is primarily knowledge-based industries, such as the securities industry, the new media industry and overall business services, that are benefiting from the areas key

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* The New York metropolitan area includes the following counties: Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland and Westchester.

strengths. Growth in these industries, in turn, is fueling expansion in other sectors of the economy.

The vibrancy of New York City is a function of more than job growth. With about 8.6 million people in 1995 (including 7.4 million in New York City), the metropolitan area ranks second only to Los Angeles in terms of population. Many New Yorkers are highly educated. According to the 1990 Census, about 42% of the population over the age of 25 in New York County had a bachelors degree and almost half of those had a graduate or professional degree, rates that are well above the national average. Manhattan is also a cultural hotspot, with many of the nations and worlds leading restaurants, museums, and a rich concentration of theater and performing arts. Because of the large number of people living and working in such a small area, activity occurs around the clock, making New York a 24-hour city.

CHART 1 [BAR CHART REGARDING PRIVATE EMPLOYMENT IN THE NEW YORK METROPOLITAN STATISTICAL AREA ("MSA") FROM 1971 THROUGH THE FORECAST FOR 1997]

TABLE 1 [TABLE REGARDING NEW YORK MSA BY SECTOR FROM 1988 THROUGH MARCH 1997]

Table 1
New York MSA Employment by Sector (000)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	Mar 97
Total Nonagricultural	4134.8	4138.0	4093.8	3878.8	3772.5	3772.6	3803.2	3820.3	3857.7	3880.0
% Change	0.5%	0.1%	-1.1%	-5.3%	-2.7%	0.0%	0.8%	0.4%	1.0%	1.3%
Construction & Mining	153.5	152.4	144.3	123.8	107.8	106.4	110.6	112.1	114.2	109.9
% Change		-0.7%	-5.3%	-14.2%	-12.9%	-1.3%	3.9%	1.4%	1.9%	4.2%
Manufacturing	450.3	435.6	410.6	377.1	358.1	348.8	337.6	328.9	318.5	313.4
% Change	-2.4%	-3.3%	-5.7%	-8.2%	-5.0%	-2.6%	-3.2%	-2.6%	-3.2%	-2.1%
Apparel & Textiles	103.4	102.3	96.4	89.7	86.5	83.9	79.3	76.1	73.3	72.1
% Change	-2.6%	-1.1%	-5.8%	-7.0%	-3.6%	-3.0%	-5.5%	-4.0%	-3.7%	-1.9%
Printing & Publishing	100.5	98.0	94.5	86.9	82.0	81.9	82.2	82.2	81.3	81.5
% Change	-3.2%	-2.5%	-3.6%	-8.0%	-5.6%	-0.1%	0.4%	0.0%	-1.1%	-0.1%
T.C.P.U	245.2	242.9	255.9	245.1	230.8	230.0	228.2	228.9	230.5	232.3
% Change	2.0%	-0.9%	5.4%	-4.2%	-5.8%	-0.3%	-0.8%	0.3%	0.7%	1.5%
Communications*	77.7	23.7	75.8	74.8	70.7	69.6	68.6	68.7	69.4	72.0
% Change	1.8%	-69.5%	219.8%	-1.3%	-5.5%	-1.6%	-1.4%	0.1%	1.0%	5.0%
Trade	758.1	751.7	726.3	676.2	652.9	645.4	653.6	667.6	673.7	670.0
% Change	-0.0%	-0.8%	-3.4%	-6.9%	-3.4%	-1.1%	1.3%	2.1%	0.9%	1.3%
Wholesale Trade	267.1	262.2	253.0	234.9	225.7	219.2	218.9	220.8	217.0	215.9
% Change	-0.8%	-1.8%	-3.5%	-7.2%	-3.9%	-2.9%	-0.1%	0.9%	-1.7%	-0.5%
Retail Trade	491.0	489.5	473.3	441.3	427.2	426.3	434.7	446.9	456.7	454.1
% Change	0.4%	-0.3%	-3.3%	-6.8%	-3.2%	-0.2%	2.0%	2.8%	2.2%	2.2%
General Merchandise	67.9	64.0	58.7	53.8	49.2	46.0	43.5	44.2	46.0	44.4
% Change	-2.0%	-5.7%	-8.3%	-8.3%	-8.6%	-6.5%	-5.4%	1.6%	4.1%	-0.9%
Apparel & Accessories	52.5	54.1	53.9	50.0	48.9	50.1	51.0	52.8	52.0	50.2
% Change	0.6%	3.0%	-0.4%	-7.2%	-2.2%	2.5%	1.8%	3.5%	-1.5%	2.2%
Eating & Drink Places	155.3	155.5	152.2	140.5	138.1	139.7	145.0	150.0	155.5	155.5
% Change	1.3%	0.1%	-2.1%	-7.7%	-1.7%	1.2%	3.8%	3.4%	3.7%	3.7%
F.I.R.E.	577.4	566.4	555.6	528.1	508.0	505.0	513.3	505.5	504.1	505.6
% Change	-1.0%	-1.9%	-1.9%	-4.9%	-3.8%	-0.6%	1.6%	-1.5%	-0.3%	0.9%
Depository Institutions	185.1	179.7	175.8	163.9	148.3	142.3	139.2	134.0	130.2	127.7
% Change	2.8%	-2.9%	-2.2%	-6.8%	-9.5%	-4.0%	-2.2%	-3.7%	-2.8%	-2.7%
Security Brokers	155.1	147.7	139.5	131.5	133.2	137.8	148.6	147.5	150.0	152.8
% Change	-3.0%	-4.8%	-5.6%	-5.7%	1.3%	3.5%	7.8%	-0.7%	1.7%	4.0%
Services	1272.7	1304.8	1309.6	1252.9	1249.0	1275.1	1310.5	1350.6	1401.1	1435.9
% Change	1.3%	2.5%	0.4%	-4.3%	-0.3%	2.1%	2.8%	3.1%	3.7%	3.4%
Total Private	3457.1	3453.9	3402.3	3203.2	3106.6	3110.7	3154	3193.8	3242.2	3267.1
% Change	0.1%	-0.1%	-1.5%	-5.9%	-3.0%	0.1%	1.4%	1.3%	1.5%	1.9%
Government	677.7	684.1	691.5	675.6	665.9	661.9	649.2	626.5	615.5	612.9
% Change	2.4%	0.9%	1.1%	-2.3%	-1.4%	-0.6%	-1.9%	-3.5%	-1.8%	-1.7%
Local Government	519.7	528.2	532.5	524.5	516.9	515.9	503.4	483.4	478.4	479.2
% Change	3.1%	1.6%	0.8%	-1.5%	-1.4%	-0.2%	-2.4%	-4.0%	-1.0%	-1.3%

*According to the bureau of Labor Statistics, employment in this sector was affected by a strike in 1989.
Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

TABLE 2 [TABLE REGARDING NEW YORK MSA EMPLOYMENT BY SECTOR - ABSOLUTE CHANGE FOR 1988 THROUGH MARCH 1997]

