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

FORM 10-Q

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

For the quarterly period ended September 30, 2001

or

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

For the transition period from ____ to _____.

Commission File No. 1-13199

SL GREEN REALTY CORP.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Maryland	13-3956775
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

420 Lexington Avenue, New York, New York 10170
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES - ZIP CODE)

(212) 594-2700
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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

The number of shares outstanding of the registrant's common stock, $0.01 par value, was 29,958,705 on November 2, 2001.

SL GREEN REALTY CORP.

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SL GREEN REALTY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	SEPTEMBER 30, 2001 (UNAUDITED)	DECEMBER 31, 2000 (Note 1)
ASSETS		
Commercial real estate properties, at cost:		
Land and land interests	$ 138,337	$ 125,572
Buildings and improvements	679,821	618,637
Building leasehold	143,198	139,393
Property under capital lease	12,208	12,208
	973,564	895,810
Less accumulated depreciation	(93,339)	(78,432)
	880,225	817,378
Property held for sale	--	10,895
Cash and cash equivalents	5,991	10,793
Restricted cash	37,104	86,823
Tenant and other receivables, net of allowance of $3,905 and $1,723 in 2001 and 2000, respectively	12,229	7,580
Related party receivables	1,883	917
Deferred rents receivable, net of allowance for tenant credit loss of $4,813 and $4,860 in 2001 and 2000, respectively	50,060	45,816
Investment in and advances to affiliates	8,570	6,373
Structured finance investments, net of $1,039 and $3,321 discount in 2001 and 2000, respectively	157,901	51,293
Investments in unconsolidated joint ventures	143,049	65,031
Deferred costs, net	36,066	40,113
Other assets	13,093	18,142
Total assets	$ 1,346,171	$ 1,161,154
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgage notes payable	$ 411,393	$ 414,342
Revolving credit facilities	72,738	46,374
Derivative instruments at fair value	4,987	--
Accrued interest payable	1,935	2,349
Accounts payable and accrued expenses	20,827	24,818
Deferred compensation awards	1,838	2,833
Deferred revenue	1,363	1,112
Capitalized lease obligations	15,505	15,303
Deferred land lease payable		

.... 13,926 13,158
Dividend and distributions payable
.... 14,775 12,678
Security deposits
....
18,903 19,014 ----------- ----------- Total liabilities
.... 578,190
551,981 Commitments and Contingencies Minority interest in
Operating Partnership 46,474
43,326 8% Preferred Income Equity Redeemable SharesSM ("PIERS")
$0.01 par value $25.00 mandatory liquidation preference, 25,000
authorized and 4,600 outstanding at September 30, 2001 and December
31, 2000 .... 111,117 110,774 STOCKHOLDERS'
EQUITY Common stock, $0.01 par value, 100,000 shares authorized,
29,945 and 24,516 issued and outstanding at September 30, 2001 and
December 31, 2000 respectively 300 246
Additional paid-in-capital
.... 582,874
428,698 Deferred compensation plans
.... (8,400)
(5,037) Accumulated other comprehensive loss
.... (4,500) -- Retained
earnings
....
40,116 31,166 ----------- ----------- Total stockholders' equity
.... 610,390 455,073 ---
-------- ----------- Total liabilities and stockholders' equity
.... $ 1,346,171 $ 1,161,154
=========== ===========

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

SL GREEN REALTY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED, AND AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

Three Months Ended Nine months Ended September 30,
September 30, 2001 2000 2001 2000 ---- ---- ---- ---
- REVENUES Rental revenue
.... $
47,971 $ 47,647 $ 156,379 $ 140,998 Escalation and
reimbursement revenues ....
9,114 7,593 24,467 18,941 Signage rent
....
424 496 953 1,593 Investment income
.... 3,306
3,696 11,626 7,324 Preferred equity income
.... 630 1,272 630
2,579 Other income
....
479 170 1,339 693 --------- --------- --------- ----
----- Total Revenues
.... 61,924
60,874 195,394 172,128 --------- --------- ---------
--------- EXPENSES Operating expenses (See Note 13)
.... 15,076 15,260 44,983
41,893 Real estate taxes
.... 7,452
7,299 23,590 21,688 Ground rent
....
3,101 3,164 9,419 9,505 Interest
....
9,785 10,698 36,853 30,243 Depreciation and
amortization 9,047
8,300 27,956 24,519 Marketing, general and
administrative 4,116 2,540
11,331 8,517 --------- --------- --------- ---------
Total Expenses
.... 48,577
47,261 154,132 136,365 --------- --------- ---------
--------- Income before equity in net income (loss)
from affiliates, equity in net income of
unconsolidated joint ventures, gain on sale,
minority interest, extraordinary item and cumulative

effect adjustment 13,347 13,613
41,262 35,763 Equity in net income (loss) from
affiliates .... (57) 71 (984) 609
Equity in net income of unconsolidated joint
ventures .... 2,752 586 6,020 2,209 Gain on sale
of rental properties, net of transaction and
deferred compensation costs
.... 647 5,624 5,164 24,646 --
------- --------- --------- --------- Income before
minority interest, extraordinary item and cumulative
effect adjustment ....
16,689 19,894 51,462 63,227 Minority interest in
operating partnership .... (1,010)
(1,496) (3,496) (4,964) --------- --------- --------
- --------- Income before extraordinary item and
cumulative effect adjustment
....
15,679 18,398 47,966 58,263 Extraordinary item, net
of minority interest of ($32) and ($40) in 2001 and
($38) 2000, respectively .... (332) --
(430) (430) Cumulative effect of change in
accounting principle Net income
.... --
-- (532) -- --------- --------- --------- ---------
15,347 18,398 47,004 57,833 Preferred stock
dividends ....
(2,300) (2,300) (6,900) (6,900) Preferred stock
accretion .... (114)
(107) (343) (320) --------- --------- --------- ----
----- Net income available to common shareholders
.... $ 12,933 $ 15,991 $ 39,761 $ 50,613
========= ========= ========= ========= BASIC
EARNINGS PER SHARE: Net income before gain on sale
and extraordinary item ..... $ 0.44 $ 0.42 $ 1.37 $
1.09 Gain on sale
.... 0.02
0.23 0.20 1.01 Extraordinary item
.... (0.01) --
(0.02) (0.02) Cumulative effect of change in
accounting principle .... -- -- (0.02) -- -------
-- --------- --------- --------- Net income
....
$ 0.45 $ 0.65 $ 1.53 $ 2.08 --------- --------- ----
----- --------- DILUTED EARNINGS PER SHARE: Net
income before gain on sale and extraordinary item
..... $ 0.43 $ 0.44 $ 1.35 $ 1.21 Gain on sale
.... 0.02
0.18 0.18 0.78 Extraordinary item
.... (0.01) --
(0.01) (0.01) Cumulative effect of change in
accounting principle .... -- -- (0.02) -- -------
-- --------- --------- --------- Net income
....
$ 0.44 $ 0.62 $ 1.50 $ 1.98 ========= =========
========= ========= Dividends declared per common
share .... $ 0.3875 $ 0.3625 $
1.1625 $ 1.0875 ========= ========= =========
========= Basic weighted average common shares
outstanding 28,511 24,458 25,988
24,329 ========= ========= ========= =========
Diluted weighted average common shares and common
share equivalents outstanding ....
31,373 31,999 28,792 31,762 ========= =========
========= =========

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

SL GREEN REALTY CORP.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME
(UNAUDITED, AND AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

Accumulated

Additional
Deferred
Other Common
Paid-In
Compensation
Comprehensive
Retained
Comprehensive
Stock
Capital
Plans Loss
Earnings
Total Income
----- ------
- ----- ----
-------- ---
-- ------
Balance at
December 31,
2000 $246
$428,698
$(5,037) $ -
- $ 31,166
$455,073 $ -
- Cumulative
effect of
accounting
Change (811)
(811) Change
Comprehensive
Income: Net
income
47,004
47,004
47,004
Unrealized
loss on
derivative
Instruments
(3,689)
(3,689)
(3,689)
Preferred
dividend and
Accretion
(7,243)
(7,243)
Deferred
compensation
plans 1
3,704
(4,410)
(705)
Amortization
of deferred
compensation
plans 1,047
1,047
Redemption
of units 547
547 Proceeds
from common
stock
offering and
revaluation
of minority
interest
($2,927) 50
144,874
144,924
Proceeds
from stock
options
Exercised 3
5,051 5,054
Cash
distributions
declared
($1.1625 per
common
share)

