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

FORM 10-Q/A

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

For the quarterly period ended September 30, 1998

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)

70 West 36th Street, New York, New York 10018-8007
(FORMER ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

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

The number of shares outstanding of the registrant's common stock, $0.01 par value was 23,951,826 at November 13, 1998.

SL GREEN REALTY CORP.

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	September 30, 1998 (Unaudited)	December 31, 1997
ASSETS		
Commercial real estate properties, at cost:		
Land and land interest	$ 112,119	$ 53,834
Buildings and improvements	481,638	272,776
Building leasehold	83,272	---
Property under capital lease	12,208	12,208
	689,237	338,818
Less accumulated depreciation	(33,177)	(23,800)
	656,060	315,018
Cash and cash equivalents	976	12,782
Restricted cash	19,512	10,310
Receivables	4,532	738
Related party receivables	362	1,971
Deferred rents receivable net of provision for doubtful accounts of $1,733 and $399 in 1998 and 1997, respectively	18,187	11,563
Investment in and advances to Service Corporations	7,569	1,480
Mortgage loans receivable	26,401	15,500
Deferred costs, net	9,753	6,099
Other assets	10,577	7,314
Total assets	$ 753,929	$ 382,775

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

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

	September 30, 1998 (Unaudited)	December 31, 1997
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgage notes payable	$ 51,369	$ 52,820
Revolving credit facility	82,000	76,000
Accrued interest payable	381	552
Accounts payable and accrued expenses	9,149	3,340
Accounts payable to related parties	172	367
Capitalized lease obligations	14,676	14,490
Deferred land lease payable	9,357	8,481
Dividend and distributions payable	11,585	5,136
Security deposits	17,666	11,475
Total liabilities	196,355	172,661
Minority interest	41,652	33,906
8% Preferred Income Equity Redeemable shares SM $0.01 par value, $25.00 liquidation preference 25,000 shares authorized, 4,600 outstanding in 1998	109,904	---
Commitments, contingencies and other matters		
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value 100,000 shares authorized, 23,952 and 12,292 issued and outstanding in 1998 and 1997, respectively	240	123
Additional paid-in capital	417,003	178,669
Deferred compensation	(3,562)	---
Officers' loans	(578)	---
Distributions in excess of earnings	(7,085)	(2,584)
Total stockholders' equity	406,018	176,208
Total liabilities and stockholders' equity	$ 753,929	$ 382,775

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

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

	SL Green Realty Corp. Three Months Ended September 30, 1998	SL Green Realty Corp. August 21 to September 30, 1997	SL Green Predecessor July 1 to August 20, 1997	SL Green Realty Corp. Nine Months Ended September 30, 1998	SL Green Predecessor January 1 to August 20, 1997
	(Consolidated)	(Consolidated)	(Combined)	(Consolidated)	(Combined)
REVENUES					
Rental revenue..........................	$ 34,310	$ 5,415	$ 1,307	$ 83,039	$ 4,107
Escalation and reimbursement revenues...	5,281	1,043	336	11,432	792
Management revenues.....................	---	---	302	---	1,268
Leasing commissions.....................	---	484	376	---	3,464
Construction revenues...................	---	---	69	---	77
Investment income.......................	851	207	---	2,419	---
Other income............................	18	---	---	20	16
Total revenues..........................	40,460	7,149	2,390	96,910	9,724
Equity in net loss from Service Corporations.......................	(22)	(130)	---	(70)	---
Equity in net loss from uncombined joint ventures.....................	---	---	(206)	---	(770)
EXPENSES					
Operating expenses......................	11,759	1,190	1,084	26,270	2,709
Ground rent.............................	3,428	491	13	8,152	13
Interest................................	2,419	593	349	9,790	1,062
Depreciation and amortization...........	4,069	846	212	10,714	811
Real estate taxes.......................	6,134	1,009	223	14,888	705
Marketing, general and administrative...	1,571	437	354	3,954	2,189
Total expenses..........................	29,380	4,566	2,235	73,768	7,489
Income (loss) before minority interest-Preferred stock dividends and extraordinary item............	11,058	2,453	(51)	23,072	1,465
Minority interest.......................	(802)	(397)	---	(2,354)	---
Income (loss) before extraordinary item and preferred stock dividends and accretion......................	10,256	2,056	(51)	20,718	1,465
EXTRAORDINARY ITEM:					
Loss on early extinguishment of debt, net of minority interest $52 in 1998 and $362 in 1997..................	---	(1,874)	---	(522)	---
Gain on the forgiveness of debt from uncombined joint ventures.....	---	---	22,087	---	22,087
Net income..............................	10,256	182	22,036	20,196	23,552
Preferred stock dividends...............	(2,300)	---	---	(3,420)	---
Preferred stock accretion...............	(133)	---	---	(204)	---
Net income available to common shareholders.....................	$ 7,823	$ 182	$ 22,036	$ 16,572	$ 23,552

The accompanying notes are an integral part of these financial statements

SL Green Realty Corp.
Condensed Statements of Operations -- Continued
(Unaudited)

	SL Green Realty Corp. Three Months Ended September 30, 1998 (Consolidated)	SL Green Realty Corp. August 21 to September 30, 1997 (Consolidated)	SL Green Predecessor July 1 to August 20, 1997 (Combined)	SL Green Realty Corp. Nine Months Ended September 30, 1998 (Consolidated)	SL Green Predecessor January 1 to August 20, 1997 (Combined)
PER SHARE DATA (BASIC AND DILUTED):					
Income per share before extraordinary item	$ 0.33	$ 0.17		$ 0.94	
Extraordinary item per share	---	(0.16)		(0.03)	
Net income available per common share	$ 0.33	$ 0.01		$ 0.91	
Basic weighted average common shares outstanding	23,922	12,292		18,233	
Diluted weighted average common shares and common share equivalents outstanding	23,928	12,417		18,295	