Table 2
New York MSA Employment by Sector-Absolute Change (000)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	Mar 97
Total Nonagricultural	4134.8	4138.0	4093.8	3878.8	3772.5	3772.6	3803.2	3820.3	3857.7	3880.0
Absolute Change	21.2	3.2	(44.2)	(215.0)	(106.3)	0.1	30.6	17.1	37.4	50.7
Construction & Mining	153.5	152.4	144.3	123.8	107.8	106.4	110.6	112.1	114.2	109.9
Absolute Change		(1.1)	(8.1)	(20.5)	(16.0)	(1.4)	4.2	1.5	2.1	4.4
Manufacturing	450.3	435.6	410.6	377.1	358.1	348.8	337.6	328.9	318.5	313.4
Absolute Change	(11.0)	(14.7)	(25.0)	(33.5)	(19.0)	(9.3)	(11.2)	(8.7)	(10.4)	(6.6)
Apparel & Textiles	103.4	102.3	96.4	89.7	86.5	83.9	79.3	76.1	73.3	72.1
Absolute Change	(2.8)	(1.1)	(5.9)	(6.7)	(3.2)	(2.6)	(4.6)	(3.2)	(2.8)	(1.4)
Printing & Publishing	100.5	98.0	94.5	86.9	82.0	81.9	82.2	82.2	81.3	81.5
Absolute Change	(3.3)	(2.5)	(3.5)	(7.6)	(4.9)	(0.1)	0.3	0.0	(0.9)	(0.1)
T.C.P.U	245.2	242.9	255.9	245.1	230.8	230.0	228.2	228.9	230.5	232.3
Absolute Change	4.7	(2.3)	13.0	(10.8)	(14.3)	(0.8)	(1.8)	0.7	1.6	3.5
Communications	77.7	23.7	75.8	74.8	70.7	69.6	68.6	68.7	69.4	72.0
Absolute Change	1.4	(54.0)	52.1	(1.0)	(4.1)	(1.1)	(1.0)	0.1	0.7	3.4
Trade	758.1	751.7	726.3	676.2	652.9	645.4	653.6	667.6	673.7	670.0
Absolute Change	(0.2)	(6.4)	(25.4)	(50.1)	(23.3)	(7.5)	8.2	14.0	6.1	8.8
Wholesale Trade	267.1	262.2	253.0	234.9	225.7	219.2	218.9	220.8	217.0	215.9
Absolute Change	(2.2)	(4.9)	(9.2)	(18.1)	(9.2)	(6.5)	(0.3)	1.9	(3.8)	(1.1)
Retail Trade	491.0	489.5	473.3	441.3	427.2	426.3	434.7	446.9	456.7	454.1
Absolute Change	2.0	(1.5)	(16.2)	(32.0)	(14.1)	(0.9)	8.4	12.2	9.8	9.9
General Merchandise	67.9	64.0	58.7	53.8	49.2	46.0	43.5	44.2	46.0	44.4
Absolute Change	(1.4)	(3.9)	(5.3)	(4.9)	(4.6)	(3.2)	(2.5)	0.7	1.8	(0.4)
Apparel & Accessories	52.5	54.1	53.9	50.0	48.9	50.1	51.0	52.8	52.0	50.2
Absolute Change	0.3	1.6	(0.2)	(3.9)	(1.1)	1.2	0.9	1.8	(0.8)	1.1
Eating & Drink Places	155.3	155.5	152.2	140.5	138.1	139.7	145.0	150.0	155.5	155.5
Absolute Change	2.0	0.2	(3.3)	(11.7)	(2.4)	1.6	5.3	5.0	5.5	5.5
F.I.R.E.	577.4	566.4	555.6	528.1	508.0	505.0	513.3	505.5	504.1	505.6
Absolute Change	(5.6)	(11.0)	(10.8)	(27.5)	(20.1)	(3.0)	8.3	(7.8)	(1.4)	4.7
Depository Institutions	185.1	179.7	175.8	163.9	148.3	142.3	139.2	134.0	130.2	127.7
Absolute Change	5.1	(5.4)	(3.9)	(11.9)	(15.6)	(6.0)	(3.1)	(5.2)	(3.8)	(3.6)
Security Brokers	155.1	147.7	139.5	131.5	133.2	137.8	148.6	147.5	150.0	152.8
Absolute Change	(4.8)	(7.4)	(8.2)	(8.0)	1.7	4.6	10.8	(1.1)	2.5	5.9
Services	1272.7	1304.8	1309.6	1252.9	1249.0	1275.1	1310.5	1350.6	1401.1	1435.9
Absolute Change	16.9	32.1	4.8	(56.7)	(3.9)	26.1	35.4	40.1	50.5	46.6
Total Private	3457.1	3453.9	3402.3	3203.2	3106.6	3110.7	3154	3193.8	3242.2	3267.1
Absolute Change	5.0	(3.2)	(51.6)	(199.1)	(96.6)	4.1	43.3	39.8	48.4	61.4
Government	677.7	684.1	691.5	675.6	665.9	661.9	649.2	626.5	615.5	612.9
Absolute Change	16.2	6.4	7.4	(15.9)	(9.7)	(4.0)	(12.7)	(22.7)	(11.0)	(10.7)
	519.7	528.2	532.5	524.5	516.9	515.9	503.4	483.4	478.4	479.2
	15.6	8.5	4.3	(8.0)	(7.6)	(1.0)	(12.5)	(20.0)	(5.0)	(6.5)

*According to the Bureau of Labor Statistics, employment in the sector was affected by a stike in 1989. Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

From a quality of life perspective, Mayor Giulianis efforts to improve city services, reduce taxes and crime, and streamline city government are paying off. Crime is down dramatically in New York City, particularly compared to national crime trends (see Figure 2). Preliminary estimates for 1996 show that New York City ranked 159th for total crime among the 198 largest U.S. cities. New York City ranked lower than Atlanta (1), Miami (8), Phoenix (42), Milwaukee (83) and Philadelphia (114). According to the New York City Police Department, New York Citys crime rate decreased 16% during 1996, and the seven felony categories have declined a cumulative 39% since 1993. This decrease is greater than any other large U.S. city during the last three years. Several factors arecontributing to this decline including increased drug enforcement efforts and police redeployment to problem areas. The drastic reduction in crime has been a boon to the tourism industry, which has experienced strong gains in visitor volume, spending and hotel occupancy. In turn, reduced crime and more tourism activity has stimulated after-business-hours activities such as theater, dining and clubs, reinforcing New Yorks reputation as a 24-hour city.

CHART 2 [CHART REGARDING NEW YORK CITY CRIMES REPORTED (per thousand inhabitants for 1950 THROUGH 1995]

Much of the recent job growth has occurred at small companies, defined as businesses with fewer than 500 employees. Following the recession of the early 1990s, job growth at small firms recovered quickly, while large companies languished. According to the New York City Office of the Comptroller, between 1984 and 1995, small businesses added 43,034 jobs, while large businesses lost 103,112 jobs. Growth in recent years has been the strongest. During 1994 and 1995, small businesses added 68,821 jobs, while large companies lost a small number of jobs during this period, and between the third quarters of 1995 and 1996 (the most recent period for which data is available), small businesses gained almost 22,000 jobs. About 99.7% of the businesses in New York City are small businesses. About 90% of these small businesses employ fewer than 20 people, about 6.3% employ 20 to 50 people, 2.1% employ 50 to 100 people, and only 1.6% employ 100 to 500 people. Many of these small businesses occupy Class B office space. During 1996, 47% of the Class B leasing activity in Manhattan was for blocks of space of less than 20,000 square feet, illustrating the strong demand for Class B space by smaller tenants.

The Services Sector

The single fastest-growing employment sector in the New York metropolitan economy is the services sector, which grew at a strong rate of 3.4% during the year ended in March of 1997. With more than 1.4 million jobs, the services sector currently represents 37% of the New York metropolitan areas total employment base and 44% of its private sector employment base. Between 1992 and 1996, about 152,000 new jobs were created in the services sector (see Figure 3).

One of the largest components of the services industry is business services, with about 285,000 jobs as of March 1997, representing 19.9% of total services employment. Fueling growth in the business services sector are the advertising industry, the increased demand for computer programmers as well as the trend towards hiring temporary workers as a way to maintain corporate flexibility and, thus, to lower payroll costs. New York Citys Madison Avenue dominates the worlds advertising industry. Agencies in New York account for about half of all advertising billings worldwide, and about one of every three advertising professionals in America works in New York City. Other components of the business services sector are the audio recording and the software industries. Accordingly, the entertainment and information technology industries contribute to the rapid growth within business services. Between 1992 and 1996, growth in business services, fueled by the overall health of the local economy, averaged a robust 4% per year, and between March of 1996 and 1997, business services grew 6.1% (see Table 3).

CHART 3 [Bar chart regarding Absolute change in Services Employment for the New York MSA for 1971 through the forecast for 1997]

TABLE 3 [Table regarding New York MSA Services Sector Employment from 1988 through March 1997]

Table 3
New York MSA Services Sector Employment (000)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	Mar 97
Services	1272.7	1304.8	1309.6	1252.9	1249.0	1275.1	1310.5	1350.6	1401.1	1435.9
% Change	1.3%	2.5%	0.4%	-4.3%	-0.3%	2.1%	2.8%	3.1%	3.7%	3.4%
Business Services	289.1	292.6	278.6	243.0	233.9	240.2	248.4	254.7	273.7	285.2
% Change	-11.1%	1.2%	-4.8%	-12.8%	-3.7%	2.7%	3.4%	2.5%	7.5%	6.1%
Health Services	286.3	295.0	305.2	318.6	328.7	338.9	346.3	356.6	362.5	365.8
% Change	3.3%	3.0%	3.5%	4.4%	3.2%	3.1%	2.2%	3.0%	1.7%	1.7%
Socal Services	130.9	135.7	142.3	146.0	153.3	159.6	166.0	169.4	171.7	173.7
% Change	2.1%	3.7%	4.9%	2.6%	5.0%	4.1%	4.0%	2.0%	1.4%	1.4%
Engin. & Mgmt. Svcs.	109.6	114.0	113.7	100.9	98.4	100.3	102.9	106.0	111.1	114.4
% Change		4.0%	-0.3%	-11.3%	-2.5%	1.9%	2.6%	3.0%	4.8%	5.8%
Educational Services	112.7	114.3	115.0	111.3	109.7	110.6	114.2	121.5	130.2	140.9
% Change	4.3%	1.4%	0.6%	-3.2%	-1.4%	0.8%	3.3%	6.4%	7.2%	3.1%
Legal Services	74.9	79.8	80.9	76.5	74.6	74.4	73.8	72.7	73.1	73.1
% Change	4.2%	6.5%	1.4%	-5.4%	-2.5%	-0.3%	-0.8%	-1.5%	0.6%	1.4%
Membership Orgs.	62.4	63.1	63.5	61.6	61.1	61.7	62.1	63.0	64.4	65.7
% Change	2.1%	1.1%	0.6%	-3.0%	-0.8%	1.0%	0.6%	1.4%	2.2%	1.4%
Hotels & Lodging	38.2	39.3	38.8	35.7	35.7	35.1	35.7	36.7	37.1	36.9
% Change	4.1%	2.9%	-1.3%	-8.0%	0.0%	-1.7%	1.7%	2.8%	1.1%	1.9%
Amusement & Recr.	51.6	54.1	55.4	51.1	51.3	47.7	45.5	47.9	49.5	49.6
% Change	13.4%	4.8%	2.4%	-7.8%	0.4%	-7.0%	-4.6%	5.3%	3.3%	6.9%
Motion Pictures	23.7	24.6	25.9	25.2	21.9	25.9	34.2	38.2	41.2	43.7
% Change		3.8%	5.3%	-2.7%	-13.1%	18.3%	32.0%	11.7%	7.9%	8.2%

Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

One very active area of small business creation is a new industry called new media that is centered south of 41st Street in Midtown Souths Silicon Alley. The new media industry is a cross-disciplinary industry combining elements of computing technology, telecommunications and media content (information, entertainment, personal/group communications and transactions) to create products and services which can be used interactively by consumers and business users. The compnies which work in this industry include entertainment software, online/Internet services, CD-ROM title developers, and web site designers. In addition, advertising and publishing companies participate in the industry, although their core businesses remain outside new media in traditional business lines. Roughly 1,250 firms in Manhattan belong to the new media industry, and employment growth is expected to be a dramatic 30% per year through 1998. This industry is expected to become a major growth sector in the Manhattan economy for several reasons: (i) the focus of interactive media development is shifting from CD-ROM to the World Wide Web, the authoring technology of which has been more available to content creators; (ii) Manhattan is the home for many major media companies (broadcast, cable TV networks, magazine and book publishing) and these companies are moving the new media industry from experimentation to a more mainstream role in multiple-media strategies; and (iii) Manhattan is the center of the advertising industry, and advertising revenue is increasingly one of the key drivers of the new media industry. Strong growth in the new media industry will have major multiplier effects for the overall Manhattan economy. The direct benefits of growth in this industry will flow to business services and to the broadcast, publishing and advertising industries, all of which are concentrated in Manhattan.