(30,811)
(30,811) ---
- -------- -
------ -----
--- --------
- -------- -

BALANCE AT
SEPTEMBER
30, 2001
(UNAUDITED)
$300
$582,874
$(8,400) $
(4,500) $
40,116
$610,390 $
43,315 ====
========
=======
========
=========
========
=========

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

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

Nine months ended September 30, 2001 2000 --------- -------
-- OPERATING ACTIVITIES: Net income
....
$ 47,004 $ 57,833 Adjustments to reconcile net income with
net cash provided by operating activities: Depreciation and
amortization 27,956
24,519 Amortization of discount on mortgage receivable
.... (1,458) (2,405) Gain on sale of
rental property ....
(5,164) (24,646) Cumulative effect of change in accounting
principle .... 532 -- Extraordinary loss, net
of minority interest 430 430
Equity in net loss (income) from affiliates
.... 984 (609) Equity in net income
from unconsolidated joint ventures .... (6,020)
(2,209) Minority interest
.... 3,496
4,964 Deferred rents receivable
.... (8,091)
(10,920) Provision for deferred rents and bad debts
.... 2,410 1,664 Amortization of
officer loans and deferred compensation 1,047
1,222 Changes in operating assets and liabilities:
Restricted cash - operations
.... 6,525 (2,105)
Tenant and other receivables
.... (5,574) (4,377)
Related party receivables
.... (1,043) (501)
Deferred lease costs
.... (3,559)
(6,790) Other assets
....
4,787 3,204 Accounts payable, accrued expenses and other
liabilities .... (5,511) 1,254 Deferred revenue
.... 251
1,138 Deferred land lease payable
.... 768 1,194 -------
-- --------- Net cash provided by operating activities
.... 59,770 42,860 --------- -------
-- INVESTING ACTIVITIES: Additions to land, buildings and
improvements....................... (409,102) (65,396)
Restricted cash - capital improvements

.... 43,194 1,690 Investment in and advances to affiliates .... (3,181) (2,356) Investments in unconsolidated joint ventures .... (25,544) (43,722) Distributions from unconsolidated joint ventures .... 2,406 16,765 Net proceeds from disposition of rental property .... 95,079 70,424 Structured finance investments, net .... (104,326) (27,498) --------- --------- Net cash used in investing activities .... (401,474) (50,093) --------- --------- FINANCING ACTIVITIES: Proceeds from mortgage notes payable .... 237,178 14,917 Repayments of mortgage notes payable .... (38,185) (22,259) Proceeds from revolving credit facilities .... 432,053 254,424 Repayment of revolving credit facilities .... (405,688) (210,672) Net proceeds from sale of common stock .... 148,689 -- Capitalized lease obligation .... 202 225 Dividends and distributions paid .... (38,276) (35,918) Proceeds from stock options exercised .... 5,054 3,805 Deferred loan costs .... (4,125) (4,786) --------- --------- Net cash provided by (used in) financing activities .... 336,902 (264) --------- --------- Net decrease in cash and cash equivalents .... (4,802) (7,497) Cash and cash equivalents at beginning of period .... 10,793 21,561 --------- --------- Cash and cash equivalents at end of period .... $ 5,991 $ 14,064 ========= ========= SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: Cash paid for interest .... $ 37,267 $ 29,824 ========= ========= SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES: Issuance of common stock as deferred officer compensation .... $ 3,705 $ 746 ========= =========

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

SL GREEN REALTY CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED, AND AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND SQUARE FOOT DATA)
SEPTEMBER 30, 2001

1. ORGANIZATION AND BASIS OF PRESENTATION

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

Substantially all of the Company's assets are held by, and its operations are conducted through, the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. As of September 30, 2001, minority investors held, in the aggregate, an 7.1% limited partnership interest in the Operating Partnership.

As of September 30, 2001, the Company's wholly-owned portfolio consisted of 19 commercial properties (the "Properties") encompassing approximately 6.9 million rentable square feet located primarily in midtown Manhattan ("Manhattan"), a

borough of New York City and one triple-net leased property located in Shelton, Connecticut. As of September 30, 2001, the weighted average occupancy (total occupied square feet divided by total available square feet) of the Properties was 97.7%. The Company's portfolio also includes ownership interests in unconsolidated joint ventures which own six commercial properties in Manhattan, encompassing approximately 3.1 million rentable square feet (97.1% occupied as of September 30, 2001). In addition, the Company continues to manage four office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

PARTNERSHIP AGREEMENT

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

BASIS OF QUARTERLY PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. The 2001 operating results for the period presented is not necessarily indicative of the results that may be expected for the year ending December 31, 2001. These financial statements should be read in conjunction with the financial statements and accompanying notes included in the Company's annual report on Form 10-K for the year ended December 31, 2000.

The balance sheet at December 31, 2000 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

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

DERIVATIVE INSTRUMENTS

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

hedge was recorded in other comprehensive income ($811) and the time value component was recorded in the statement of income ($532), was an unrealized loss of $1,343. The transition amounts were determined based on the interpretive guidance issued by the FASB to date. The FASB continues to issue interpretive guidance that could require changes in the Company's application of the standard and adjustments to the transition amounts. SFAS 133 may increase or decrease reported net income and stockholders' equity prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows.

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

The Company uses a variety of commonly used derivative products that are considered plain vanilla derivatives. These derivatives typically include options, interest rate swaps, caps, collars and floors. The Company avoids the use of exotic derivative instruments and the use of derivative instruments for trading or speculative purposes. Further, the Company has a policy of entering into contracts exclusively with major financial institutions based upon their credit ratings and other factors. When viewed in conjunction with the underlying and offsetting exposure that the derivatives are designed to hedge, the Company does not anticipate any material adverse effect on its net income or financial position in the future from the use of derivatives.

The following table summarizes the notional value and fair value of the Company's derivative financial instruments at September 30, 2001. The notional value is an indication of the extent of the Company's involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market risks.

	NOTIONAL VALUE	INTEREST RATE	MATURITY	FAIR VALUE
Interest Rate Collar	$70,000,000	6.580%	11/2004	$(4,987)

On September 30, 2001, the derivative instrument was reported as an obligation at its fair value of $4,987 on the balance sheet.

Over time, the unrealized gains and losses held in Accumulated Other Comprehensive Income will be reclassified into earnings as interest expense in the same periods in which the hedged interest payments affect earnings.

INCOME TAXES

The Company is taxed as a REIT under Section 856(c) of the Code. As a REIT, the Company generally is not subject to Federal income tax. To maintain qualification as a REIT, the Company must distribute at least 90% (95% prior to January 1, 2001) of its REIT taxable income to its stockholders and meet certain other requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to Federal income tax on its taxable income at regular corporate tax rates. The Company may also be subject to certain state and local taxes. Under certain circumstances, Federal income and excise taxes may be due on its undistributed taxable income.

Pursuant to amendments to the Code that became effective January 1, 2001, the Company has elected to treat certain of its existing or newly created corporate subsidiaries as taxable REIT subsidiaries ("TRSs"). In general, a TRS of the Company may perform additional services for tenants of the Company and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the provision to any person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate Federal income tax.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates

and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

RECLASSIFICATION

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

3. PROPERTY ACQUISITIONS

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

On September 29, 2000, the Company entered into an agreement to acquire various ownership and mortgage interests in the 913,000 square foot, 20-story office building at One Park Avenue, Manhattan ("One Park"). The Company acquired the fee interest in the property, which is subject to a ground lease position held by third-parties, and certain mortgage interests in the property for $233,900, excluding closing costs. As part of the transaction, SL Green acquired an option to purchase the ground lease position. The acquisition was financed with a $150,000 mortgage loan provided by Lehman Brothers Holdings Inc. ("LBHI") and funds provided by the Company's unsecured line of credit. The LBHI interest-only mortgage, which matures on January 10, 2004, carries an interest rate of 150 basis points over the 30-day London Interbank Offered Rate ("LIBOR"). The transaction closed on January 10, 2001.

On May 25, 2001, the Company entered into a joint venture with respect to the ownership of SL Green's interests in One Park with SITQ Immobilier, a subsidiary of Caisse de depot et placement du Quebec ("SITQ"). Under the terms of the joint venture, SITQ purchased a 45% interest in SL Green's interests in the property based upon a gross aggregate price of $233,900, inclusive of closing costs and reimbursements. The $150,000 mortgage was assigned to the joint venture. The Company will provide management and leasing services for One Park.