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

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

	Common Stock	Additional Paid-In Capital	Officers' Loans	Distributions in Excess of Earnings	Deferred Compensation	Total
Balance at December 31, 1997......	$ 123	$178,669	---	$ (2,584)	---	$176,208
Net income.........................	---	---	---	20,196	---	20,196
Preferred dividend and accretion requirement....................	---	---	---	(3,624)	---	(3,624)
Issuance of common stock net of offering cost ($2,161) and revaluation increase in minority interest ($6,260).....	115	234,774	---	---	---	234,889
Deferred compensation............	2	3,560	---	---	$(3,562)	---
Cash distributions declared ($1.05 per Common share).......	---	---	---	(21,073)	---	(21,073)
Officers' loans, net.............	---	---	$(578)	---	---	(578)
Balance at September 30, 1998 (unaudited)....................	$ 240	$417,003	$(578)	$ (7,085)	$(3,562)	$406,018

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

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

	SL Green Realty Corp. Nine Months Ended Sept. 30, 1998 (Consolidated)	SL Green Realty Corp. August 21 to September 30, 1997 (Consolidated)	SL Green Predecessor January 1 to August 20, 1997 (Combined)
OPERATING ACTIVITIES:			
Net income	$ 20,196	$ 182	$ 23,552
Adjustments: To reconcile net income to net cash provided by operating activities:			
Minority interest	2,302	---	---
Depreciation and amortization	10,714	846	811
Equity in net loss from uncombined joint ventures	---	---	(21,072)
Equity in net loss from Service Corporations	70	130	---
Deferred rents receivable	(8,309)	(208)	(102)
Provision for doubtful accounts	1,685	---	---
Extraordinary items - non cash portion	574	776	---
Amortization of officers' loans	83	---	---
Preferred stock accretion	204	---	---
Changes in operating assets and liabilities:			
Restricted cash	(7,024)	(29)	---
Receivables	(3,794)	(551)	(190)
Related party receivables	948	(541)	(365)
Deferred lease costs	(4,397)	(93)	(279)
Other assets	(3,263)	(2,549)	656
Accounts payable and accrued expenses	3,830	2,689	118
Accounts payable to related parties	(195)	487	(201)
Accrued interest payable	(171)	225	(23)
Deferred land lease payable	876	4	---
Security deposits payable	4,013	---	(67)
Net cash provided by operating activities	18,342	1,368	2,838
INVESTING ACTIVITIES:			
Additions to land, buildings and improvements	(349,419)	(146,330)	(7,411)
Contribution to partnership investments	---	---	(25)
Distribution to partnership investments	---	---	1,877
Investment in and advances to Service Corporations	(6,159)	---	---
Mortgage loan receivable, net	(10,901)	---	---
Net cash used in investing activities	(366,479)	(146,330)	(5,559)
FINANCING ACTIVITIES:			
Payments of mortgage notes payable and loans	(1,451)	(76,389)	(219)
Proceeds from mortgage notes payable		14,000	7,000
Net proceeds from sale of common stock	242,948	228,704	---
Net proceeds from sale of 8% preferred income equity redeemable shares	110,400	---	---
Formation costs	---	(5,215)	---
Payment of revolving credit facility	(106,000)	---	---
Proceeds from revolving credit facility	112,000	---	---
Proceeds from bridge loan	239,960	---	---
Repayment of bridge loan	(239,960)	---	---
Cash distributions to owners	---	---	(4,024)
Cash contributions from owners	---	---	25
Deferred loan costs	(1,194)	(775)	---
Cash dividends and distributions paid on common stock	(20,558)	---	---
Capital lease	186	---	---
Net cash provided by financing activities	336,331	160,325	2,782
Net (decrease) increase in cash and cash equivalents	(11,806)	15,363	61
Cash and cash equivalents at beginning of period	12,782	---	476
Cash and cash equivalents at end of period	$ 976	$ 15,363	$ 537
Supplemental disclosure of cash flow information:			
Cash paid for interest:	$ 9,961	$ 368	$ 1,085

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

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

	SL Green Realty Corp. Nine Months Ended Sept. 30, 1998 (Consolidated)	SL Green Realty Corp. August 21 to September 30, 1997 (Consolidated)	SL Green Predecessor January 1 to August 20, 1997 (Combined)
SUPPLEMENTAL DISCLOSURE OF NON-CASH ITEMS INVESTING AND FINANCING ACTIVITIES:			
Land acquired for units	$1,000	---	---
FORMATION TRANSACTION ACTIVITY:			
Assets acquired			
Commercial real estate, net	---	$91,123	---
Other assets	---	$16,751	---
Liabilities assumed			
Mortgage notes payable	---	$73,073	---
Capitalized lease obligation	---	$14,431	---
Deferred land lease	---	$8,184	---
Security deposit payable	---	$4,262	---

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

1. ORGANIZATION AND BASIS OF PRESENTATION - SL GREEN REALTY CORP.

INITIAL PUBLIC OFFERING AND FORMATION TRANSACTIONS

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 Predecessor"). The Operating Partnership received a contribution of interest in the real estate properties, as well as 95% of the economic interest in the management, leasing and construction companies (the "Service Corporations"). The Company believes it qualifies as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended; and operates 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 authorized capital stock of the Company consists of 200 million shares of capital stock, $.01 par value, of which 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. On August 20, 1997, the Company issued 11.615 million shares of its Common Stock (including the underwriters' over-allotment option of 1.52 million shares) to the public through a public offering (the "IPO"). Concurrently with the consummation of the IPO, the Company issued 38,095 shares of restricted common stock pursuant to stock loans and 85,600 shares of restricted common stock to a financial advisor. In addition, the Company previously issued to its executive officers approximately 553,616 shares, as founders' shares. As of September 30, 1998, no shares of Excess Stock are issued and outstanding.

Concurrently with the consummation of the IPO, the Company and the Operating Partnership, together with the partners and members of the affiliated partnerships of the SL Green Predecessor and other parties which held ownership interests in the properties contributed to the Operating Partnership (collectively, the "Participants"), engaged in certain Formation Transactions (the "Formation Transactions").