Other important components of the service sectors are legal services, engineering and management services and membership organizations. Together, these three subsectors added about 8,200 jobs between March of 1996 and 1997, many of which occupy office space (see Table 4). Legal services is the third most highly concentrated industry in the New York metropolitan area (see Table 5). According to the National Law Journal, 64 of the 100 largest law firms have a presence in Manhattan, and 27 of those firms are based in Manhattan. In addition, hundreds of other domestic and international law firms are located in Manhattan. In the engineering and management services sector, four of the Big Six accounting firms have their national headquarters in Manhattan, and many of the worlds foremost management consulting firms are located in Manhattan. In addition, about 20,000 nonprofit organizations are based in New York City, ranging from cultural groups and trade associations to research facilities.

TABLE 4 [TABLE Regarding New York MSA Services Sector Employment - Absolute Growth from 1988 through March 1997]

Table 4
New York MSA Services Sector Employment-Absolute Growth (000)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	Mar 97
Services	1272.7	1304.8	1309.6	1252.9	1249.0	1275.1	1310.5	1350.6	1401.1	1435.9
% Change	16.9	32.1	4.8	(56.7)	(3.9)	26.1	35.4	40.1	50.5	46.6
Business Services	289.1	292.6	278.6	243.0	233.9	240.2	248.4	254.7	273.7	285.2
% Change	(36.1)	3.5	(14.0)	(35.6)	(9.1)	6.3	8.2	6.3	19.0	16.5
Health Services	286.3	295.0	305.2	318.6	328.7	338.9	346.3	356.6	362.5	385.8
% Change	9.2	8.7	10.2	13.4	10.1	10.2	7.4	10.3	5.9	6.0
Social Services	130.9	135.7	142.3	146.0	153.3	159.6	166.0	169.4	171.7	173.7
% Change	2.7	4.8	6.6	3.7	7.3	6.3	6.4	3.4	2.3	2.4
Engin. & Mgmt. Svcs.	109.6	114.0	113.7	100.9	98.4	100.3	102.9	106.0	111.1	114.4
% Change		4.4	(0.3)	(12.8)	(2.5)	1.9	2.6	3.1	5.1	6.3
Educational Services	112.7	114.3	115.0	111.3	109.7	110.6	114.2	121.5	130.2	140.9
% Change	4.6	1.6	0.7	(3.7)	(1.6)	0.9	3.6	7.3	8.7	4.3
Legal Services	74.9	79.8	80.9	76.5	74.6	74.4	73.8	72.7	73.1	73.1
% Change	3.0	4.9	1.1	(4.4)	(1.9)	(0.2)	(0.6)	(1.1)	0.4	1.0
Membership Orgs.	62.4	63.1	63.5	61.6	61.1	61.7	62.1	63.0	64.4	65.7
% Change	1.3	0.7	0.4	(1.9)	(0.5)	0.6	0.4	0.9	1.4	0.9
Hotels & Lodging	38.2	39.3	38.8	35.7	35.7	35.1	35.7	36.7	37.1	36.9
% Change	1.5	1.1	(0.5)	(3.1)	0.0	(0.6)	0.6	1.0	0.4	0.7
Amusement & Recr.	51.6	54.1	55.4	51.1	51.3	47.7	45.5	47.9	49.5	49.6
% Change	6.1	2.5	1.3	(4.3)	0.2	(3.6)	(2.2)	2.4	1.6	3.2
Motion Pictures	23.7	24.6	25.9	25.2	21.9	25.9	34.2	38.2	41.2	43.7
% Change		0.9	1.3	(0.7)	(3.3)	4.0	8.3	4.0	3.0	3.3

Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

TABLE 5 [TABLE Regarding New York MSA Location Quotients (which measures the regional concentration of employment in a particular industry)]

Table 5
New York MSA Location Quotients

Sector	Location Quotient*
Security and Commodity Brokers	8.59
Apparel and Other Textile Products	2.68
Legal Services	2.43
Motion Pictures	2.43
Social Services	2.22
Educational Services	2.02
Depository Institutions	1.99
Local and Interurban Passenger Transit	1.93
Miscellaneous Manufacturing Industries	1.91
Printing and Publishing	1.65
Communications	1.55
Apparel and Accessory Stores	1.46
Total Local Government	1.23
Engineering & Management Services	1.19
Business Services (Incl. advertising, software & temp. workers)	1.18
Health Services	1.17
Insurance Carriers	1.16
Wholesale Trade	1.02
Amusement & Recreation Services	1.01

* A location quotient measures the regional concentration of employment in a particular industry. If employment in an industry were evenly distributed throughout the U.S., a region's location quotient would be 1.0. Mathematically, it is defined as the ratio of the percentage of total employment in industry X in a given region divided by the percentage of total employment in industry x nationally.

Sources: U.S. Bureau of Labor Statistics, Rosen Consulting Group (RCG)

Motion pictures is another highly concentrated industry in the New York metropolitan area. This is an export-oriented industry that has a large multiplier affect on the local economy. Among the largest employers in New York City are several major media and broadcasting companies, including Time Warner, Westinghouse Electric, which owns CBS, and Walt Disney Company, which owns Capital Cities/ABC (see Table 6). The motion picture industry alone added 19,300 new jobs between 1992 and 1996 in the New York MSA, representing stunning growth averaging 17.1% per year.

The amusement and recreation services sector and hotel and lodging industry both benefit from tourism and visitor spending. New York has a plethora of theater and performing arts, which fuels growth in amusement and recreation. It is home to some of the world's most famous museums, including the Metropolitan Museum of Art, the Museum of Modern Art, the Guggenheim Museum, the Whitney Museum and the Museum of Natural History. In the tourism industry, during 1996, total visitor volume increased 1.8% to 30.3 million people, following growth of 3.0% during 1995. Visitor spending rose 5.4% to about $13 billion in 1996. This represents roughly 3.8% of the gross city product of $343.1 billion. Visitor volume and spending has benefited substantially from the dramatic decline in crime in

Table 6 [Table listing New York City's Top Employers by Employees]

Table 6
New York City Top Employers

Rank	Firm	Employees	Sector
1	Chase Manhattan Corp.	31,000	Banking
2	NYNEX Corp.	25,000	Telecommunications
3	Citicorp	19,000	Banking
4	Columbia University	14,800	Education
5	Consolidated Edison of NY	14,700	Utility
6	New York University	14,000	Education
7	Travelers Group	12,000	Insurance/Financial
8	Time Warner, Inc.	10,400	Media
9	Merrill Lynch & Company	8,900	Financial Services
10	Bank of New York	8,600	Banking
11	New York Times	8,200	Publisher
12	American Airlines	7,900	Airline
13	J.P. Morgan & Company	7,200	Financial Services
14	Bankers Trust New York	7,150	Banking
15	Morgan Stanley	5,800	Financial Services
15	Bear Stearns	5,800	Financial Services
16	Lefrak Organization	5,700	Real Estate Developer
17	Walt Disney Company	5,500	Entertainment
18	Metropolitan Life Insurance Co.	5,150	Insurance
19	American International Group	4,950	Insurance
20	Federated Department Stores	4,900	Retail
20	Equitable Companies	4,900	Insurance/Financial
21	Westinghouse Electric Corp.	4,800	Broadcasting

Source: ND International Trade

New York City over the past three years. Reflecting the strength of visitor spending, the hotel and lodging industry is enjoying strong revenue growth. Hotel occupancy was up to 81.5% in 1996 from 79.5% in 1995 and the average daily room rate rose 10% to $170.50 during 1996 (see Figures 4 and 5). The number of hotel room nights filled grew from 14.8 million in 1993 to 17.6 million in 1996, representing a gain of 6% per year (see Figure 6).

While health, social and educational services re mainly population-serving and thus do not create many office-occupying jobs, they contribute to growth in New Yorks economy. Health services added about 6,000 jobs between March of 1996 and 1997, even though growth in this sector has been tempered in recent years by restructuring in the Citys public and private health industry. Among the leading medical facilities in Manhattan area Columbia-Presbyterian and Cornell Medical Centers and Memorial Sloan-Kettering Cancer Center. Manhattan is also home to several internationally recognized universities, including Columbia University, New York University, Rockefeller University and Fordham University. These and other local institutes graduate thousands of students each year, creating a large, high-level professional talent pool for New York employers.