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

PRO FORMA

The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for the nine months ended September 30, 2001 and 2000 as though the 2001 acquisition of 317 Madison Avenue (June) and the 5,000 common stock offering (July 2001) were completed on January 1, 2000.

	2001	2000
Pro forma revenues	$202,190	$198,179
Pro forma net income	$39,279	$49,309
Pro forma basic earnings per common share	$1.32	$1.68
Pro forma diluted earnings per common share	$1.31	$1.67
Common share - basic	29,761	29,329
Common and common equivalent share - diluted	32,565	36,743

4. PROPERTY DISPOSITIONS

During the nine months ended September 30, 2001, the Company disposed of the

following office properties to unaffiliated parties.

DATE SOLD	PROPERTY	SUBMARKET	RENTABLE SQUARE FEET	GROSS SALES PRICE	GAIN ON SALE
1/9/01	633 Third Avenue	Grand Central	41,000	$13,250	$1,401
6/29/01	1412 Broadway	Times Square	389,000	$91,500	$3,115

In June, 2001, Cipriani, a tenant at 110 East 42nd Street occupying 70,000 square feet, notified the Company that it was exercising the purchase option under its lease agreement. The gross purchase price of the option to acquire the condominium interest was $14,500. This transaction closed on July 23, 2001 and the Company realized a gain of $647.

5. STRUCTURED FINANCE INVESTMENTS

During the nine months ended September 30, 2001, the Company entered into the following structured finance investments:

LOAN TYPE	ORIGINATION DATE	ORIGINATIONS PRINCIPAL OUTSTANDING	MATURITY DATE
First Mortgage (1)	March 30, 2000	$45,210	September 30, 2001
First Mortgage	April 14, 2000	4,461	April 13, 2002
Mezzanine Loan	March 21, 2001	39,194	January 1, 2003
Mezzanine Loan (2)	May		

10, 2001
50,000 April
9, 2004
Junior
Participation
(3) July 20,
2001 27,723
November 1,
2002 ------
$166,588 ---

Preferred
Equity (4)
June 29,
2001 $8,000
May 1, 2006
Preferred
Equity
September 7,
2001 53,500
September 7,
2006 ------
$61,500 ----
--- $228,088
========

REPAYMENTS
AND
PARTICIPATIONS
LOAN TYPE
REPAYMENT
DATE
PRINCIPAL
REEDEEMED - --
------- -----
--------- ---

-- First
Mortgage (1)
April 2, 2001
$(51,900)
Mezzanine
Loan (5) July
20, 2001
(25,000) ----

$(76,900)
========
Issuance
costs, net of
unamortized
accretion
6,713 -------
- Balance as
of September
30, 2001 (6)
$157,901
========

(1) The mortgage was acquired at a discount to the face amount of $3,250. The discount and the exit fees of $3,440 were being amortized into investment income over the term of the loan. This was a subordinate participation interest in an existing first mortgage loan currently held by Credit Suisse First Boston Mortgage Capital, LLC. The loan matured on September 30, 2000, but was extended until September 30, 2001. This loan, including $1,165 of unamortized discount, was repaid and the proceeds were used to pay down the revolving credit facilities.

(2) The loan may be extended at the borrower's option for two 1-year periods, upon payment of an extension fee. The origination fee of $940 is being amortized into income over the term of the loan. On June 29, 2001, the Company increased this loan by $3,000 to $50,000. No other terms were changed. See (5) below.

(3) In connection with the acquisition of a subordinate first mortgage interest, the Company obtained $22,178 of financing from the senior participant which is co-terminous with the mortgage loan. This financing carries a variable interest rate of 100 basis points over the 30-day LIBOR.

(4) The investment entitles the Company to receive a yield preferentially on a current basis. This investment is being amortized on a 25 year schedule. The Company will also participate in the appreciation of the property upon sale to a third party above a specified threshold.

(5) On July 20, 2001, the Company announced a mezzanine co-investment program with the Prudential Real Estate Investors ("PREI"). The first investment program will be approximately $250,000 and will be funded equally by the members on a deal-by-deal basis. The Company will receive asset management fees as well as have the ability to receive incentive returns. The Company contributed a previously originated loan to the venture to satisfy its initial investment and received $25,000 from PREI representing their share of the investment. See (2) above.

(6) The weighted average yield was 14.88% at September 30, 2001, net of seller financing in (3) above.

On October 5, 2001, the Company made a $30,000 junior participation investment secured by a first mortgage loan on a 2,300,000 square foot Manhattan office property.

6. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

MORGAN STANLEY JOINT VENTURE

The Company and the Morgan Stanley Real Estate Fund ("MSREF"), through its MSSG II joint venture, entered into a contract to acquire 469 Seventh Avenue, Manhattan, for $45,700, excluding closing costs. The property is a 253,000 square foot, 16-story office building. In addition to having a 35% ownership interest in the property, SL Green will act as the managing member for the venture, and will be responsible for leasing and managing the property. The transaction closed on January 31, 2001. The acquisition was partially funded by a $36,000 mortgage from Lehman Brothers Holdings, Inc. The loan, which matures on February 10, 2003, carries a fixed interest rate of 7.84%.

CARLYLE JOINT VENTURE

On September 21, 2001, the Company acquired Carlyle's interest in the venture for approximately $29,500, leaving Carlyle with a 0.2% interest and the Company with a 99.8% interest. In the transaction, the property was valued at approximately $121,500. In conjunction with the transaction, the Company repaid the existing mortgage of $69,650 and replaced it with an $85,000 first mortgage. The new mortgage, which matures on October 21, 2004, carries a variable interest rate of 250 basis points over the 30-day LIBOR. The Company recorded a $332 extraordinary loss, net of the minority interest share of the loss ($25), for the early

extinquishment of debt related to the write-off of unamortized financing costs associated with the $69,650 mortgage. On November 1, 2001, the Company sold a 45% interest to SITQ Immobilier based on the property's valuation of approximately $121,500. As a result of this temporary control, the Company did not consolidate its investment in the joint venture at September 30, 2001.

SITQ IMMOBILIER

See Note 3 for a description of the investment in One Park.

See Carlyle Joint Venture above for a description of the investment in 1250 Broadway.

The condensed combined balance sheets for the unconsolidated joint ventures at September 30, 2001 and December 31, 2000 are as follows:

	SEPTEMBER 30, 2001	December 31, 2000
ASSETS		
Commercial real estate property, net	$661,679	$360,347
Other assets	62,087	31,641
Total assets	$723,766	$391,988
LIABILITIES AND MEMBERS' EQUITY		
Mortgage payable	$445,000	$238,650
Other liabilities	26,402	15,043
Members' equity	252,364	138,295
Total liabilities and members' equity	$723,766	$391,988
Company's net investment in unconsolidated joint ventures	$143,049	$65,031

The condensed combined statements of operations for the unconsolidated joint ventures for the three and nine months ended September 30, 2001 and 2000 is as follows:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	2001	2000	2001	2000
Total revenues	$27,770	$16,628	$66,751	$43,809
Operating expenses	6,845	5,595	16,548	12,377
Real estate taxes	4,264	2,695	10,439	7,221
Interest	7,159	5,166	18,570	13,515
Depreciation and amortization	4,279	2,047	9,488	5,840
Extraordinary item	332	--	332	108
Total expenses	22,879	15,503	55,377	39,061
Net income	$ 4,891	$ 1,125	$11,374	$ 4,748
Company's equity in earnings of unconsolidated joint ventures	$ 2,752	$ 586	$ 6,020	$ 2,209

7. INVESTMENT IN AND ADVANCES TO AFFILIATES

	2001	2000
Investment in and advances to Service Corporation, net	$ 4,323	$ 4,166
Investment in and advances to eEmerge, net	4,247	2,207
Investments in and advances to affiliates	$ 8,570	$ 6,373

SERVICE CORPORATION

In order to maintain the Company's qualification as a REIT while realizing income from management, leasing and construction contracts from third parties and joint venture properties, all of the management operations are conducted through an unconsolidated company, the Service Corporation. The Company, through the Operating Partnership, owns 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporation. Through dividends on its equity interest, the Operating Partnership receives substantially all of the cash flow from the Service Corporation's operations. All of the voting common stock of the Service Corporation (representing 5% of the total equity) is held by a Company affiliate. This controlling interest gives the affiliate the power to elect all directors of the Service Corporation. The Company accounts for its investment in the Service Corporation on the equity basis of accounting because it has significant influence with respect to management and operations, but does not control the entity. Effective January 1, 2001, the Service Corporation elected to be taxed as a TRS.