The net cash proceeds received by the Company from the IPO (after deducting underwriting discounts) was $228.7 million. The Company utilized approximately $42.6 million of the IPO proceeds to repay mortgage indebtedness encumbering the properties, including $1.5 million for prepayment penalties and other financing fees and expenses, approximately $6.6 million to purchase the direct or indirect interests of certain participants in the properties, approximately $95.5 million to acquire properties, approximately $3.4 million to pay certain expenses incurred in the Formation Transactions, $35.6 million to repay a loan from Lehman Brothers Holdings, Inc. ("LBHI") (which includes $20 million to repay a loan that was made to a Company indirectly owned by Stephen L. Green), $1.8 million to fund an advisory fee payment to Lehman Brothers, Inc. and $41.7 million to fund capital expenditures, general working capital needs and future acquisitions.

Substantially all of the Company's assets are held by, and its operations conducted through, the Operating Partnership, a Delaware limited partnership. The Company is the sole managing general partner of the Operating Partnership. Continuing investors held, in the aggregate, a 16.2% limited partnership interest in the Operating Partnership until May 1998.

MAY 1998 PUBLIC OFFERINGS

On May 12, 1998 the Company completed the sale of 11.5 million shares of common stock and 4.6 million shares of 8% Preferred Income E quity Redeemable Shares with a liquidation preference of $25.00 per share (the "PIERS"). Gross proceeds from these equity offerings ($353 million, net of underwriter's discount) were used principally to repay the Bridge Facility (see note 4) and acquire additional properties. The secondary offering of common stock resulted in the reduction of continuing investor's interest in the Operating Partnership from 16.2% to 9.1%.

PRINCIPLES OF COMBINATION - SL GREEN PREDECESSOR

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 management of Stephen L. Green; and interests owned and managed by Stephen L. Green in entities accounted for on the equity method (see below) that are organized as partnerships and a limited liability company. The entities included in this unaudited combined financial statement have been combined for only the periods that they were under common control and management. 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.

The accompanying combined financial statements include partnerships and corporations, which were under common control as follows:

Entity	Property/Service	Stephen L. Green Percentage Ownership	Ownership Type
Office Property Entities:			
64-36 Realty Associates	70 West 36th Street	95%	General partner
1414 Management Associates, LP	1414 Avenue of the Americas	100%	General partner
Service Corporations:			
S.L. Green Management, Corp.	Management	100%	Sole shareholder
S.L. Green Leasing, Inc.	Management and leasing	100%	Sole shareholder
Emerald City Construction Corp.	Construction	100%	Sole shareholder

For the entities accounted for on the equity method, the SL Green Predecessor recorded 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.

CONDENSED STATEMENT OF OPERATIONS FOR THE UNCOMBINED JOINT VENTURES IS AS FOLLOWS:

	Period January 1 - August 20, 1997 (Unaudited)
CONDENSED STATEMENT OF OPERATIONS	
Rental revenue and escalations..................	$ 13,552
Interest..	5,320
Depreciation and amortization...................	2,510
Operating and other expenses....................	7,142
Total expenses..................................	14,972
Operating loss before outside partner's interest and extraordinary item..	(1,420)
Extraordinary Gain on Forgiveness of Debt	33,419
Elimination of inter-company management fees....	240
Other partner share of income...................	(10,922)
Income allocated to the SL Green Predecessor....	$ 21,317

BASIS OF QUARTERLY PRESENTATION

The accompanying unaudited condensed consolidated and combined financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. The 1998 operating results for the periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. 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 and the Company's registration statements on Form S-11 dated May 12, 1998 and August 14, 1997.

INTEREST RATE HEDGE TRANSACTIONS

The Company may enter into derivative financial instruments such as interest rate swaps and interest rate collars in order to mitigate its interest rate risk on a related financial instrument. Gains and losses related to the termination of such derivative financial instruments are deferred and amortized to interest expense over the term of the debt instrument.

The Company may also utilize interest rate contracts to hedge interest rate risk on anticipated debt offerings. These anticipatory hedges are designated, and effective, as hedges of identified debt issuances which have a high probability of occuring. Gains and losses resulting from changes in the market value of these contracts are deferred and amortized into interest expense over the life of the related debt instrument. Hedges determined to be ineffective and hedges not correlated to financings are charged to operations.

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 does not own a 100% interest are conducted through the Service Corporations. The Company, through the Operating Partnership, owns 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporations. Through dividends on its equity interest, the Operating Partnership receives substantially all of the cash flow from the Service Corporations' operations. All of the voting common stock of the Service Corporations (representing 5% of the total equity) is held by an SL Green affiliate. This controlling interest gives the SL Green affiliate the power to elect all directors of the Service Corporations. The Company accounts for its investment in the Service Corporations on the equity basis of accounting on the basis that it has significant influence with respect to management and operations.

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

PARTNERSHIP AGREEMENT

In accordance with the partnership agreement of the Operating Partnership (the "Operating Partnership Agreement"), all allocations of distributions and profits and losses are made in proportion to the percentage ownership interests of their respective partners. As the sole 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 distributions by the Company for any federal income or excise tax incurred by the Partners as a consequence of a sale of 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. Under the Operating Partnership Agreement, the Company is prohibited from selling 673 First Avenue and 470 Park Avenue South through August 2009. Pursuant to the terms of the Operating Partnership Agreement, the Units issued to the Company's management and continuing investors at the IPO may not, for up to two years from the IPO date, transfer any of their rights or redeem their Units as a limited partner without the consent of the Company.

2. PROPERTY ACQUISITIONS

On August 14, 1998 the Company purchased the property located at 1412 Broadway - The Fashion Gallery Building - for $72 million, plus approximately $5 million for reimbursement of loan prepayment charges and $5 million related to capital expenditures, commissions and other closing costs. The property is a 25-story office building totaling 389,000 square feet and current occupancy, including pending leases of 89.5%.