CHART 4 [Bar chart regarding New York City Hotel Occupancy Rates from 1990 through 1996]

Chart 5 [Bar chart regarding New York City Average Daily Hotel Rate for 1990 through 1996]

Chart 6 [Bar chart regarding New York City Hotel Room Nights Filled from 1991 through the forecast for 1997]

The Trade Sector

In absolute numbers, the trade sector is the second largest and fastest growing part of the metropolitan economy, with a gain of 8,800 jobs during the year ended in March 1997 for a 1.3% growth rate. About 68% of the metropolitan areas trade jobs are in the retail sector, where growth was an even stronger 2.2% during the 12 months ended in March of 1997. The retail industry has benefited from improved city services, reduced crime and an increase in the number of visitors and their spending volume. The improved health of the New York economy has stimulated spending by locals, and with about 169,000 households with income exceeding $150,000 per year, many New York City residents have significant disposable income with which to purchase goods and services. Increased spending by locals combined with a higher level of visitor spending caused retail sales growth in New York City to average 3.2% between 1994 and 1996, following four years of declining retail sales (see Figure 7).

Chart 7 [Chart regarding New York City's Annual Percent Change in Retail Sales from 1967 through 1996]

Attesting to the strength of the retail trade sector, a number of retailers are expanding in New York City and are adding new employees. Not only are big box discount retailers establishing a niche, but upscale designers are opening outlets. Kmart has opened stores on 34th Street west of 7th Avenue and at Astor Place in the North of Houston Street (NoHo) area. Upscale designers and manufacturers, such as Calvin Klein, Armani and Valentino, are also opening retail stores. Demand from designers has reportedly caused rents on Madison Avenue to rise 15% during each of the past three years to more than $300 per square foot per year. In some cases, rents are $400 per square foot per year on upper Madison Avenue and $500 per square foot on Fifth Avenue. Retail development is also moving into the downtown and Times Square areas. In downtown, Borders Books and Music has a new store in the World Trade Center, and in the Times Square area, Forest City/Ratner is building a 25-screen AMC multiplex with a Madame Tussauds Wax museum that will contain 325,000 square feet of retail space. Next to this project, Disney has redeveloped the New Amsterdam Theatre. Also in the Times Square area, the Ford Motor Company will open a new 1,839-seat theater called the Ford Center for Performance Arts in the first quarter of 1998.

In addition, Tishman Urban Development is building the 193,000 square-foot E-Walk retail complex in Times Square, and as part of the E-Walk project, Disney plans to build a 45-tory hotel. The redevelopment of Times Square is expected to eventually create 20,000 jobs and to generate significant new taxes.

Finance, Insurance and Real Estate Employment

Following several years of acquisitions and mergers in the commercial banking industry, employment in the metropolitan areas overall finance, insurance and real estate (FIRE) sector has turned the corner, with a 0.9% gain between March of 1996 and 1997. Half of New York Citys top 23 employers are financial institutions (see Table 6). According to Pensions and Investments magazine, four of the ten largest money managers in the United States, ranked by total assets, are based in Manhattan, and the Securities Industry Association reports that 23 of the 25 largest U.S. securities firms are based in Manhattan. In addition, according to The American Banker, three of the nations top four commercial banks are based in Manhattan.

Consolidation has occurred among some FIRE sector industries, including commercial banks and insurance companies. Commercial banks have consolidated to be competitive with non-bank institutions that now offer bank-like depository and lending services. For example, the merger of Chase Manhattan Bank and Chemical Banking Corporation is causing the loss of 4,000 jobs in the greater New York area. Because many of these jobs are retail banking jobs, such as tellers, the effect on the office market has been minimized. On a positive note for the FIRE sector, the consolidation of commercial banks has created a much more competitive set of players in New York City, and in some cases, consolidation of FIRE sector employers has translated to new jobs for New York City. The consolidation of Mutual of New Yorks operations has resulted in the relocation of 350 jobs to New York City. Other companies in the FIRE sector, specifically international banks, are increasing their presence in Manhattan. Foreign financial institutions, such as Deutsche Bank and UBS Securities, have been hiring aggressively in Manhattan.

The securities industry represents 4% of the overall employment base in the metropolitan area. Although it represents only a small part of the economy, this industry is highly concentrated in the New York metropolitan area, and many of the worlds most active underwriters are based in Manhattan or have a strong presence there. Others, such as San Francisco-based Montgomery Securities, have fairly recently established a presence in Manhattan. Wall Street accounts for almost 14% of the citys total wages. Because per person wages on Wall Street average $150,000, the multiplier effect of these jobs on other employment sectors is large. The number of jobs in the securities and commodities brokers employment sector in the New York metropolitan area increased an average of 2.7% per year between 1991 and 1996, rising from a recession trough of 131,500 in 1991 to 152,800 jobs in March of 1997. Growth in this industry was instrumental in turning the New York metropolitan economy around following the recession in the early 1990s.

The securities industry has been very strong, and the recent acceleration of initial public offerings and other investment banking activities should lead to additional growth in this industry. In the long term, both the finance and secuities industries will contribute to local economic growth because of New Yorks position as an international center of finance and securities innovation.

The Transportation, Communications, Public Utilities and Manufacturing Sectors

Employment in the New York metropolitan areas transportation, communications and public utilities (TCPU) sector increased 1.5% between March of 1996 and 1997. The communications part of this sector has been affected by the merger of several Bell operating companies across the nation, the merger of cable and entertainment firms, of publishers and broadcasters and of broadcasters and entertainment firms. Some of the mergers have resulted in new jobs for the New York metropolitan area as companies consolidate operations from other cities. For example, the combined Bell Atlantic and Nynex will be headquartered in New York City.

The New York metropolitan area has gradually shed manufacturing jobs. Because New York is an

urban center with high operating costs and difficult transportation access, it is an unfavorable site for manufacturing, and many traditional manufacturers have relocated. Both textiles and publishing have moved out of the city. Many manufacturing firms have returned a large volume of industrial space to the market, with such space gradually being converted to office or residential uses. An increasing proportion of the manufacturing jobs in New York are actually white-collar management or staff positions.

The Public Sector

New York Citys government is reinventing itself. About 78% of the metropolitan areas total government employment is in local government, and the remaining 22% is state and federal government employment. Intense efforts to streamline the government and to provide services more efficiently have caused local government employment to decline by about 53,300 jobs, or 10.0%, between 1990 and March of 1997.

The strong growth in private sector employment, coupled with a much more disciplined approach to city services and expenditures, have resulted in both a greatly improved outlook for New York Citys budget and higher quality of city services. In May, Mayor Giuliani announced a New York City budget surplus of $856 million for the fiscal year ending June 30, 1997. This increase in revenues comes in spite of reduced taxes. Among the taxes that have been reduced or eliminated are the commercial occupancy tax (on tenants), taxes on proprietorships and partnerships, hotel occupancy taxes, transfer taxes and gains taxes.

The overall business climate in New York has improved significantly as a result of both private sector initiatives and public sector programs. The most visible private sector initiatives have been the Business Improvement Districts (BIDs). A BID is formed by a group of employers in a geographic area with the express purpose of improving the business environment in the area through heightened security, improved street cleaning and lighting and other business-enhancing services. Following on the success of three large BIDs in the Grand Central Terminal, Penn Station and Times Square areas, approximately 33 additional BIDs in New York City have been created.

In addition, a number of public sector efforts have been launched to improve New York Citys business environment, specifically to retain the existing base of employers and attract additional employers. For example, the New York Economic Development Department has been involved with 23 transactions since mid-1994, amounting to the retention of 55,482 jobs as of November of 1996. Most recently, in April of 1997, Standard & Poor's Corporation agreed to keep its 2,057 employees in Manhattan through the year 2019 in exchange for a package of tax incentives and energy discounts.

New York also has a large diplomatic community, affiliated with the United Nations and local consulates. A report published by the New York City Commission for the United Nations and Consular Corps reported that the United Nations Headquarters, Agencies, Missions and Consulates spent about $1.5 billion in the New York metropolitan area during 1994 with an indirect impact of $3 billion. New York City also hosts the largest Consulate community in the world, which attracts private sector foreign businesses. The large diplomatic community contributes to New York's position as an important international center of business and politics.

Employment Outlook

The outlook for the New York metropolitan economy is strong. Private sector employment in the metropolitan area will grow at a 1.3% rate in 1997 and 1998 and will continue to increase at about 1.0% annually through 2001 (see Table 7). The strong growth of the national economy will fuel activity in the finance sector, which includes the securities industry. However, much of the growth will continue to occur in the services sector, especially in industries such as advertising, law, software, motion pictures, hotels and tourism. Specifically, because of the large number of corporate headquarters in New York and the citys position as the center for much of the intellectual and creative aspects of business, local business services such as advertising will benefit disproportionately from continued strong growth in the national economy. Strong growth in small businesses, such as those in the new media industry, will further enhance the growth prospects for business services and, generally, other industries which provide services to businesses.