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

eEMERGE

On May 11, 2000, the Operating Partnership formed eEmerge, Inc., a Delaware corporation ("eEmerge"), in partnership with Fluid Ventures LLC ("Fluid"). In March 2001, the Company bought out Fluid's entire ownership interest in eEmerge. eEmerge is a separately managed, self-funded company that provides fully-wired and furnished office space, services and support to help e-businesses grow.

The Company, through the Operating Partnership, owns 100% of the non-voting common stock of eEmerge. Through dividends on its equity interest, the Operating Partnership receives approximately 100% of the cash flow from eEmerge operations. All of the voting common stock is held by a Company affiliate. This controlling interest gives the affiliate the power to elect all the directors of eEmerge. The Company accounts for its investment in eEmerge on the equity basis of accounting because it has significant influence with respect to management and operations, but does not control the entity. The Company has funded approximately $2,672 to eEmerge as of September 30, 2001 out of a total commitment of $3,425. In addition, the Company made a landlord contribution of $1,575 for the build-out of two floors at 440 Ninth Avenue.

Effective January 1, 2001, eEmerge elected to be taxed as a TRS.

On June 8, 2000, eEmerge and EUREKA BROADBAND CORPORATION ("Eureka") formed eEmerge.NYC LLC, a Delaware limited liability company ("ENYC") wherein eEmerge has a 95% interest and Eureka has a 5% interest. ENYC was formed to build and operate a 45,000 square foot fractional office suites business marketed to the technology industry. ENYC entered into a 10-year lease with the Operating Partnership for its premises, which is located at 440 Ninth Avenue, Manhattan. Allocations of net profits, net losses and distributions shall be made in accordance with the limited liability company agreement of ENYC.

8. DEFERRED COSTS

Deferred costs consist of the following:

	2001	2000
Deferred financing	$ 16,666	$ 19,277
Deferred leasing	39,712	37,413
	56,378	

56,690 Less
accumulated
amortization
(20,312)
(16,577) --
------ ----
---- $
36,066 $
40,113
========
========

9. MORTGAGE NOTES PAYABLE

The mortgage notes payable collateralized by the respective properties and assignment of leases at September 30, 2001 and December 31, 2000, respectively, are as follows:

PROPERTY MORTGAGE NOTES 2001 2000 - -------- ------------- -
--- ---- 50 West 23rd Street First mortgage note with
interest payable at 7.33%, due August 1,
2007...
$21,000 $21,000 673 First Avenue First mortgage note with
interest payable at 9.0%, due December 13,
2003...
9,757 11,992 470 Park Avenue South First mortgage note with
interest payable at 8.25%, due April 1,
2004...
9,463 9,771 1414 Avenue of Americas, 633 Third Avenue and
First mortgage note with interest payable at 7.9%, due 70
West 36th Street May 1, 2009 (1)
(2).. 26,104
33,950 1412 Broadway First mortgage note with interest
payable at 7.62%, due May 1, 2006 (3
)... --
52,000 711 Third Avenue First mortgage note with interest
payable at 8.13%, due September 10, 2005 (1)
.... 48,916 49,172
875 Bridgeport Ave., First mortgage note with interest
payable at 8.32%, due Shelton, CT May 10,
2025...
14,876 14,901 420 Lexington Avenue First mortgage note with
interest payable at 8.44%, due November 1, 2010
(1)... 125,000
125,000 555 West 57th Street First mortgage note with
interest payable at 8.10%, due November 4, 2004 (4)
.... 69,099
69,606 -------- -------- Total fixed rate
debt... 324,215
387,392 -------- -------- 317 Madison Avenue First mortgage
note with interest payable at LIBOR + 1.8%, due August 20,
2004 (1) (6)...
65,000 -- Madison Properties First mortgage note with
interest payable at 8.32%, due May 31, 2001 (5)
.... --
26,950 -------- -------- Total floating rate
debt....................................... 65,000 26,950 --
------ -------- Total mortgage notes payable
(7).................................... $389,215 $414,342
======== ========

(1) Held in bankruptcy remote special purpose entity.
(2) 633 Third Avenue was sold in January 2001 and the $7,750 mortgage was assigned to the purchaser.
(3) This property was sold in June 2001 and the mortgage was assigned to the purchaser.
(4) The Company entered into an interest rate protection agreement which fixed the LIBOR interest rate at 6.10% at September 30, 2001

since LIBOR was 3.86% at that date. If LIBOR exceeds 6.10%, the loan will float until the maximum rate of 6.58% is reached.

(5) This mortgage was repaid in full in February 2001.

(6) Based on LIBOR rate of 2.64% at September 30, 2001. On October 18, 2001, the Company entered into a swap agreement effectively fixing the LIBOR rate at 4.01% for four years.

(7) Excludes $22,178 loan obtained to fund a structured finance transaction (See Note 5(3)).

PRINCIPAL MATURITIES

Combined aggregate principal maturities of mortgages and notes payable and revolving credit facilities as of September 30, 2001 are as follows:

	Scheduled Principal Amortization	Repayments	Total
2001	$ 1,493	$ 19,738	$ 21,231
2002	6,916	22,178	29,094
2003	7,772	55,002	62,774
2004	3,863	140,300	144,163
2005	3,366	47,247	50,613
Thereafter	24,335	151,921	176,256
	$ 47,744	$436,387	$484,131

10. REVOLVING CREDIT FACILITIES

PSCC FACILITY

On December 28, 1999, the Company closed on a $30,000 credit facility with Prudential Securities Credit Corp. ("PSCC Facility"). On March 30, 2000, PSCC increased the secured PSCC Facility by $20,000 to $50,000. No other terms were changed from the original $30,000 secured PSCC Facility. Interest-only is payable based on the 1-Month LIBOR plus 125 basis points. The PSCC Facility may be prepaid at any time during its term without penalty. The PSCC Facility, which was scheduled to mature on December 27, 2000, was extended for one year, and increased to $60,000.

At September 30, 2001, the Company had $19,738 outstanding under its PSCC Facility (interest rate of 4.98%). The PSCC Facility was secured by $51,194 in three structured finance assets.

2000 UNSECURED CREDIT FACILITY

On June 27, 2000, the Company repaid in full and terminated the $140 Million Credit Facility (defined below) and obtained a new unsecured revolving credit facility in the amount of $250,000 from a group of 9 lender banks (the "2000 Unsecured Credit Facility"). The Company increased the capacity under this credit facility to $300,000 in March 2001. The 2000 Unsecured Credit Facility has a term of three years and bears interest at rates ranging from 137.5 basis points to 175 basis points over LIBOR, based on the Company's leverage ratio. If the Company were to receive an investment grade rating, the spread over LIBOR will be reduced to 125 basis points. At September 30, 2001, $53,000 was outstanding and carried a weighted average interest rate of 5.64%. Availability under the 2000 Unsecured Credit Facility at September 30, 2001 was further reduced by the issuance of letters of credit in the amount of $5,000 for a fee purchase option.

The terms of the 2000 Unsecured Credit Facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the minimum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not, during any four consecutive fiscal quarters, make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90% of funds from operations for such period, subject to certain other adjustments. The 2000 Unsecured Credit Facility also requires a 15 to 25 basis point fee on the unused balance payable quarterly in arrears.

The lending group for the 2000 Unsecured Credit Facility consists of Fleet National Bank, NA, as administrative agent, Citibank/Salomon Smith Barney, Inc, as syndication agent, Deutsche Banc Alex Brown, as documentation agent, Commerzbank Aktiengesellschaft, New York Branch, The Bank of New York, Wells Fargo Bank, N.A., Bank Leumi USA, PNCBank, N.A., and Key Bank, N.A.

$140 MILLION CREDIT FACILITY

The $140 million unsecured credit facility (the "$140 Million Credit Facility") was repaid in full and retired in June 2000 in connection with the Company obtaining the 2000 Unsecured Credit Facility, as described above. In the quarter ended September 30, 2000, the Company recorded a $430 extraordinary loss, net of the minority interest's share of the loss ($38), for the early extinguishment of debt related to the write-off of unamortized financing costs associated with the $140 Million Credit Facility.

11. STOCKHOLDERS' EQUITY

COMMON STOCK

On July 25, 2001, the Company completed the sale of 5,000 shares of common stock. The net proceeds from this offering $148,689 were initially used to pay down the 2000 Unsecured Credit Facility.