On August 6, 1998 the Company closed the acquisition of an existing first mortgage on the property located at 636 11th Avenue, which is a 469,000 square foot industrial and warehouse block front property located between 46th and 47th Streets for $10.9 million. The Company had contracted to buy this mortgage on June 11, 1998 and simultaneously entered into an agreement to purchase the property during January 1999. This property is currently in Chapter 11 bankruptcy proceedings.

On June 1, 1998 the Company acquired the property located at 440 Ninth Avenue for approximately $32 million in cash. The 18-story, 340,000 square foot building was 75% occupied at the date of acquisition. In connection with this purchase, the Company obtained a $6.2 million mortgage note receivable secured by the property located at 38 East 30th Street. The note bears interest at 8% and was paid back during September 1998.

On May 21, 1998 the Company acquired the outstanding mortgage of the property located at 711 Third Avenue for approximately $44.6 million in cash. The 20-story, 520,000 square foot building was 78% occupied at the date of acquisition. The Company's outstanding mortgage position provides for the Company to receive 100% of the economic benefit from the property, and accordingly for the period owned, the Company has recorded the operating results of the property in the statement of operations. On July 2, 1998 the Company acquired 50% of the fee interest in 711 Third Avenue for $20 million and 44,772 Operating Partnership Units. In addition, the Company's ownership of the outstanding mortgage was converted to an operating sub-leasehold.

On April 14, 1998, the Company converted its mortgage interest (subordinate to an operating leasehold position) in 36 West 44th Street into a fee interest and its mortgage interest in 35 West 43rd Street into a leasehold interest (collectively known as the Bar Building) for an additional cost of approximately $800,000.

During March 1998, the Company purchased the operating leasehold interest in the property located at 420 Lexington Avenue (the "Graybar Building") and the fee interest in the property located at 1466 Broadway from the Helmsley organization for $142 million. The Graybar Building is located adjacent to Grand Central Station and encompasses approximately 1.2 million square feet and the property at 1466 Broadway is located at 42nd Street and Broadway encompassing approximately 290,000 square feet.

During March 1998 the Company purchased the property located at 321 West 44th Street for approximately $17 million, comprised of approximately 209,000 square feet.

On January 8, 1998, the Company acquired fee title to its property located at 1372 Broadway. Prior to this date the Company held a mortgagee's interest in this property with a right to acquire the fee without additional cost.

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, 1998 and 1997 as though each acquisition since January 1, 1997 and the Formation Transactions were completed as of January 1, 1998 and 1997, respectively. The pro forma results are based upon the proceeds from the Company's May 1998 Public Offering (see note 1) repaying the Bridge Facility during May 1998.

	1998	1997
Total revenues.................................	$120,047	$110,552
Pro forma net income...........................	$21,697	$19,622
Pro forma earnings per share (basic and diluted)		
Per common share - basic.......................	$0.91	$0.83
Per common and common equivalent share - diluted	$0.91	$0.83

3. MORTGAGE RECORDING TAX CREDITS LOAN

The Operating Partnership mortgage tax credit loans totaled approximately $222 million from LBHI at September 30, 1998. These laons are collateralized by the mortgages encumbering the Operating Partnership's interests in 633 Third Avenue. The loans are also collateralized by an equivalent amount of the Company's cash which is held by LBHI and invested in US Treasury securities. Interest earned on the cash collateral is applied by LBHI to service the loans which interest rate is commensurate with that of the portfolio of six month US Treasury securities. The mortgage tax credit loans and the US Treasury securities both mature on November 18, 1999. The Operating Partnership and LBHI each have the right of offset and therefore the loans and the cash collateral have been presented on a net basis in the consolidated balance sheet at September 30, 1998. The purpose of these loans is to temporarily preserve mortgage recording tax credits for future potential acquisitions of real property which the Company may make, the financing of which may include property based debt, for which these credits would be applicable and provide a $6.2 million financial savings.

4. REVOLVING CREDIT FACILITY AND BRIDGE FACILITY

During March 1998, the Company asked the revolving credit facility (the "Credit Facility") banking group to temporarily relieve the Company from its obligations under the financial covenants of the Credit Facility in order to close an additional financing necessary to acquire the Helmsley properties (the "Bridge Facility"). The Bridge Facility, which closed on March 18, 1998, financed the acquisition of the Helmsley properties, paid-off the outstanding balance on the Credit Facility and provided liquidity for future acquisition and corporate needs. The term of the Bridge Facility is one year with an interest rate that is determined by a schedule of the percent of loan commitment outstanding and the duration of the outstanding commitments, ranging from 170 to 300 basis points over LIBOR. The Bridge Facility was secured by the unencumbered assets of the Company including mortgage tax credits previously associated with the Company's hypothecated loan. The Bridge Facility was repaid through the Company's May 1998 equity financings, resulting in an extraordinary charge to earnings (see note 9) and all assets were released to the Credit Facility unencumbered asset pool. The Company's Credit Facility was then reinstated during the second quarter. As of September 30, 1998 current borrowings on the $140 million Credit Facility totaled $82 million, with remaining availability of $58 million with a current effective interest rate of 6.93%.

5. INCOME TAXES

No provision has been made for income taxes in the accompanying combined financial statements of SL Green Predecessor since such taxes, if any, are the responsibility of the individual partners. Income taxes are provided for on any projected taxable income on the service corporations.

6. NET INCOME PER COMMON SHARE

Net income per common share-basic and diluted is computed in accordance with the treasury stock method and is based on the weighted average number of common shares outstanding during the period. To arrive at the diluted net income per common share, the common stock equivalents resulted in increasing the number of shares outstanding by approximately 6 and 62 shares for the three and nine months ended September 30, 1998, respectively. The common stock equivalent shares resulting solely from options outstanding.

7. 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.