Table 7 [Table regarding New York MSA Employment Forecast from 1995 through the forecast for 2001]

Table 7
New York MSA Employment Forecast (000)

	1995	1996	1997f	1998f	1999f	2000f	2001f
Total Nonagricultural	3820.3	3857.7	3898.6	3942.6	3982.7	4012.5	4047.0
% Change		1.0%	1.1%	1.1%	1.0%	0.7%	0.9%
Construction & Mining	112.1	114.2	114.2	112.9	112.3	112.6	113.3
% Change		1.9%	0.0%	-1.1%	-0.6%	0.3%	0.6%
Manufacturing	328.9	318.5	309.6	302.8	296.7	292.0	286.7
% Change		-3.2%	-2.8%	-2.2%	-2.0%	-1.6%	-1.8%
T.C.P.U	228.9	230.5	230.7	230.7	231.4	231.9	231.7
% Change		0.7%	0.1%	0.0%	0.3%	0.2%	-0.1%
Trade	667.6	673.7	675.0	679.1	683.9	685.9	688.6
% Change		0.9%	0.2%	0.6%	0.7%	0.3%	0.4%
F.I.R.E.	505.5	504.1	506.6	509.2	511.7	512.7	514.3
% Change		-0.3%	0.5%	0.5%	0.5%	0.2%	0.3%
Services	1350.6	1401.1	1448.7	1493.6	1532.5	1563.1	1597.5
% Change		3.7%	3.4%	3.1%	2.6%	2.0%	2.2%
Total Private	3193.8	3242.2	3284.9	3328.3	3368.4	3398.2	3432.1
% Change		1.5%	1.3%	1.3%	1.2%	0.9%	1.0%
Government	626.5	615.5	613.7	614.3	614.3	614.3	614.9
% Change		-1.8%	-0.3%	0.1%	0.0%	0.0%	0.1%

Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

Summary

Manhattan is the largest office market in the country, with an overall stock of more than 375 million square feet in the Midtown, Midtown South and Downtown submarkets. The amount of space in Manhattan exceeds the combination of the next six largest central business districts in the nation, those of Chicago, the District of Columbia, Boston, San Francisco, Philadelphia and Los Angeles. Within Manhattan, 45.7% of the space is classified as Class B space (see Table 8)*. Almost 74% of the Class B space is located in the Midtown and Midtown South submarkets combined, and about one fourth of the Class B space located in Downtown**.

TABLE 8 [Table regarding Mahattan Office Market Overview Showing Class A and B stock, Class A and B 1st Quarter Vacancy Rates and 1st Quarter Rents per square foot, for different areas of Mahattan]

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Table 8
Manhattan Office Market Overview

	% of Stock		1Q97 Vacancy Rate		1Q97 Rent/SF	
	Class A	Class B	Class A	Class B	Class A	Class B
MT + MTS	70.2%	73.9%	10.6%	11.7%	$35.49	$23.88
Midtown (MT)	67.9%	48.3%	10.4%	11.6%	$35.93	$25.87
Midtown South (MTS)	2.4%	25.7%	17.2%	11.9%	$27.84	$20.21
Downtown	29.8%	26.1%	15.2%	18.0%	$28.54	$21.94
Total	54.3%*	45.7%*	12.0%	13.3%	$32.87	$23.20

* Represents proportion of total Class A + Class B Stock
Sources: RELocate, Rosen Consulting Group (RCG)

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Improved job growth in recent years, resulting from the recovery of the national and New York metropolitan economies, has caused office market conditions in Manhattan to strengthen. The overall Class B vacancy rate fell from 17.8% in 1992 to 13.3% in the first quarter of 1997, a rate that is only modestly higher than the Class A vacancy rate of 12.0% (see Table 9). At 11.6%, Midtown has the lowest Class B vacancy rate, followed by Midtown South, with an 11.9% Class B vacancy rate. When combined, the first quarter 1997 Class B vacancy rate for Midtown and Midtown South is 11.7%. Contributing to demand in the Midtown area are existing Midtown Manhattan businesses that are expanding, as well as some traditional Downtown tenants, such as banks and securities firms, which have moved to Midtown in search of greater amentiies and improved access to transportation.

Table 9 [Table regarding Summary of Manhattan Office Market Vacancy Rates for 1991 through the forecast for 2001]

Table 9

Summary of Manhattan Office Market Vacancy Rates

	1991	1992	1993	1994	1995	1996	1Q97	1997f	1998f	1999f	2000f	2001f
Class B												
Total	17.0%	17.8%	17.4%	15.6%	15.1%	13.1%	13.3%	11.6%	10.4%	9.4%	8.6%	7.7%
MT + MTS	15.7%	17.3%	16.4%	14.0%	12.8%	11.5%	11.7%	9.9%	8.8%	7.7%	6.9%	6.0%
Midtown (MT)	15.0%	16.8%	15.9%	14.2%	12.9%	11.3%	11.6%	9.8%	8.6%	7.5%	6.7%	5.8%
Midtown South (MTS)	17.1%	18.1%	17.4%	13.7%	12.8%	11.9%	11.9%	10.3%	9.1%	8.1%	7.3%	6.4%
Downtown	20.7%	19.3%	20.3%	20.2%	21.3%	17.8%	18.0%	16.2%	15.0%	14.0%	13.2%	12.3%
Class A												
Total	18.1%	15.7%	14.8%	14.8%	15.2%	13.3%	12.0%	11.0%	9.3%	8.4%	7.7%	6.8%
MT + MTS	17.8%	14.4%	13.2%	13.6%	14.6%	12.2%	10.6%	9.9%	8.2%	7.6%	7.1%	6.4%
Midtown (MT)	18.3%	14.8%	13.6%	12.1%	14.3%	12.0%	10.4%	9.7%	7.9%	7.4%	6.9%	6.3%
Midtown South (MTS)	3.4%	2.6%	2.7%	55.9%	23.1%	18.6%	17.2%	16.2%	14.5%	13.0%	11.8%	10.5%
Downtown	18.8%	18.9%	18.5%	17.5%	16.8%	15.9%	15.2%	13.6%	11.9%	10.3%	9.2%	7.9%

Sources: RELocate, Rosen Consulting Group (RCG)

During the next several years, overall market conditions will tighten further, Class A rents will rise, and tenants will have fewer options for available Class A space. As a result, we anticipate that demand for Class B space will increase, especially in buildings with modern infrastructure and good locations, but which offer rents that are less expensive than those in the Class A market. Additional demand, combined with a lack of new construction for the near term, leads us to believe that the overall Manhattan Class B vacancy rate will fall to 7.7% by 2001 and that the Class B vacancy rate in the combined area of Midtown and Midtown South will fall to 6.0% by 2001 (see Table 10).

Table 10 [Table regarding Manhattan Class B Office Market Trends from 1991 through the forecast for 2001]

Table 10

Manhattan Class B Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	1Q97	1997f	1998f	1999f
Total Manhattan										
Total Stock	172,940	172,940	173,028	173,028	173,028	173,028	173,028	173,028	173,028	173,028
New Construction	185	0	88	0	0	0	0	0	0	0
Net Absorption		(1,342)	666	3,105	1,008	3,304	(341)	2,708	2,050	1,800
Occupied Stock	143,542	142,200	142,866	145,971	146,979	150,283	149,942	152,991	155,041	156,841
Vacancy Rate	17.0%	17.8%	17.4%	15.6%	15.1%	13.1%	13.3%	11.6%	10.4%	9.4%
Avg. Asking Rent	$ 23.21	$ 22.23	$ 22.15	$ 22.02	$ 22.32	$ 22.54	$ 23.20	$ 23.44	$ 24.31	$ 25.47
% Charge		-4.2%	-0.4%	-0.6%	1.4%	1.0%		4.0%	3.7%	4.8%
Midtown + Midtown South										
Total Stock	127,829	127,829	127,917	127,917	127,917	127,917	127,917	127,917	127,917	127,917
New Construction	185	0	88	0	0	0	0	0	0	0
Net Absorption		(1,978)	1,144	3,032	1,532	1,711	(246)	2,002	1,515	1,331
Occupied Stock	107,755	105,777	106,921	109,954	111,485	113,197	112,951	115,199	116,714	118,045
Vacancy Rate	15.7%	17.3%	16.4%	14.0%	12.8%	11.5%	11.7%	9.9%	8.8%	7.7%
Avg. Asking Rent	$ 23.17	$ 22.24	$ 21.89	$ 22.15	$ 22.78	$ 23.00	$ 23.88	$ 24.11	$ 25.22	$ 26.68
% Charge		-4.0%	-1.6%	1.2%	2.8%	1.0%		4.8%	4.6%	5.8%
Midtown										
Total Stock	83,436	83,436	83,524	83,524	83,524	83,524	83,524	83,524	83,524	83,524
New Construction	185	0	88	0	0	0	0	0	0	0
Net Absorption		(1,552)	833	1,403	1,128	1,303	(251)	1,307	990	869
Occupied Stock	70,954	69,402	70,235	71,638	72,766	74,069	73,818	75,376	76,366	77,234
Vacancy Rate	15.0%	16.8%	15.9%	14.2%	12.9%	11.3%	11.6%	9.8%	8.6%	7.5%
Avg. Asking Rent	$ 26.29	$ 25.25	$ 24.86	$ 24.78	$ 25.42	$ 25.05	$ 25.87	$ 26.31	$ 27.58	$ 29.23
% Charge		-4.0%	-1.5%	-0.3%	2.6%	-1.5%		5.0%	4.8%	6.0%
Midtown South										
Total Stock	44,393	44,393	44,393	44,393	44,393	44,393	44,393	44,393	44,393	44,393
New Construction	0	0	0	0	0	0	0	0	0	0
Net Absorption		(426)	311	1,629	404	408	4	695	526	462
Occupied Stock	36,802	36,376	36,686	38,316	38,720	39,128	39,132	39,823	40,349	40,811
Vacancy Rate	17.1%	18.1%	17.4%	13.7%	12.8%	11.9%	11.9%	10.3%	9.1%	8.1%
Avg. Asking Rent	$ 18.05	$ 16.97	$ 16.77	$ 17.01	$ 17.77	$ 19.31	$ 20.21	$ 20.18	$ 21.05	$ 22.19
% Charge		-6.0%	-1.2%	1.4%	4.5%	8.7%		4.5%	4.3%	5.4%

	2000f	2001f
Total Manhattan		
Total Stock	173,028	173,028
New Construction	0	0
Net Absorption	1,358	1,554
Occupied Stock	158,199	159,753
Vacancy Rate	8.6%	7.7%
Avg. Asking Rent	$ 26.89	$ 28.58
% Charge	5.5%	6.3%
Midtown + Midtown South		
Total Stock	127,917	127,917
New Construction	0	0
Net Absorption	1,004	1,149
Occupied Stock	119,049	120,198
Vacancy Rate	6.9%	6.0%
Avg. Asking Rent	$ 28.42	$ 30.53
% Charge	6.5%	7.4%
Midtown		
Total Stock	83,524	83,524
New Construction	0	0
Net Absorption	656	750
Occupied Stock	77,890	78,640
Vacancy Rate	6.7%	5.8%
Avg. Asking Rent	$ 31.21	$ 33.59
% Charge	6.8%	7.7%
Midtown South		
Total Stock	44,393	44,393
New Construction	0	0
Net Absorption	348	399
Occupied Stock	41,159	41,558
Vacancy Rate	7.3%	6.4%
Avg. Asking Rent	$ 23.57	$ 25.24
% Charge	6.2%	7.1%

Sources: Historical data on construction, vacancy & rents- RELocate; Calculations and forecasts- RCG.