The following table presents the changes in the Company's issued and outstanding shares of common stock since December 31, 2000 (excluding 2,278 and 2,307 Units outstanding at September 30, 2001 and December 31, 2000, respectively, which are convertible into shares of common stock on a one-for-one basis, or the cash equivalent thereof, subject to certain restrictions):

Outstanding at December 31, 2000	24,516
Issued through stock offering	5,000
Issued through exercise of stock options	249
Issued through redemption of units	29
Issued through deferred compensation plan	151

Outstanding at September 30, 2001	29,945

OWNERSHIP OF OPERATING PARTNERSHIP

The minority interest in the Operating Partnership was approximately 7.1% and 8.6% as of September 30, 2001 and December 31, 2000, respectively.

RIGHTS PLAN

On February 16, 2000, the Board of Directors of the Company authorized a dividend distribution of one preferred share purchase right ("Right") for each outstanding share of common stock which was distributed to all holders of record of the common stock on March 31, 2000. Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series B junior participating preferred stock, par value $0.01 per share ("Preferred Shares"), at a price of $60.00 per one one-hundredth of a Preferred Share ("Purchase Price"), subject to adjustment as provided in the rights agreement. The Rights expire on March 5, 2010, unless the expiration date is extended or the Right is redeemed or exchanged earlier by the Company.

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

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

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

During the nine months ended September 30, 2001, no shares were issued and no proceeds were received from dividend reinvestments and/or stock purchases under the DRIP.

EARNINGS PER SHARE

Earnings per share is computed as follows:

FOR THE QUARTER ENDED SEPTEMBER 30, 2001 For the Quarter Ended September 30, 2000 --- ------------ ------------ ------------ - ---------- ------------ ------------ ------

INCOME SHARES PER SHARE Income Shares Per Share (NUMERATOR) (DENOMINATOR)

AMOUNT
(Numerator)
(Denominator)
Amount - ---

- Basic
Earnings:
Income
available to
common
shareholders
$12,933
28,511 $0.45
$15,991
24,458 $0.65
Effect of
Dilutive
Securities:
Redemption
of Units to
common
shares 1,010
2,280 1,496
2,346
Preferred
Stock (if
converted to
common
stock) -- --
2,407 4,699
Stock
Options --
582 -- 496 -

---- Diluted
Earnings:
Income
available to
common
Shareholders
$13,943
31,373 $0.44
$19,894
31,999 $0.62
- ----------

FOR THE NINE
MONTHS ENDED
SEPTEMBER
30, For the
Nine Months
Ended
September
30, --------

------- ----

2001 2000 --
-- ----
INCOME
SHARES PER
SHARE Income
Shares Per
Share
(NUMERATOR)
(DENOMINATOR)
AMOUNT
(Numerator)
(Denominator)
Amount - ---

- Basic
Earnings:
Income
available to
common
Shareholders
$39,761
25,988 $1.53
$50,613
24,329 $2.08
Effect of
Dilutive
Securities:
Redemption
of Units to
common
shares 3,496
2,286 4,964
2,385
Preferred
Stock (if
converted to
common
stock) -- --
7,220 4,699
Stock
Options --
518 -- 349 -

---- Diluted
Earnings:
Income
available to
common
shareholders
$43,257
28,792 $1.50
$62,797
31,762 $1.98
- ----------

The PIERS outstanding in 2001 were excluded from the 2001 computation of earnings per share as they were anti-dilutive during that period.

12. COMMITMENTS AND CONTINGENCIES

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

On October 24, 2001, an accident occurred at 215 Park Avenue South, a property which a Company affiliate manages, but does not own. The Company believes that there is sufficient insurance coverage to cover the cost of any personal injury or property claims which may arise.

13. RELATED PARTY TRANSACTIONS

There are several business relationships with related parties, entities owned by Stephen L. Green or relatives of Stephen L. Green which involve management, leasing, and construction fee revenues, rental income and maintenance expenses in the ordinary course of business. These transactions for the nine month period ended September 30, include the following:

	2001	2000
Management revenues	$ 219	$ 204
Maintenance and security expense	4,123	3,384
Rental revenue	1,197	265

Amounts due from/(to) related parties at September 30, 2001 and December 31, 2000, respectively, consist of:

	2001	2000
17 Battery Condominium Associations	$ 143	$ 127
Morgan Stanley Real Estate Funds	494	464
Carlyle Group	12	12
Officers	1,077	77
SLG 100 Park LLC	338	121
One Park Realty Corp	(310)	--
Other	129	116

14. DEFERRED COMPENSATION AWARD

Contemporaneous with the closing of the 1370 Avenue of the Americas transaction, an award of $2,833 was granted to several members of management earned in connection with the realization of this investment gain. This award, which will be paid out over a three-year period, is presented as Deferred compensation award on the balance sheet. As of September 30, 2001, $995 had been paid against this compensation award.

15. SEGMENT INFORMATION

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

The Company's real estate portfolio is located in one geographical market, namely, Manhattan. The primary sources of revenue are generated from tenant rents and escalations and reimbursement revenue. Real estate property operating expenses consist primarily of security, maintenance, utility costs, real estate taxes and ground rent expense (at certain applicable properties). The single office real estate business segment meets the quantitative threshold for determining reportable segments. As of September 30, 2001, no single tenant contributed more than 3% of the Company's annual revenues.

16. TECHNOLOGY INVESTMENTS AND ALLIANCES

The Company owns equity interests in several companies that provide communication services or amenities to tenants. The equity interests are in the form of preferred stock, and vested and unvested warrants to acquire common stock. These investments are included in Other Assets on the Consolidated Balance Sheets. Below is a summary of these investments as of September 30, 2001:

Company	Ticker Symbol	Capital Investment	Shares Received (1)	Warrants Received (1)	Book Value (2)
Captivate Network (3)	Privately Held	$ 750	98.6	234	$ 750
Internet Realty Partners (4)	Privately Held	1,500	--	--	1,254

(1) Preferred shares and warrants received may include amounts allocable to joint venture partners. The Company may earn additional preferred shares or warrants based upon the achievement of certain thresholds in accordance with the respective investment agreements or upon the signing of additional license agreements for properties.

(2) The Company's investments in privately-held entities were recorded at estimated fair values when the investments were made and are valued at the lower of cost or market.

(3) In April 2001, Verticore merged with Captivate Networks. The Company's 241 shares were converted into 98.6 shares of the new company. The Company is entitled to receive additional shares upon completion of the recapitalization of the new company.

(4) Through September 30, 2001, the Company made a $1,500 limited partnership investment in Internet Realty Partners, L.P. ("IRP"). The Company is committed to fund an additional $500. IRP invests in privately-held and publicly traded real estate-related internet, technology and e-commerce companies.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

This report includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this report that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), expansion and other development trends of the real estate industry, business strategies, expansion and growth of the Company's operations and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Such statements are subject to a number of assumptions, risks and uncertainties which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements are generally identifiable by the use of the words "may," "will." "should," "expect," "anticipate," "estimate," "believe," "intend," "project," or the negative of these words, or other similar words or terms. Factors which could materially and adversely affect us include, but are not limited to, general economic and business (particularly real estate) conditions, the business opportunities that may be presented to and pursued by the Company, changes in laws or regulations (including changes to laws governing the taxation of REITs), availability of capital (debt and equity), interest rate fluctuations, competition, supply and demand for properties in our current and any proposed market areas, accounting principles, policies and guidelines applicable to REITs, environmental risks, tenant bankruptcies and other factors, many of which are beyond the control of the Company. Any such statements are not guarantees of future performance and actual results or developments may differ materially from those anticipated in the forward-looking statements.

The following discussion related to the consolidated financial statements of the Company should be read in conjunction with the financial statements appearing elsewhere in this report and the financial statements included in the Company's 2000 annual report on Form 10-K.

GENERAL

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

As of September 30, 2001, the Company's wholly-owned portfolio consisted of 19 commercial properties (the "Properties") encompassing approximately 6.9 million rentable square feet located primarily in midtown Manhattan ("Manhattan"), a borough of New York City and one triple-net leased property located in Shelton, Connecticut. As of September 30, 2001, the weighted average occupancy (total occupied square feet divided by total available square feet) of the Properties was 97.7%. The Company's portfolio also includes ownership interests in unconsolidated joint ventures which own six commercial properties in Manhattan, encompassing approximately 3.1 million rentable square feet (97.1% occupied as of September 30, 2001). In addition, the Company continues to manage four office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

RESULTS OF OPERATIONS

The following comparisons for the three and nine months ended September 30, 2001

("2001") compared to the three and nine months ended September 30, 2000 ("2000") make reference to the following: (i) the effect of the "Same-Store Properties," which represent all properties owned by the Company at January 1, 2000, (ii) the effect of the "2001 Acquisitions," which represent all properties acquired in 2001, namely, One Park Avenue and 1370 Broadway (January 2001) and 317 Madison Avenue (June 2001), (iii) the effect of the "Dispositions," which represent all properties disposed of in 2000, namely, 29 West 35th Street, 36 West 44th Street (March 2000), 321 West 44th Street which was contributed to a joint venture (May 2000), and 17 Battery Place South (December 2000), and all properties disposed of in 2001, namely, 633 Third Avenue (January 2001), One Park Avenue (May 2001) which was contributed to a joint venture and 1412 Broadway (June 2001).

COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, 2001 TO THE THREE MONTHS ENDED SEPTEMBER 30, 2000

RENTAL REVENUES (in millions)	2001	2000	$ Change	% Change
Rental revenue	$48.0	$47.6	$ 0.4	$0.8%
Escalation and reimbursement revenue	9.1	7.6	1.5	19.7%
Signage revenue	0.4	0.5	(0.1)	(20.0)%
Total	$57.5	$55.7	$ 1.8	3.2%
Same Store	$46.6	$45.4	$ 1.2	26.4%
2001 Acquisitions	5.4	--	5.4	540.0%
Dispositions	4.2	10.4	(6.2)	(59.6)%
Other	1.3	(0.1)	1.4	1400.0%
Total	$57.5	$55.7	$ 1.8	3.2%

The increase in rental revenue occurred even though occupancy at Same-Store Properties was 97.6% in both 2000 and 2001. Annualized rents from replacement rents on previously occupied space at Same-Store Properties were 52% higher than previous fully escalated rents. The Company estimates that the difference between existing in-place fully escalated rents and current market rents is approximately 51%.

The increase in escalation and reimbursement revenue was primarily due to higher operating expense recoveries ($0.5 million) and utility recoveries ($1.0 million). On an annualized basis, the Company expects to recover approximately 90% of its electric costs.

The decrease in signage revenue was primarily attributable to 1466 Broadway ($0.1 million).

INVESTMENT AND OTHER INCOME (in millions)	2001	2000	$ Change	% Change
Equity in net income of unconsolidated joint ventures	$2.8	$0.6	$2.2	366.7%
Investment income	3.9	5.0	(1.1)	22.0%
Other	0.5	0.1	0.4	400.0%
Total	$7.2	$5.7	$1.5	26.3%

The increase in equity in net income of unconsolidated joint ventures is due to the Company having four joint venture investments in 2000 comprising 2.0 million square feet compared to six joint venture investments in 2001 comprising 3.1 million square feet. Occupancy at the joint ventures decreased from 99.0% in 2000 to 97.1% in 2001. The Company estimates that the difference between existing in-place fully escalated rents and current market rents is approximately 56%.

The decrease in investment income is primarily due to lower LIBOR rates and yields as well as structured finance investments, which were previously held by the Company, now being held in a mezzanine fund ($1.7 million). The balance of the decrease in investment income is due to interest from excess cash on hand ($0.1 million), the loan on 1370 Avenue of the Americas being repaid in 2000 ($1.3 million) and the sale of a participation interest in 17-29 West 44th Street in September 2000 ($0.2 million). This was offset by investment income on newly originated structured finance investments ($2.2 million).

PROPERTY OPERATING EXPENSES (in millions)	2001	2000	$ Change	% Change
Operating expenses (excluding electric)	$ 9.2	$ 9.1	$ 0.1	1.1%
Electric costs	5.8	6.1	(0.3)	(4.9)%
Real estate taxes	7.5	7.3	0.2	2.7%
Ground rent	3.1	3.2	(0.1)	(3.0)%
Total	$25.6	$25.7	$(0.1)	(0.4)%
Same Store	$20.9	$20.7	$0.2	0.1%
2001 Acquisitions	2.4	--	2.4	240.0%
Dispositions	--	5.0	(5.0)	(500.0)%
Other	2.3	--	2.3	230.0%
Total	$25.6	$25.7	$(0.1)	(0.4)%

The increase in operating expenses, excluding electricity was primarily due to higher advertising costs ($0.2 million), which were offset by a decrease in repairs and maintenance ($0.1 million).

The decrease in electric costs was primarily due to lower electric consumption due to a cool summer. This was offset by higher electric rates as well as the 2001 Acquisitions, and was partially offset by the Dispositions.

The increase in real estate taxes was primarily attributable to the Same Store Properties ($0.2 million) and the 2001 Acquisitions ($0.8 million), which increased real estate taxes, but was partially offset by a decrease in real estate taxes due to the Dispositions ($0.8 million).

OTHER EXPENSES (in millions)	2001	2000	$ Change	% Change
Interest expense	$ 9.8	$10.7	$(0.9)	(8.4)%
Depreciation and amortization expense	9.0	8.3	0.7	8.4%
Marketing, general and administrative expense	4.1	2.5	1.6	64.0%
Total	$22.9	$21.5	$ 1.4	6.5%

This decrease in interest expense was primarily attributable to the repayment under the revolving credit facilities due to the common stock offering, offset by new secured mortgage financing being placed on Same-Store assets ($0.8 million), mortgage financing associated with the 2001 Acquisitions ($0.5 million) and a decrease in interest expense at the corporate level, which includes borrowings for working capital purposes as well as acquisition and structured finance transaction funding ($1.1 million). This was partially offset by the interest savings from the Dispositions ($1.1 million) and a reduction in the weighted average interest rate to 7.29% at September 30, 2001 compared to 8.15% at September 30, 2000. LIBOR at September 30, 2001 was 2.64% compared to 6.62% at September 30, 2000. This resulted in significant interest savings on the Company's variable rate debt.

Depreciation and amortization increased primarily due to depreciation on properties acquired, capital expenditures and tenant improvements incurred during the period.

Marketing, general and administrative expense increased primarily due to increased personnel costs ($0.3 million) and a donation to assist the victims and families of the World Trade Center tragedy ($1.0 million). Marketing, general and administrative expense increased as a percentage of total revenue to 6.6% from 4.2%.

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2001 TO THE NINE MONTHS ENDED SEPTEMBER 30, 2000

RENTAL REVENUES (in millions)	2001	2000	$ Change	% Change
Rental revenue	$156.4	$141.0	$15.4	10.9%
Escalation and reimbursement				

```
revenue 24.5 18.9 5.6 29.6% Signage revenue
1.0 1.6 (0.6) (37.5)% ----------------------
----------------------- Total $181.9 $161.5
$20.4 12.6%
=============================================
Same Store $138.5 $129.2 $ 9.3 7.2% 2001
Acquisitions 24.7 -- 24.7 2,470.0%
Dispositions 19.9 33.7 (13.8) (40.1)% Other
(1.2) (1.4) (0.2) (14.3)% ------------------
--------------------------- Total $181.9
$161.5 $20.4 12.6%
=============================================
```

The increase in rental revenue occurred even though occupancy at Same-Store Properties was 97.6% in both 2000 and 2001. Annualized rents from replacement rents on previously occupied space at Same-Store Properties were 45% higher than previous fully escalated rents. The Company estimates that the difference between existing in-place fully escalated rents and current market rents is approximately 51%.

The increase in escalation and reimbursement revenue was primarily due to higher operating expense recoveries ($4.1 million) and utility recoveries ($1.5 million). On an annualized basis, the Company expects to recover approximately 90% of its electric costs.

The decrease in signage revenue was primarily attributable to 1466 Broadway ($0.6 million).

```
INVESTMENT AND OTHER INCOME (in millions) $
% 2001 2000 Change Change ------------------
--------------------------- Equity in net
income of unconsolidated joint ventures $
6.0 $ 2.2 $3.8 172.7% Investment income 12.3
9.9 2.4 24.2% Other 1.3 0.7 0.6 85.7% ------
---------------------------------------
Total $19.6 $12.8 $6.8 53.1%
=============================================
```

The increase in equity in net income of unconsolidated joint ventures is due to the Company having four joint venture investments in 2000 comprising 2.0 million square feet, compared to six joint venture investments in 2001 comprising 3.1 million square feet. Occupancy at the joint ventures decreased from 99.0% in 2000 to 97.1% in 2001. The Company estimates that the difference between existing in-place fully escalated rents and current market rents is approximately 56%.