In anticipation of financing future acquisitions, the Company entered into an interest rate protection agreement on September 2, 1998, with Salomon Brothers for $100 million of future indebtedness. As a result of this arrangement, the Company essentially "locked into" U.S. Treasury rates in effect as of September 2, 1998, or 5.13%, for $100 million of future indebtedness. As of September 30, 1998, U.S. Treasury rates were lower than 5.13% and as a result, the then present value of future cash payments which the Company would be obligated to make on $100 million of indebtedness (at the interest rate protection agreement rate) in excess of the present value of future cash payments which the Company would be obligated to make on $100 million of debt (at the then current U.S. Treasury rate) (the "excess payment amount") was approximately $5.5 million. As of November 11, 1998, due to rising U.S. Treasury rates, the spread between the U.S. Treasury rate and the rate of the Company's interest rate protection agreement had narrowed and the excess payment amount had decreased to $2.3 million. Upon completion of those financings, the Company will recognize any market rate difference between debt financing and the Company's hedged position. It is the Company's objective to match future financings with the term of its hedged position; such gain or loss is expected to be amortized over the life of the new debt.

8. RELATED PARTY TRANSACTIONS

There are business relationships with related parties which involve security and maintenance expenses in the ordinary course of business. The Company's transactions with the related parties amounted to $781 and $1,277 for the three and nine month periods ended September 30, 1998 and $34 for the period August 21, 1997 to September 30, 1997. SL Green Predecessor's transactions with the related parties amounted to $62 for the July 1, 1997 to August 20, 1997 period and $255 for the period January 1, 1997 to August 20, 1997.

9. EXTRAORDINARY ITEMS

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

Forgiveness of mortgage debt totaling $22.1 million (net of minority interest of $11.3 million) is reflected in the accompanying SL Green Predecessor financial statements as an extraordinary gain for the period ended August 20, 1997.

Prepayment penalties of $1.1 million (net of minority interest of $207) and unamortized deferred charges of $803 (net of minority interest of $155) related to mortgages paid in connection with the Formation Transactions were expensed and are reflected in the Company's financial statements as an extraordinary loss for the period ended August 20, 1997.

10. SUBSEQUENT EVENTS

On November 10, 1998 the Company announced that it has signed a contract to purchase a 65% controlling interest for $66.7 million (which is comprised of $38 million cash payment and the remainder being the assumption of debt) in 555 West 57th Street, a 20-story Midtown Manhattan property known as the BMW Building. Located on the easterly block front of 11th Avenue between West 57th and West 58th Streets in Manhattan's Midtown West submarket, the BMW Building offers 950,000 square feet of rentable space, including three subgrade floors, two of which comprise a 190-car garage. The property is currently 95% leased. The Company is currently seeking financing to fund this transaction.

On November 9, 1998 the seller having failed to meet certain conditional obligations relating to various bankruptcy court approvals, the Company terminated its contract to purchase 636 11th Avenue. The Company believes the mortgage note receivable ($10.9 million) is fully recoverable and will result in no significant impact to the Company's financial position. In conjunction with the contract, the Company has provided a deposit of $1.5 million the return of which the Company is in the process of negotiating its recovery with the seller.

On September 18, 1998, the Company's Board of Directors declared a $0.35 per share dividend on its common stock to stockholders of record on September 30, 1998. The dividend, together with the distribution with respect to outstanding units of partnership interest in the Operating Partnership, totaled $9.2 million and was paid October 15, 1998. The Company's Board of Directors declared a $0.50 dividend per share dividend on the PIERS for the three-month period ended September 30, 1998 which totaled $2.3 million and was paid on October 15, 1998.

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

OVERVIEW

This report includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this report that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), expansion and other development trends of the real estate industry, business strategies, expansion and growth of the Company's operations and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, general economic and business conditions, the business opportunities that may be presented to and pursued by the Company, changes in laws or regulations and other factors, many of which are beyond the control of the Company. Any such statements are not guarantees of future performance and actual results or developments may differ materially from those anticipated in the forward-looking statements.

The following discussion related to the consolidated financial statements of the Company and the combined financial statements of SL Green Predecessor should be read in conjunction with the financial statements appearing elsewhere in this report, financial statements included in the Company's annual report on Form 10-K and the financial statements and related notes thereto included in the Company's registration statements on Form S-11 dated May 12, 1998 and August 14, 1997. In connection with the Formation Transactions as described in Note 1 to the financial statements there were significant changes in the financial condition and results of operations of the Company which are outlined below, consequently, the comparison of the historical periods prior to August 21, 1997 provides only limited information regarding the operations of the Company. Therefore, in addition to the historical comparison, the Company has provided a comparison of the results of operations on a pro forma basis.

FINANCIAL CONDITION

Commercial real estate properties before accumulated depreciation increased approximately $350 million from December 31, 1997 to September 30, 1998 primarily as a result of the purchase of the leasehold operating position in 420 Lexington Avenue and 711 Third Avenue (including a 50% fee interest), and the property purchases of 1466 Broadway, 321 West 44th Street, 440 Ninth Avenue and 1412 Broadway. These acquisitions were funded through a bridge loan facility (the "Bridge Facility"), cash on hand and funds available under the Company's revolving credit facility (the "Credit Facility"). The Bridge Facility also repaid $93 million that was outstanding on the Company's Credit Facility. The Company completed two public equity offerings on May 12, 1998, which included the issuance of 11.5 million shares of common stock and 4.6 million shares of 8% Preferred Income Equity Redeemable Shares with a liquidation preference of $25.00 per share. These offerings raised net proceeds to the Company of $353 million, after underwriters discount. Proceeds from the offerings were used to repay the Bridge Facility ($240 million), acquire 440 Ninth Avenue ($32 million) and the outstanding mortgage and 50% fee interest in 711 Third Avenue ($60.5 million) with the remainder used for working capital purposes. The company acquired 1412 Broadway ($82 million) during August 1998 and funded this acquisition with proceeds from borrowings on the Company's Credit Facility.