Demand Analysis

In order to capture the actual demand in the Manhattan Class B office market, we have utilized three measures (see Table 11). The first is gross leasing activity, which involves summing up all the leases signed in the market. This

measures all leases, including renewals of existing leases and relocations within the market and, as a result, may lead to some double counting of space. It also includes pre-leasing of space in new buildings. However, it is a good measure of the overall health of the office marketplace. A second measure, derived from the vacancy rate, is calculated net absorption. Calculated net

absorption is a constructed data series created by examining the change in occupied stock. The change in occupied stock is, in turn, created by multiplying the occupancy rate (1- vacancy rate) by the total stock of space. It must be emphasized that this is a constructed data series to approximate historical net absorption. It is the best measure of net demand for office space. The third measure of office space demand is constructed from employment growth and is used to forecast office space demand. Specifically, job growth by office-using sectors is multiplied by an office space utilization factor, in this case 200 square feet per person for Class B space and 175 square feet per person for Class A space, to produce a forecasted net absorption of office space. All three measures of demand, gross leasing activity, calculated net absorption, and forecasted net absorption, must be viewed as proxies for demand because there are no official numbers to measure demand.

Table 11 [Table regarding Calculated/Forecasted Net absorption and Gross Leasing Activity Summary from 1992 through the forecast for 2001]

Table 11
Calculated/Forecasted Net Absorption and Gross Leasing Activity Summary

	1992	1993	1994	1995	1996	1997f	1998f	1999f	2000f	2001f
Calculated/Forcasted Net Absorption										
Class B										
Total	(1,342)	666	3,105	1,008	3,304	2,708	2,050	1,800	1,358	1,554
MT + MTS	(1,978)	1,144	3,032	1,532	1,711	2,002	1,515	1,331	1,004	1,149
Midtown	(1,552)	833	1,403	1,128	1,303	1,307	990	869	656	750
Midtown South	(426)	311	1,629	404	408	695	526	462	348	399
Downtown	636	(478)	72	(523)	1,592	706	534	469	354	405
Class A										
Total	4,828	2,343	14	(944)	3,890	4,740	3,588	3,150	2,377	2,720
MT + MTS	4,883	2,105	(572)	(1,408)	3,370	3,329	2,520	2,212	1,669	1,910
Midtown	4,848	2,107	2,006	(2,995)	3,149	3,217	2,435	2,138	1,613	1,846
Midtown South	35	(2)	(2,578)	1,587	222	112	85	74	56	64
Downtown	(55)	238	587	465	520	1,411	1,068	938	708	810
Gross Leasing Activity										
Total	22,077	26,788	22,680	28,524						
Class B	10,722	12,516	10,654	12,876						
MT + MTS	8,651	10,439	9,016	10,349						
Midtown	5,749	6,850	6,139	6,997						
Midtown South	2,902	3,589	2,878	3,352						
Downtown	2,071	2,077	1,637	2,527						
Class A	11,354	14,271	12,026	15,647						
MT + MTS	8,618	11,127	9,322	12,227						
Midtown	8,562	11,067	8,175	11,560						
Midtown South	57	60	1,146	667						
Downtown	2,736	3,145	2,705	3,420						

Sources: RELocate, Rosen Consulting Group (RCG)

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* Class B space generally meets 3-4 of the following criteria, while Class A space meets at least 5: geographic location-prominence of area: age of building-those built after 1975; tenant roster-industry leaders occupy a significant amount of space; building size-in excess of 250,000 square feet; average asking rent-consistently above the area's average; amenities-including concierge and security. Examples of Class B buildings include the Graybar Building, the Kent Building, the Lincoln Building, the Fred French Building, Five and Seven Penn Plaza and 14 Wall Street.

** Midtown is defined as the north side of 32nd Street to 62nd Street, East River to the Hudson River. Midtown South is defined as Canal Street to the South Side of 32nd Street, East River to the Hudson River. Downtown is defined as Battery to Canal Street, East River to the Hudson River.

As Figures 8 and 9 show, gross leasing activity in Manhattan has been strong during the past several years. Between 1993 and 1996, gross leasing activity for the overall office market averaged 25 million square feet per year, and first quarter 1997 activity indicates that 1997 will be another strong year for leasing activity. This leasing activity signifies that the Manhattan office market is healthy.

Chart 8 [Bar chart regarding Gross Leasing Activity for Manhattan Class A Office from 1993 through the 1st quarter of 1997]

Chart 9 [Bar chart regarding Gross Leasing Activity for Manhattan Class B Office from 1993 through the 1st quarter of 1997]

Leasing activity for both Class A and B space is strongest in Midtown (see Figures 10 to 15). Traditional downtown tenants, such as banks and securities firms, have moved and are continuing to move to Midtown locations because they believe that Midtown amenities, such as a location that is more easily accessible to many employees, outweigh the cost savings of Downtown locations. Other tenants generating strong demand for Midtown office space include those in the advertising, printing and publishing, legal services, and communications industries. Among the largest Midtown leases during 1996 were pre-leases by publisher Conde Nast and the law firm of Skadden, Arps, Slate Meagher & Flom at the new Four Times Square building. The lease rates on these transactions were not high enough to justify the construction. Rather, they reflect the financial incentives that the developer, the Durst Organization, received.

In Midtown South, gross leasing activity increased during 1996 and is likely to strengthen further during 1997. Midtown South is largely a market of Class B space. It is becoming more desirable because it offers less expensive office space than Midtown and an improving quality of life as older buildings are renovated and neighborhoods improve. In fact, Class B space in the Midtown South area with good infrastructure is performing better than the overall Class B market. In addition to its traditional base of small companies, Midtown South is increasingly attracting back office operations and even primary office operations of companies that are finding it difficult to locate large blocks of contiguous space in Midtown. The most significant Midtown South transaction to occur in recent years has been the move of Credit Suisse First Boston to 11 Madison Avenue. Credit Suisse First Boston has consolidated several Manhattan offices into more than 1.6 million square feet in the building, which had been vacated by Metropolitan Life Insurance during 1994. Other tenants signing large leases at 11 Madison Avenue are Alexander & Alexander Services, Wells, Rich and Green, and Emanuel/Emanuel Ungaro. As buildings such as 11 Madison Avenu are renovated to accommodate these "name" tenants, they have been reclassified as Class A space. In addition, moves by these "name" tenants are spurring other tenants to consider Midtown South locations.

Chart 10 [Bar Chart regarding Class A Net Absorption for Midtown & Midtown South from 1992 through the forecast for 2001]

Chart 11 [Bar Chart regarding Class B Net Absorption for Midtown & Midtown South from 1992 through the forecast for 2001]

Chart 12 [Bar Chart regarding Class A Net Absorption for Midtown Manhattan from 1992 through the forecast for 2001]

Chart 13 [Bar Chart regarding Class B Net Absorption for Midtown Manhattan from 1992 through the forecast for 2001]

Chart 14 [Bar Chart regarding Class A Net Absorption for Midtown South from 1992 through the forecast for 2001]

Chart 15 [Bar Chart regarding Class B Net Absorption for Midtown South from 1992 through the forecast for 2001]

Chart 16 [Bar Chart regarding Class A Net Absorption for Downtown Manhattan from 1992 through the forecast for 2001]

Chart 17 [Bar Chart regarding Class B Net Absorption for Downtown Manhattan from 1992 through the forecast for 2001]

Efforts to revitalize Downtown New York are beginning to pay off. The Downtown Commercial Revitalization Program offers a mix of commercial rent tax, real estate tax, and energy expense relief to tenants who sign new or renew leases in buildings constructed before 1975. Another part of the program generating significant activity is the incentive to encourage the conversion of older, obsolete buildings to residential use. Most tenants considering Downtown are financial services companies, high tech start-up companies, and large tenants that have been forced out of Midtown by lack of available space. For example, numerous new media and high tech companies have leased space at 55 Broad Street, which has been transformed into the New York Information Technology Center. Going forward, Downtown office market conditions will strengthen as obsolete space is renovated and converted to other uses. In addition, as old office space is converted to residential uses, Downtown will become more of a 24-hour city, which will make it more attractive to office users and will also contribute further to the areas revitalization.