The increase in investment income primarily represents interest income from structured finance transactions ($4.8 million) and interest from excess cash on hand ($0.2 million). This was offset by a decrease in investment income due to the repayment of the loan on 1370 Avenue of the Americas in 2000 ($2.6 million). In addition, the Company wrote down its investment in a technology company ($0.2 million).


```
PROPERTY OPERATING EXPENSES (in millions) 2001
2000 $ Change % Change ------------------------
----------------------- Operating expenses
(excluding electric) $29.7 $28.8 $0.9 3.1%
Electric costs 15.3 13.1 2.2 16.8% Real estate
taxes 23.6 21.7 1.9 8.8% Ground rent 9.4 9.5
(0.1) (1.1) ----------------------------------
------------- Total $78.0 $73.1 $4.9 6.7%
=================================================
Same Store $59.7 $57.5 $2.2 3.8% 2001
Acquisitions 8.5 -- 8.5 850.0% Dispositions 9.5
14.9 (5.4) (36.2)% Other 0.3 0.7 (0.4) (57.1)% -
-----------------------------------------------
Total $78.0 $73.1 $4.9 6.7%
=================================================
```

The increase in operating expenses, excluding electricity, was primarily due to higher fuel costs ($0.2 million), contract maintenance ($0.3 million), day payroll ($0.2 million) and cleaning costs ($0.8 million). This was offset by a decrease in repairs and maintenance ($0.8 million).

The increase in electric costs was primarily due to higher electric rates as well as the 2001 Acquisitions, and was partially offset by the Dispositions.

The increase in real estate taxes was primarily attributable to the 2001 Acquisitions which increased real estate taxes by $3.2 million, and Same-Store Properties ($0.3), but was partially offset by a decrease in real estate taxes due to the Dispositions ($1.6 million).

OTHER EXPENSES (in millions)	2001	2000	$ Change	% Change
Interest expense	$36.9	$30.2	$ 6.7	22.2%
Depreciation and amortization expense	28.0	24.5	3.5	14.3%
Marketing, general and administrative expense	11.3	8.5	2.8	32.9%
Total	$76.2	$63.2	$13.0	20.6%

This increase in interest expense was primarily attributable to new secured mortgage financing being placed on Same-Store assets ($2.8 million), mortgage financing associated with the 2001 Acquisitions ($7.4 million) and an increase in interest expense at the corporate level ($1.0 million). This was partially offset by the interest savings from the Dispositions ($1.9 million) and a reduction in the weighted average interest rate to 7.29% at September 30, 2001 compared to 8.15% at September 30, 2000. LIBOR at September 30, 2001 was 2.64% compared to 6.62% at September 30, 2000. This resulted in significant interest savings on the Company's variable rate debt.

Depreciation and amortization increased primarily due to depreciation on properties acquired, capital expenditures and tenant improvements incurred during the period.

Marketing, general and administrative expense increased primarily due to increased personnel costs ($0.7 million), professional fees ($0.2 million) and a donation to assist the victims and families of the World Trade Center tragedy ($1.0 million). Marketing, general and administrative expense increased from 5.0% to 5.8% of total revenue for the comparable periods.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Net cash provided by operating activities increased $16.9 million to $59.8 million for the nine months ended September 30, 2001, compared to $42.9 million for the nine months ended September 30, 2000. Operating cash flow was primarily generated by the Same-Store properties and 2001 Acquisitions, but was reduced by the decrease in operating cash flow from the Dispositions. Net cash used in investing activities increased $351.4 million to $401.5 million for the nine months ended September 30, 2001 compared to $50.1 million for the nine months ended September 30, 2000. The increase was due primarily to the higher dollar volume of acquisitions and capital improvements in 2001 ($390.0 and $19.1 million, respectively) as compared to 2000 ($16.6 and $26.6 million, respectively). This relates primarily to the acquisitions of One Park Avenue, 1370 Broadway in January 2001 and 317 Madison Avenue in June 2001. The balance in 2000 also included approximately $22.2 million in acquisition deposits. Approximately $50.9 million was funded out of restricted cash set aside from the sale of 17 Battery Place South. The net investment in unconsolidated joint ventures decreased $18.2 million due

to the purchase of a 49.9% interest in 100 Park in 2000 compared to the purchase of a 35% interest in 469 Seventh Avenue and a 49.9% interest in 1250 Broadway in 2001. Net proceeds from the dispositions increased $24.7 million due to the sales of 633 Third Avenue, One Park Avenue, 1412 Broadway and a condominium interest in 110 East 42nd Street totaling $95.1 million in 2001 compared to the dispositions of 29 West 35th Street, 36 West 44th Street and 321 West 44th Street totaling $70.4 million in 2000. Net cash provided by financing activities increased $337.2 million to $336.9 million for the nine months ended September 30, 2001 compared to $(0.3) million for the nine months ended September 30, 2000. The increase was primarily due to net proceeds from the common stock offering ($148.7 million) as well as higher borrowing requirements due to the higher volume of acquisitions funded with mortgage debt and draws under the line of credit ($399.9 million), which was partially offset by higher debt repayments ($210.9 million).

CAPITALIZATION

On July 25, 2001, the Company completed the sale of 5,000,000 shares of common stock. The net proceeds from this offering ($148.7 million, were used to pay down the 2000 Unsecured Credit Facility.

On February 16, 2000, the Board of Directors of the Company authorized a dividend distribution of one preferred share purchase right ("Right") for each outstanding share of common stock under a shareholder rights plan. This dividend was distributed to all holders of record of the common stock on March 31, 2000. Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series B junior participating preferred stock, par value $0.01 per share ("Preferred Shares"), at a price of $60.00 per one one-hundredth of a Preferred Share ("Purchase Price"), subject to adjustment as provided in the rights agreement. The Rights expire on March 5, 2010, unless the expiration date is extended or the Right is redeemed or exchanged earlier by the Company. The Rights are attached to each share of common stock. The rights are generally exercisable only if a person or group becomes the beneficial owner of 17% or more of the outstanding common stock or announces a tender offer for 17% or more of the outstanding stock ("Acquiring Person"). In the event that a person or group becomes an Acquiring Person, each holder of a Right, excluding the Acquiring Person, will have the right to receive, upon exercise, common stock having a market value equal to two times the Purchase Price of the Preferred Shares.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

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

During the nine months ended September 30, 2001, no shares were issued and no proceeds were received from dividend reinvestments and/or stock purchases under DRIP.

At September 30, 2001, borrowings under the mortgage loans and credit facilities (excluding our share of joint venture debt of $263.5 million) represented 29.98% of the Company's market capitalization based on a total market capitalization (debt and equity, including preferred stock), assuming conversion of all operating partnership units, of $1.9 billion (based on a common stock price of $31.52 per share, the closing price of the Company's common stock on the New York Stock Exchange on September 30, 2001).

The tables below summarize the Company's mortgage debt and line of credit indebtedness outstanding at September 30, 2001and December 31, 2000, respectively (in thousands).

DEBT SUMMARY	SEPTEMBER 30, 2001	December 31, 2000
BALANCE		
Fixed rate	$255,116	$317,786
Variable rate - hedged	69,099	69,606
Total fixed rate	324,215	387,392
Variable rate	118,000	49,950
Variable rate-supporting variable rate assets	41,916	23,374
Total variable rate	159,916	73,324
Total	$484,131	$460,716
PERCENT OF TOTAL DEBT:		
Total fixed rate	66.97%	84.08%
Variable rate	33.03%	15.92%
Total	100.00%	100.00%
EFFECTIVE INTEREST RATE AT END OF PERIOD		
Total fixed rate	8.21%	8.22%
Variable rate	5.31%	8.20%
Effective interest rate	7.25%	8.21%

A majority of the variable rate debt shown above bears interest at an interest rate based on LIBOR (2.64% at September 30, 2001). The Company's total debt at September 30, 2001 had a weighted average term to maturity of approximately 5.25 years.

As of September 30, 2001, the Company had three structured finance investments securing the PSCC Facility. These structured finance investments totaling $51.2 million mitigate the Company's exposure to interest rate changes on its unhedged variable rate debt.