RESULTS OF OPERATIONS

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 1998 TO THE NINE MONTHS ENDED SEPTEMBER 30, 1997. For discussion purposes, the results of operations from the nine months ended September 30, 1998 represent the operations of SL Green Realty Corp and the results of operations for the nine months ended September 30, 1997 represent (i) the operating results of the SL Green Predecessor (represented by 70 West 36th Street, 1414 Avenue of the Americas and 36 West 44th Street (since acquisition date in July 1997)) for the period January 1, 1997 to August 20, 1997 and (ii) the results of the Company from August 21, 1997 to September 30, 1997. Since July 1, 1997, the following transactions have occurred that have had a material impact on the comparison of the 1998 and 1997 results: (i) the Formation Transactions resulted in three buildings previously accounted for under the equity method (673 Third Avenue, 470 Park Avenue South and 29 West 35th Street) which are now reported as property results, three acquired buildings (50 West 23rd Street, 1140 Avenue of the Americas and 1372 Broadway) collectively the "IPO Acquisitions" being included in the 1998 results which were included in the 1997 results of the Company as of August 21, 1997; (ii) the results of 110 East 42nd Street (acquired September 1997) included in 1998 results and a portion of the 1997 results (iii) 17 Battery Place (acquired December 1997) and 633 Third Avenue (acquired December 1997) "the 1997 Acquisitions" are included in the consolidated results for 1998 and were not included in the 1997 results (iv) the results of 420 Lexington Avenue (acquired March 1998), 1466 Broadway (acquired March 1998), 321 West 44th Street (acquired March 1998), 711 Third Avenue (acquired May 1998), 440 Ninth Avenue (acquired June 1998) and 1412 Broadway (acquired August 1998) (the "1998 Acquisitions") which are included for a portion of the 1998 results, and were not included in the 1997 results.

Rental revenue for the nine months ended September 30, 1998 totaled

$83.0 million representing an increase of $73.5 million compared to $9.5 million for the nine months ended September 30, 1997. The increase is primarily attributable to the revenue associated with the following: (i) the IPO Acquisitions which increased rental revenue $29.8 million (ii) the 1997 Acquisitions which increased rental revenue by $12.6 million, (iii) the 1998 Acquisitions which increased rental revenue by $30.1 million and (iv) $1.0 million due to increased rental revenue in the SL Green Predecessor buildings.

Escalation and reimbursement revenue for the nine months ended September 30, 1998 totaled $11.4 million representing an increase of $9.6 million compared to $1.8 million for the nine months ended September 30, 1997. The increase is primarily attributable to the revenue associated with the following: (i) the IPO Acquisitions which increased revenue by $1.2 million, (ii) the 1997 Acquisitions which increased revenue by $1.3 million, (iii) the 1998 Acquisitions which increased revenue by $7.1 million.

Investment income totaled $2.4 million for the nine months ended September 30, 1998 representing an increase of $2.2 million compared to $0.2 million for the three months ended September 30, 1997. This amount primarily represents interest income from the 17 Battery Park mortgage ($1.4 million), interest on other mortgage notes ($0.3 million) and remainder is interest from excess cash on hand ($0.5 million).

As of the IPO date, third party management, leasing and construction revenues and related expenses are incurred by the Service Corporations, which are 95% owned subsidiaries of the Company, which are accounted for on the equity method. This change in recognition of income and expense from third party business activities was made in order to be consistent with the REIT qualifying income test, as defined by the IRS. Consequently, management fees, leasing commissions and construction fees, were recorded on these operating subsidiaries, compared to the 1997 third party revenue, which was recorded on the predecessor entity.

Operating expenses for the nine months ended September 30, 1998 totaled $26.3 million representing an increase of $22.4 million compared to $3.9 million for the nine months ended September 30, 1997. The increase was primarily attributable to: (i) the IPO Acquisitions which increased operating expenses by $6.2 million (ii) the 1997 Acquisitions which increased operating expenses by $5.7 million and (iii) the 1998 Acquisition expenses which increased operating expenses by $10.5 million.

Ground rent for the nine months ended September 30, 1998 totaled $8.2 million representing an increase of $7.7 million compared to $0.5 million for the nine months ended September 30, 1997. This increase primarily represents ground rent at 420 Lexington Avenue ($4.6 million), 673 First Avenue ($2.5 million), 711 Third Avenue ($0.4 million) and 1140 Avenue of the Americas ($0.2 million).

Interest expense for the nine months ended September 30, 1998 totaled $9.8 million representing an increase of $8.1 million compared to $1.7 million for the nine months ended September 30, 1997. The increase is primarily attributable to (i) interest incurred on the Company's revolving line of credit, and Bridge Facility ($5.4 million) principally to acquire new properties and (ii) additional secured mortgage debt, including interest on the Company's capital lease obligations which was previously accounted for under the equity method, ($2.7 million).

Depreciation and amortization for the nine months ended September 30, 1998 totaled $10.7 million representing an increase of $9.0 million compared to $1.7 million for the nine months ended September 30, 1997. The increase is primarily attributable to: (i) the IPO Acquisitions which increased depreciation by $4.0 million (ii) the 1997 Acquisitions which increased depreciation by $1.5 million (iii) the 1998 Acquisitions which increased depreciation by $2.8 million, (iv) and an increase in the amortization of deferred finance costs totaling $0.7 million associated with fees incurred on the Company's Credit Facility and Bridge Facility.

Real estate taxes for the nine months ended September 30, 1998 totaled $14.9 million representing an increase of $13.2 million compared to $1.7 million for the nine months ended September 30, 1997. The increase is primarily attributable to (i) the IPO Acquisitions which increased real estate taxes by $4.3 million (ii) the 1997 Acquisitions which increased real estate taxes by $2.8 million and (iii) the 1998 Acquisitions which increased real estate taxes by $6.1 million.

Marketing, general and administrative expense for the nine months ended September 30, 1998 totaled $4.0 million representing an increase of $1.4 million compared to $2.6 million for the nine months ended September 30, 1997. The increase is due to increased personnel costs associated with the Company's recent growth ($2.0 million) and increased public entity and technology costs ($0.6 million). This increase is partially off-set by third party costs included in the 1997 expense which have been reclassified to the Service Corporations in 1998 to correspond with the reclassification of third party revenue which has been included in equity in net loss from Service Corporations since August 21, 1997.

COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, 1998 TO THE THREE MONTHS ENDED SEPTEMBER 30, 1997. For discussion purposes, the results of operations from the three months ended September 30, 1998 represent the operations of SL Green Realty Corp and the results of operations for the three months ended September 30, 1997 represent the operating results of the SL Green Predecessor (represented by 70 West 36th Street, 1414 Avenue of the Americas and 36 West 44th Street) for the period July 1, 1997 to August 20, 1997 and the operating results of the Company for the period August 21, 1997 to September 30, 1997. Since July 1, 1997, the following transactions have occurred that have a material impact on the comparison of the 1998 and 1997 results: (i) the Formation Transactions resulted in three buildings previously accounted for under the equity method (673 Third Avenue, 470 Park Avenue South and 29 West 35th Street) which are now reported as property results, three acquired buildings (50 West 23rd Street, 1140 Avenue of the Americas and 1372 Broadway) collectively the "IPO Acquisitions" being included in the 1998 results which were not included in 1997 results, (ii) the results of 110 East 42nd Street (acquired September 1997), 17 Battery Place (acquired December 1997) and 633 Third Avenue (acquired December 1997) "the 1997 Acquisitions" are included in the consolidated results for the three months ended September 30, 1998, not included in the 1997 results (with the exception of 15 days for 110 East 42nd Street acquired September 15, 1997) and (iii) the results of 420 Lexington Avenue (acquired March 1998), 1466 Broadway (acquired March 1998), 321 West 44th Street (acquired March 1998) 711 Third Avenue (acquired May 1998), 440 Ninth Avenue (acquired June 1998) and 1412 Broadway (acquired August 1998) (the "1998 Acquisitions") which are included for all or a portion of third quarter 1998 results, and not included in the 1997 results.

The rental revenue for the three months ended September 30, 1998 totaled $34.3 million, an increase of $27.6 million compared to $6.7 million for the three months ended September 30, 1997. The increase is primarily attributable to the revenue associated with the following: (i) the IPO Acquisitions which increased rental revenue $6.0 million (ii) the 1997 Acquisitions which increased rental revenue by $4.9 million, (iii) the 1998 Acquisitions which increased rental revenue by $16.5 million and (iv) the Predecessor portfolio which increased $0.2 million due to increased occupancy.

Escalation and reimbursement revenue for the three months ended September 30, 1998 totaled $5.3 million representing an increase of $3.9 million compared to $1.4 million for the three months ended September 30, 1997. The increase is primarily attributable to the revenue associated with the following: (i) the IPO Acquisitions which increased revenue by $0.5 million, (ii) the 1997 Acquisitions which increased revenue by $0.4 million, (iii) the 1998 Acquisitions which increased revenue by $3.0 million.

Investment income totaled $0.9 million for the three months ended September 30, 1998, which represents an increase of $0.7 million compared to $0.2 million for the three months ended September 30, 1997. The increase in interest income is due primarily to the 17 Battery Park mortgage ($0.5 million) and interest earned from other mortgage notes ($0.2 million).

As of the IPO date, third party management, leasing and construction revenues and related expenses are incurred by the Service Corporations, which are 95% owned subsidiaries of the Company, which is accounted for on the equity method. This change in recognition of income and expense from third party business activities was made in order to be consistent with the REIT qualifying income test. This change resulted in the sources of revenue being recorded by the Company in the Service Corporations which were $0.7 million during the 1998 period.

Operating expenses for the three months ended September 30, 1998 totaled $11.8 million representing an increase of $9.5 million compared to $2.3 million for the three months ended September 30, 1997. The increase was primarily attributable to: (i) the IPO Acquisitions which increased operating expenses by $1.7 million (ii) the 1997 Acquisitions which increased operating expenses by $2.1 million and (iii) the 1998 Acquisition expenses which increased operating expenses by $5.7 million.

Ground rent for the three months ended September 30, 1998 totaled $3.4 million which represents an increase of $2.9 million compared to $0.5 million for the three months ended September 30, 1997. This increase is primarily due to 420 Lexington Avenue ($2.2 million), 673 First Avenue ($0.5 million) and 711 Third Avenue ($0.2 million).

Interest expense for the three months ended September 30, 1998 totaled $2.4 million representing an increase of $1.5 million compared to $0.9 million for the three months ended September 30, 1997. The increase is primarily attributable to interest incurred on the Company's Credit Facility ($1.0 million) and additional mortgage debt, including interest on the Company's capital lease obligations, ($0.5 million).

Depreciation and amortization for the three months ended September 30, 1998 totaled $4.1 million representing an increase of $3.0 million compared to $1.1 million for the three months ended September 30, 1997. The increase is primarily attributable to: (i) the IPO Acquisitions which increased depreciation by $0.8 million (ii) the 1997 Acquisitions which increased depreciation by $0.5 million (iii) the 1998 Acquisitions which increased depreciation by $1.5 million, (iv) and an increase in the amortization of deferred finance costs totaling $0.2 million associated with fees incurred on the Company's Credit Facility.

Real estate taxes for the three months ended September 30, 1998 totaled $6.1 million representing an increase of $4.9 million compared to $1.2 million for the three months ended September 30, 1997. The increase is primarily attributable to (i) the IPO Acquisitions which increased real estate taxes by $0.8 million (ii) the 1997 Acquisitions which increased real estate taxes by $0.9 million and (iii) the 1998

Acquisitions which increased real estate taxes by $3.2 million.

Marketing, general and administrative expense for the three months ended September 30, 1998 totaled $1.6 million representing an increase of $0.8 million compared to $0.8 million for the three months ended September 30, 1997. The increase is due to higher costs associated with the Company's recent growth. This increase is partially off-set by the 1998 third party related costs incurred during 1998, which have been classified to the Service Corporations to correspond with the reclassification of third party revenue.