In recent years, strong growth in business services and the stabilization of the commercial banking industry have fueled net absorption throughout the office market. Office demand growth surged in 1996, causing calculated net absorption in Manhattan for the overall market to surpass 7.1 million square feet. About 3.3 million square feet, or about 46%, of this absorption occurred in Class B buildings (see Table 11 on page 19). Class B overall net absorption was negative during the first quarter of 1997, but we do not believe that this creates cause for concern.

Forecasted Demand Analysis

Forecasted net absorption is based on the number of office occupying jobs created. As Table 12 shows, FIRE sector employment growth was slightly weak through 1996, although it has picked up in recent months. Mergers continue in the banking industry, but many of the jobs lost are in the retail banking sector and involve employees working at retail branches, rather than in offices. In addition, other employment sectors, whose employees typically do not occupy office space, are more likely to occupy office space in New York. For example, manufacturing, textile and communications companies in New York frequently have a management presence in the city as opposed to physical operations. As a result, RCG conservatively estimates that 10% of private sector jobs, excluding FIRE and services, will occupy office space. Assuming each new employee occupies about 175 to 200 square feet, an average of 5.2 million square feet on net will be absorbed annually between 1997 and 2001. From 1991 through the first quarter of 1997, about one-third of the calculated net absorption in Manhattan has occurred in Class B space. Assuming that this trend will continue through 2001, net absorption will be sufficient to cause the overall Class B vacancy rate to fall to 7.7% in 2001 and rent growth to accelerate to about 6.3% per year.

Table 12 [Table re: New York MSA Office Employment Growth from 1991 through the forecast for 2001]

Table 12
New York MSA Office Employment Growth (000)

	1991	1992	1993	1994	1995	1996	1997f	1998f	1999f	2000f	2001f
Office Occupy. FIRE Jobs	528.1	508.0	505.0	513.3	505.5	504.1	506.6	509.2	511.7	512.7	514.3
Security & Commod. Brok.	131.5	133.2	137.8	148.6	147.5	150.0					
Depository Institutions	163.9	148.3	142.3	139.2	134.0	130.2					
Nondepository Institutions	9.7	9.1	9.3	9.5	9.5	9.5					
Office Occupy. Svcs. Jobs	674.7	663.3	676.2	693.0	710.0	742.0	777.8	801.9	822.7	839.2	857.6
Business Services	243.0	233.9	240.2	248.4	254.7	273.7					
Legal Services	76.5	74.6	74.4	73.8	72.7	73.1					
Membership Orgs	61.6	61.1	61.7	62.1	63.0	64.4					
Engin. & Mgmt Svcs	100.9	98.4	100.3	102.9	106.0	111.1					
Other	192.7	195.3	199.6	205.8	213.6	219.7					
Other Private Sector Ofc	527.9	517.9	520.5	525.0	529.2	537.0	545.4	554.1	561.8	567.7	574.5
Total Office Jobs in MSA	1,730.7	1,689.2	1,701.7	1,731.3	1,744.6	1,783.1	1,829.8	1,865.2	1,896.2	1,919.6	1,946.4
New Ofc. Jobs Created in MSA	(108.7)	(41.6)	12.5	29.6	13.4	38.5	46.7	35.3	31.0	23.4	26.8
New Ofc. Jobs Created in NYC	(94.6)	(36.2)	10.9	25.8	11.6	33.5	40.6	30.8	27.0	20.4	23.3

Sources: Bureau of Labor Statistics, Forecast-Rosen Consulting Group (RCG).

Supply Analysis

Improvement in the Manhattan office market is a function of both forecasted construction and demand growth. Currently, little construction is underway, planned or proposed, and all of the activity is occurring in Midtown. The only major project underway is the Durst Organizations 1.5 million square-foot Four Times Square office project thatis scheduled for completion in 1999. The developer received tax incentives to make this project economically feasible. Limited build-to-suit construction is also occurring for tenants with specific needs. For example, LVMH, the parent of Louis Vuitton, is building a 23-story, 103,000 square-foot office building at 17 to 21 East 57th Street between Fifth and Madison Avenues. The building, scheduled for completion in the fourth quarter of 1997, will contain Louis Vuittons flagship store on its ground floor. In addition, the German Mission to the United Nations is building a 23-story, 112,000 square-foot headquarters at 871 United Nations Plaza that will be completed in mid 1998.

Forecasted Supply Analysis

Several factors are limiting new construction, including the lack of available sites, the long lead time for new development, and current market rents that are well below those needed to justify new construction. Assuming development costs of approximately $358 per square foot, an expected return of 10%, and no tax incentives for development, an effective rent of approximately $55 is needed to make construction economically viable (see Table 13).

As leasing options diminish and the market anticipates strong increases in rents, construction activity will return to the market. Already, several office buildings have been proposed. As part of the Times Square Redevelopment Plan, office buildings could be constructed on the southwest and northwest corners of Seventh Avenue and 42nd Street. Another potential development site is on 42nd Street above the 42nd Street subway station between Seventh Avenue and Broadway. Given the success of its Four Times Square project, the Durst Organization may team up with developer George Klein to build on one of these sites. Another prime developable site is 383 Madison Avenue, where Chase Manhattan Bank is reportedly considering a build-to-suit. The site could hold a building of up to 800,000 square feet. In addition, the New York Metropolitan Transportation Authority is considering nine mixed-use proposals for the New York Coliseum Site, four of which include office components ranging from 1.2 million square feet to 700,000 square feet. However, given the long lead time for new construction, even if announced during 1997, none of these projects would be completed until at least 2000, at which time forecasted market rents could better justify new construction. Even if several of these buildings are constructed, because of the size of the market, the new supply will have little overall impact on the market.

Table 13 [Table re: Midtown Manhattan Class A Office Market Economic Rents in 1996]

Table 13
Midtown Manhattan Class A Office Market
Economic Rents in 1996 ($/SF)

Land	$ 85.00
Hard Costs (Core & Shell)	150.00
Soft Costs	46.25
Tenant Improvements	50.00
Leasing Commissions	26.41
Total Development Costs	$357.66
NOI Necessary to Achieve 10% Return	35.77
Plus: Stabilized Vacancy (5%)	2.75
Plus: Expenses	16.50
Effective Rent Necessary to Achieve 10% Return	$ 55.02
1996 Midtown Class A Asking Office Rent	$ 38.76

Sources: RELocate, Cushman & Wakefield, Rosen Consulting Group Estimates

Rent Analysis

Compared to other major world business centers, office rents in Manhattan are relatively inexpensive, making the area attractive to foreign companies. A January 1997 world survey of office rents by Richard Ellis Company ranked Midtown Manhattan 13th and Downtown Manhattan 37th among major business centers around the world. Midtown Manhattan was less expensive than Bombay, Hong Kong, Tokyo, London, Moscow, New Delhi, Singapore, Beijing, Shanghai and Paris.

Rent growth is inversely related to the vacancy rate. When market conditions tighten and the market vacancy rate falls below the optimal vacancy rate, rent growth accelerates. The optimal vacancy rate is the vacancy rate at which neither excess supply or demand exists, and it is determined by examining the historical relationship between vacancy rates and rent growth. The combined Midtown and Midtown South Manhattan Class B office vacancy rate was at its highest in 1992, during which time average asking rents fell the most (see Figure 16). Since 1992, the Class B office vacancy rate has decreased, and as the actual vacancy rate has approached the optimal vacancy rate, average asking rents stabilized and began to rise again in 1995.

Chart 16 [Bar Chart re: Office Vacancy Rates and Asking Rents for Midtown & Midtown South for Class B for 1991 through the forecast for 2001]

To forecast rent growth, we use a stock-adjustment disequilibrium model in which we assume that future rent growth will be a function of inflation plus a coefficient times the difference between the optimal vacancy rate and the market vacancy rate. Based on our forecasted vacancy rates, we believe that, by 2001, the overall Class B vacancy rate will fall to 7.7% which will cause average asking rents to increase 6.3% during that year (see Table 14). Class B average asking rent growth in the combined Midtown and Midtown South areas will be 7.4% in 2001, while Downtown rent growth is forecasted to be 5.2% in 2001.

Table 14 [Table re: Summary of Manhattan Office Market Rent Growth from 1992 through the forecast for 2001]

Table 14
Summary of Manhattan Office Market Rent Growth

	1992	1993	1994	1995	1996	1997f	1998f	1999f	2000f	2001f
Class B										
Total	-4.2%	-0.4%	-0.6%	1.4%	1.0%	4.0%	3.7%	4.8%	5.5%	6.3%
MT + MTS	-4.0%	-1.6%	1.2%	2.8%	1.0%	4.8%	4.6%	5.8%	6.5%	7.4%
Midtown	-4.0%	-1.5%	-0.3%	2.6%	-1.5%	5.0%	4.8%	6.0%	6.8%	7.7%
Midtown South	-6.0%	-1.2%	1.4%	4.5%	8.7%	4.5%	4.3%	5.4%	6.2%	7.1%
Downtown	-4.6%	2.3%	-4.4%	-1.0%	0.8%	2.6%	2.4%	3.5%	4.3%	5.2%
Class A										
Total	-8.1%	-2.4%	0.1%	3.2%	-1.0%	1.8%	3.5%	5.8%	6.4%	7.4%
MT + MTS	-9.9%	-3.5%	2.4%	7.2%	1.1%	3.2%	5.0%	6.0%	6.5%	7.2%
Midtown	-9.9%	-3.5%	5.9%	5.0%	1.1%	3.6%	5.5%	6.1%	6.6%	7.2%
Midtown South	-5.1%	2.1%	23.9%	0.4%	-0.5%	-2.9%	-1.1%	0.5%	1.7%	3.0%
Downtown	-2.7%	-0.1%	-4.4%	-6.6%	-3.9%	-0.3%	1.5%	3.2%	4.3%	5.6%

Sources: RELocate, Rosen Consulting Group (RCG)

Forecasted Office Market Trends

The growth in demand for office space in Midtown Manhattan will be moderately strong over the next five years. Employment growth in the key office-consuming sectors such as finance, securities, legal services, and accounting will accelerate through 1997, before slowing through 1999 and increasing again through 2001. When combined with growth in other office occupying sectors, an average of 28,400 office space-consuming jobs will be created annually in New York City between 1997 and 2001. Assuming a coefficient of space used per office employee of 175 to 200 square feet, that one-third of the space absorbed is Class B space, and that about half of the Class B space is in Midtown with another fourth in each Midtown South and Downtown, the forecasted net absorption for Class B space would be almost 1.9 million square feet per year.