MORTGAGE FINANCING

As of September 30, 2001, the Company's total mortgage debt (excluding the Company's share of joint venture debt of approximately $263.5 million) consisted of approximately $324.2 million of fixed rate debt with an effective interest rate of approximately 8.21% and $65.0 million of variable rate debt with an effective interest rate of approximately 5.38%. The Company's mortgage debt (excluding $22,178 of structured finance funding) at September 30, 2001, encumbering 10 properties, will mature as follows (in thousands):

2001	$ 1,493
2002	6,916
2003	9,774
2004	144,163
2005	50,612
Thereafter	176,257
Total	$389,215

2000 UNSECURED CREDIT FACILITY

On June 27, 2000, the Company repaid in full and terminated the $140 Million Credit Facility (defined below) and obtained a new senior unsecured revolving credit facility in the amount of $250 million (the "2000 Unsecured Credit Facility") from a group of 9 lender banks. The Company increased the capacity under this credit facility to $300 million in March 2001. The 2000 Unsecured Credit Facility has a term of three years and bears interest at rates ranging from 137.5 basis points to 175 basis points over LIBOR, based on the Company's leverage ratio. If the Company were to receive an investment grade rating, the spread over LIBOR will be reduced to 125 basis points. At September 30, 2001, $53.0 million was outstanding and carried a weighted average interest rate of 5.64%. Availability under the 2000 Unsecured Credit Facility at September 30, 2001 was further reduced by the issuance of letters of credit in the amount of $5 million for acquisition deposits.

The terms of the 2000 Unsecured Credit Facility include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the minimum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT under the Code, the Company will not, during any four consecutive fiscal quarters, make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90% of funds from operations for such period, subject to certain other adjustments. The 2000 Unsecured Credit Facility also requires a 15 to 25 basis point fee on the unused balance payable quarterly in arrears.

The lending group for the 2000 Unsecured Credit Facility consists of Fleet National Bank, NA, as administrative agent, Citibank/Salomon Smith Barney, Inc, as syndication agent, Deutsche Banc Alex Brown, as documentation agent, Commerzbank Aktiengesellschaft, New York Branch, The Bank of New York, Wells Fargo Bank, N.A., Bank Leumi USA, PNCBank, N.A., and Key Bank, N.A.

$140 MILLION CREDIT FACILITY

The $140 million unsecured credit facility (the "$140 Million Credit Facility") was repaid in full and retired in June 2000 in connection with the Company's attainment of the 2000 Unsecured Credit Facility, as described above. In the quarter ended September 30, 2000, the Company recorded a $430,000 extraordinary loss, net of the minority interest's share of the loss ($38,000), for the early extinguishment of debt related to the write-off of unamortized financing costs associated with the $140 Million Credit Facility.

PSCC FACILITY

On December 28, 1999, the Company closed on a $30 million credit facility with Prudential Securities Credit Corp. ("PSCC Facility"). On March 30, 2000, PSCC increased the secured PSCC Facility by $20 million to $50 million. No other terms were changed from the original $30 million secured PSCC Facility. Interest-only is payable based on the 1-Month LIBOR plus 125 basis points. The PSCC Facility may be prepaid at any time during its term without penalty. The PSCC Facility, which was scheduled to mature on December 27, 2000, was extended for one year, and increased to $60 million.

At September 30, 2001, the Company had $19.7 million outstanding under its PSCC Facility (interest rate of 4.98%). The PSCC Facility is secured by the $51.2 million in three structured finance investments.

CAPITAL EXPENDITURES

The Company estimates that for the three months ending December 31, 2001, it will incur approximately $10.8 million of capital expenditures (including tenant improvements) on properties currently owned. Of that total, over $1.2 million of the capital investments are dedicated to redevelopment costs, including local law 11, associated with properties acquired at or after the Company's IPO. The Company expects to fund these capital expenditures with the unsecured credit facility, additional property level mortgage financings, operating cash flow and cash on hand. Future property acquisitions may require substantial capital investments in such properties for refurbishment and leasing costs. The Company expects that these financing requirements will be met in a similar fashion. The Company believes that it will have sufficient capital resources to satisfy its obligations during the next 12 month period. Thereafter, the Company expects that capital needs will be met through a combination of net cash provided by operations, borrowings, potential asset sales or additional equity or debt issuances.

DISTRIBUTIONS

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

To maintain its qualification as a REIT, the Company must make annual distributions to its stockholders of at least 90% (95% prior to January 1, 2001) of its REIT taxable income, before considering the dividends paid deduction and by excluding net capital gains. Moreover, the Company intends to continue to make regular quarterly distributions to its stockholders which, based upon current policy, in the aggregate would equal approximately $46.4 million on an annualized basis. However, any such distribution, whether for Federal income tax purposes or otherwise, would only be paid out of available cash after meeting both operating requirements and scheduled debt service on mortgages and loans payable.

FUNDS FROM OPERATIONS

The revised White Paper on Funds from Operations ("FFO") approved by the Board of Governors of NAREIT in October 1999 defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. The Company believes that FFO is helpful to investors as a measure of the performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. The Company computes FFO in accordance with the current standards established by NAREIT which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the

Company's liquidity, nor is it indicative of funds available to fund the
Company's cash needs, including its ability to make cash distributions.

FFO for the three and nine months ended September 30, 2001 and 2000, respectively, are as follows (in thousands):

	Three months ended		Nine months ended	
	2001	2000	2001	2000
Income before minority interest, extraordinary items, gain on sale, preferred stock dividend and cumulative effect adjustment	$ 16,042	$ 14,270	$ 46,298	$ 38,581
Add: Depreciation and amortization	9,047	8,300	27,956	24,519
FFO adjustment for unconsolidated joint ventures	2,225	842	4,579	2,468
Less: Dividends on preferred shares	(2,300)	(2,300)	(6,900)	(6,900)
Amortization of deferred financing costs and depreciation of non-rental real estate assets	(1,059)	(1,042)	(3,371)	(3,105)
Funds From Operations - basic	23,955	20,070	68,562	55,563
Dividends on preferred shares	2,300	2,300	6,900	6,900

--------- ---
------ Funds
From
Operations -
diluted $
26,255 $
22,370 $
75,462 $
62,463
=========
=========
=========
=========
Cash flows
provided by
operating
activities $
24,598 $
22,801 $
59,770 $
42,860 Cash
flows (used
in) provided
by investing
activities $
(64,563) $
7,346
$(401,474) $
(50,093) Cash
flows
provided
by(used in)
financing
activities $
2,214 $
(31,400) $
336,902 $
(264)

INFLATION

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to changes in interest rates primarily from its floating rate debt arrangements. The Company uses interest rate derivative instruments to manage exposure to interest rate changes. A hypothetical 100 basis point adverse move (increase) in interest rates along the entire interest rate curve would adversely affect the Company's interest cost by approximately $2.0 million annually.

The Company recognizes all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value are immediately recognized in earnings.

Approximately $324.2 million of the Company's long-term debt bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. The following table presents principal cash flows (in thousands) based upon maturity dates of the debt obligations and the related weighted-average interest rates by expected maturity dates for the fixed rate debt. The interest rates on the variable rate debt as of September 30, 2001 ranged from LIBOR plus 100 basis points to LIBOR plus 200 basis points.

LONG-TERM DEBT,
INCLUDING FAIR
CURRENT PORTION (IN
THOUSANDS) 2001 2002
2003 2004 2005
THEREAFTER TOTAL
VALUE ---- ---- ----

---- ---- ----------
----- ----- Fixed
Rate................
$1,493 $6,916 $9,774
$ 79,163 $50,612
$176,257 $324,215
$341,627 Average
Interest Rate.....
8.21% 8.20% 8.19%
8.21% 8.24% 8.33%
8.30% Variable
Rate.............
$19,738 $22,178
$53,000 $65,000 -- -
- $159,916 $159,916
Average Interest
Rate..... 5.18%
5.20% 5.50% 5.38%
5.29%

PART II--OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

10 Underwriting Agreement dated July 19, 2001, by and among the Registrant, SL Green Operating Partnership, L.P., SL Green Management LLC and Salomon Smith Barney Inc.*

* Incorporated by reference to the Registrant's Form 8-K, dated July 19, 2001, filed with the Commission on July 26, 2001.

(b) Reports on Form 8-K:

- o The Registrant filed a Current Report on Form 8-K/A on July 13, 2001 in order to file pro-forma financial statements in connection with its acquisition of an office building located at 317 Madison Avenue.
- o The Registrant filed a Current Report on Form 8-K on July 24, 2001 in connection with its second quarter 2001 earnings release.
- o The Registrant filed a Current Report on Form 8-K on July 25, 2001 in connection with its second quarter 2001 supplemental package.
- o The Registrant filed a Current Report on Form 8-K on July 26, 2001 in connection with its underwritten public offering of common stock.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SL GREEN REALTY CORP.

By: /s/ Thomas E. Wirth

Thomas E. Wirth
Executive Vice President,
Chief Financial Officer

Date: November 14, 2001