While demand for office space in Midtown will be strong, no significant new construction is expected until the Durst project is completed in 1999. As a result, we expect the Class B vacancy rate to fall to 6.0% in the combined Midtown and Midtown South areas, and 12.3% in Downtown by 2001 (see Appendix Table A.1 for Downtown Class Bforecast). Even with a small amount of new construction between 1999 and 2001, the Class A vacancy rate is expected to fall to 6.4% in the combined Midtown and Midtown South areas, and 7.9% in Downtown by 2001 (see Appendix Tables A.3 to A.6). As the vacancy rates fall, growth in Class B average asking rents will accelerate to 7.4% in the combined Midtown and Midtown South areas and 7.1% in Downtown.

Based on the economic rents needed to justify new construction calculated in Table 13, we believe that the potential exists for significant revenue growth in the Manhattan marketplace as rental and occupancy rates for office properties recover to levels that would provide a reasonable return on investment to a developer of a new Class A multi-tenant office building (see Table 15).

Table 15 [Table re: Estimated Economic Rent Analysis for Multi-tenant Office Buildings (Per Net Rentable Square Foot)]

Table 15
Estimated Economic Rent Analysis
Multi-tenant Office Buildings
(Per Net Rentable Square Foot)

Development Costs	$ 357.66
Estimated Economic Rents	$ 55.02
1996 Midtown Class A Asking Rental Rates	$ 38.76
Increase in Class A Rental Rates Necessary to Reach Economic Rent	$ 16.26
Percentage Increase in Class A Rental Rates Necessary to Reach Economic Rents	42.0%

Source: Rosen Consulting Group Estimates

Appendix
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Table A.1 [Table re: Downtown Manhattan Class B Office Market Trends from 1991 through the forecast for 2001]

Table A.1
Downtown Manhattan Class B Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	1Q97	1997+	1998+	1999+	2000+	2001+
Total Stock	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112
New Construction	0	0	0	0	0	0	0	0	0	0	0	0
Net Absorption		636	(478)	72	(529)	1,592	(95)	706	834	469	354	405
Occupied Stock	35,787	36,423	35,845	36,017	36,494	37,086	36,891	37,792	39,327	38,795	39,150	39,555
Vacancy Rate	20.7%	19.3%	20.3%	20.2%	21.3%	17.6%	18%	18.2%	15%	14%	13.2%	12.3%
Avg. Asking Rent	$22.90	$22.22	$ 22.74	$21.75	$ 21.53	$21.71	$ 21.94	$22.27	$22.79	$23.59	$24.60	$25.88
% Change		-4.6%	2.3%	-4.4%	-1.0%	0.5%		2.8%	2.4%	3.5%	4.3%	5.2%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-ROG.

Table A.2 [Table re: Overall Manhattan Class A Office Market Trends from 1991 through the forecast for 2001]

Table A.2
Overall Manhattan Class A Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	1Q97	1997+	1998+	1999+	2000+	2001+
Total Stock	204,871	204,871	206,284	206,284	206,284	206,284	206,284	206,284	206,284	206,284	206,284	206,284
New Construction	2577	0	413	0	0	0	0	0	0	1,500	1,000	1,000
Net Absorption		4,828	2,343	14	(944)	3,890	2,745	4,740	3,588	3,150	2,377	2,720
Occupied Stock	157,799	172,627	174,970	174,935	174,041	177,831	150,876	182,571	186,269	189,409	191,786	194,506
Vacancy Rate	18.1%	15.7%	14.8%	14.8%	15.2%	13.3%	12%	11%	9.3%	8.4%	7.7%	6.8%
Avg. Asking Rent	$38.01	$34.92	$34.09	$34.12	$35.20	$34.83	$32.87	$35.46	$36.71	$35.85	$41.39	$44.37
% Change		-9.1%	-2.4%	0.1%	9.2%	-1.0%		1.8%	3.5%	5.8%	6.4%	7.4%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-ROG.

Table A.3 [Table re: Midtown & Midtown South Class A Office Markets Trends from 1991 through the forecast for 2001]

Table A.3
Midtown and Midtown South Class A Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	1Q97	1997+	1998+	1999+	2000+	2001+
Total Stock	143,752	143,752	143,752	143,752	143,752	143,752	144,165	144,165	144,165	145,665	146,665	147,665
New Construction	2577	0	413	0	0	0	0	0	0	1,600	1,000	1000
Net Absorption		4,883	2,105	(572)	(1,408)	3,370	2,293	3,329	2,620	2,212	1,669	1,910
Occupied Stock	118,170	123,053	125,158	124,585	139,177	126,647	126,640	129,676	132,396	134,608	138,277	138,187
Vacancy Rate	17.8%	14.4%	19.2%	13.6%	14.6%	12.2%	10.8%	9.9%	9.2%	7.6%	7.1%	6.4%
Avg. Asking Rent	$39.58	$35.66	$34.40	$35.23	$37.78	$38.17	$35.49	$39.40	$41.38	$43.87	$46.72	$50.07
% Change		-9.9%	-3.5%	2.4%	7.2%	1.1%		9.2%	5.0%	6.0%	6.5%	7.2%

Sources: Historical data on construction, vacancy & rents-RELocate;
Calculations and forecasts-ROG.

Table A.4 [Table re: Manhattan Class A Office Market Trends from 1991 through the forecast for 2001]

Table A.4
Midtown Manhattan Class A Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	1Q97	1997+	1998+	1999+	2000+	2001+
Total Stock	138,902	138,902	139,315	139,315	139,315	139,315	139,315	139,315	139,315	140,815	141,815	142,815
New Construction	2377	0	418	0	0	0	0	0	0	1,500	1,000	1,000
Net Absorption		4,848	2,107	2,006	(2,995)	3,149	2,229	3,217	2,435	2,138	1,613	1,846
Occupied Stock	113,489	118,331	120,498	122,444	119,449	122,585	124,827	125,814	128,249	130,387	132,000	133,846
Vacancy Rate	16.3%	14.8%	13.8%	12.1%	14.3%	12.0%	10.4%	9.7%	7.9%	7.4%	6.9%	6.3%
Avg. Asking Rent	$39.69	$35.75	$34.49	$36.51	$38.34	$36.76	$35.93	$40.16	$42.35	$44.93	$47.89	$51.34
% Change		-9.9%	-3.6%	6.9%	5.0%	1.1%		3.5%	5.5%	6.1%	6.6%	7.8%

Sources: Historical data on construction, vacancy & rents-RELocate;
Calculations and forecasts-ROG.

Table A.5 [Table re: Midtown South Manhattan Class A Office Market Trends from 1991 through the forecast for 2001]

Table A.5
Midtown South Manhattan Class A Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	1Q97	1997+	1998+	1999+	2000+	2001+
Total Stock	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849
New Construction	0	0	0	0	0	0	0	0	0	0	0	0
Net Absorption		35	(2)	(2,578)	1,587	222	64	112	85	74	56	64
Occupied Stock	4,686	4,722	4,719	2,141	3,728	3,950	4,013	4,062	4,147	4,221	4,277	4,341
Vacancy Rate	3.4%	2.6%	2.7%	55.9%	23.1%	18.5%	17.2%	16.2%	14.5%	13.0%	11.8%	10.5%
Avg. Asking Rent	$22.71	$21.55	$22.01	$27.26	$27.38	$27.23	$27.84	$26.43	$26.14	$26.26	$28.73	$27.54
% Change		-6.1%	2.1%	23.9%	0.4%	-0.6%		-2.9%	-1.1%	0.5%	1.7%	3.0%

Sources: Historical data on construction, vacancy & rents-RELocate;
Calculations and forecasts-ROG.

Table A.6 [Table re: Downtown Manhattan Class A Office Market Trends from 1991 through the forecast for 2001]

Table A.6
Downtown Manhattan Class A Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	1Q97	1997+	1998+	1999+	2000+	2001+
Total Stock	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120
New Construction	0	0	0	0	0	0	0	0	0	0	0	0
Net Absorption		(55)	238	587	485	520	452	1,411	1,068	938	708	610
Occupied Stock	49,629	49,574	49,913	50,399	50,864	51,363	51,636	52,795	53,683	54,801	55,508	56,316
Vacancy Rate	18.8%	18.9%	18.5%	17.5%	16.8%	15.9%	15.2%	13.5%	11.9%	10.3%	9.2%	7.9%
Avg. Asking Rent	$34.52	$33.60	$33.55	$32.06	$29.96	$38.79	$28.64	$26.70	$29.14	$30.05	$31.36	$33.12
% Change		-2.7%	-0.1%	-4.4%	-5.5%	-3.9%		-0.3%	1.6%	3.2%	4.3%	5.6%

Sources: Historical data on construction, vacancy & rents-RELocate;
Calculations and forecasts-ROG.