PRO FORMA RESULTS OF OPERATIONS

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 1998 TO THE NINE MONTHS ENDED SEPTEMBER 30, 1997. The Pro forma statements of operations for the nine months ended September 30, 1998 and 1997, respectively, are presented as if the Company's IPO and the Formation Transactions occurred on January 1, 1997 and the effect thereof was carried forward through September 30, 1998. In addition to the IPO and Formation Transactions, the following transactions also affect the 1998 and 1997 comparable results: (i) the results of 110 East 42nd Street (acquired September 1997), 17 Battery Place (acquired December 1997) and 633 Third Avenue (acquired December 1997) "the 1997 Acquisitions" are included in the consolidated results for the three months ended September 30, 1998 and not included in the 1997 results (with the exception of 15 days for 110 East 42nd Street acquired September 15, 1997) and (ii) the results of 420 Lexington Avenue (acquired March 1998), 1466 Broadway (acquired March 1998), 321 West 44th Street (acquired March 1998) 711 Third Avenue (acquired May 1998), 440 Ninth Avenue (acquired June 1998) and 1412 Broadway (acquired August 1998) the "1998 Acquisitions" are included in a portion of the 1998 results and not included in the 1997 results. During May 1998, the Company completed two public offerings for 11.5 million shares of common stock and 4.6 million of preferred shares resulting in net proceeds of $353 million, net of underwriting costs.

The pro forma results of operations do not purport to represent what the Company's results would have been assuming the completion of the Formation Transactions and the Company's IPO at the beginning of the period indicated, nor do they purport to project the Company's financial results of operations at any future date or for any future period. The pro forma statements of operations should be read in conjunction with the combined financial statements of SL Green Predecessor included in the Company's registration statements on Form S-11 dated May 12, 1998 and August 14, 1997 and the condensed consolidated financial statements of the Company, included elsewhere herein.

Nine months ended September 30, 1998
compared to nine months ended September 30, 1997
(in thousands except percentage data)
(Unaudited)

	Nine Months Ended September 30, 1998 (Historical)	1997 (Pro Forma)	Dollar Change
REVENUE			
Rental revenue	$ 83,039	$ 34,855	$ 48,184
Escalations & reimbursement revenues	11,432	4,338	7,094
Investment income	2,419	207	2,212
Leasing Commissions	---	2,251	(2,251)
Other income	20	1,676	(1,656)
Total revenues	96,910	43,327	53,583
Equity in net (loss) income from Service Corporations	(70)	139	(209)
EXPENSES			
Operating expenses	26,270	8,838	17,432
Ground rent	8,152	3,228	4,924
Interest	9,790	3,967	5,823
Depreciation and amortization	10,714	5,444	5,270
Real estate taxes	14,888	6,169	8,719
Marketing, general and administrative	3,954	2,066	1,888
Total expenses	73,768	29,712	44,056
Income before minority interest Preferred stock dividend and extraordinary items	$ 23,072	$ 13,754	$ 9,318

Rental revenue for the nine months ended September 30, 1998 totaled $83.0 million representing an increase of $48.2 million compared to $34.8 million for the three months ended September 30, 1997. The increase is primarily attributable to the revenue associated with the following properties not previously owned or acquired at the IPO date: (i) the 1997 acquisitions which increased rental revenue by $15.0 million, (ii) the 1998 acquisitions which increased rental revenue by $30.1 million and (iii) increased occupancy and additional rollover rental income in the other portfolio buildings which increased $3.1 million.

Escalation and reimbursement revenue for the nine months ended September 30, 1998 totaled $11.4 million an increase of $7.1 million compared to $4.3 million during the nine months ended September 30, 1997. The increase is attributable to the revenue associated with: (i) the 1997 Acquisitions which increased revenue by $1.3 million, (ii) the 1998 Acquisitions which increased revenue by $5.3 million and (iii) the properties owned or acquired at the IPO date where revenue increased by $0.5 million.

Investment income for the nine months ended September 30, 1998 totaled $2.4 million, which represents an increase of $2.2 million as compared to $0.2 million for the nine months ended September 30, 1997. The increase in interest income is primarily due to the 17 Battery Place mortgage ($1.4 million), other mortgage notes receivable ($0.3 million) and the balance ($0.5 million) earned from excess cash on hand.

Leasing commission income decreased $2.3 million. Leasing income as reported in the Pro Forma represents Tenant-Rep income which has been reclassified to-equity in net (loss) income from service corporations in the comparable 1998 period in which tenant-rep revenue totaled $1.3 million, a decrease of $1.0 million. This decrease is due to timing and strong results in the 1997 period.

Other income for the nine months ended September 30, 1998 totaled $0.02 million representing a decrease of $1.7 million as compared to September 30, 1997. The decrease is the result of 1997 lease termination income (primarily at 1372 Broadway) which did not occur at the same rate in 1998.

Operating expenses for the nine months ended September 30, 1998 totaled $26.3 million representing an increase of $17.5 million compared to $8.8 million for the nine months ended September 30, 1997. The increase was primarily attributable to properties not previously owned or acquired at the IPO date: (i) the 1997 Acquisitions which increased operating expenses by $5.7 million and (ii) the 1998 Acquisitions which increased operating expenses by $10.5 million (iii) $1.3 million of increased costs from the core and IPO properties primarily due to the provision for tenant credit loss which totaled $0.6 million.

Ground rent for the nine months ended September 30, 1998 totaled $8.2 million representing an increase of $5.0 million compared to $3.2 million for the nine months ended September 30, 1997. The increase is primarily attributable to the ground rent on our new acquisitions at 420 Lexington Avenue ($4.6 million) and 711 Third Avenue ($0.4 million).

Interest expense for the nine months ended September 30, 1998 totaled $9.8 million representing an increase of $5.8 million compared to $4.0 million for the nine months ended September 30, 1997. The increase is primarily attributable to interest incurred on the Company's Credit Facility and Bridge Loan ($5.4 million) and additional mortgage loans ($0.4 million).

Depreciation and amortization for the nine months ended September 30, 1998 totaled $10.7 million representing an increase of $5.3 million compared to $5.4 million for the nine months ended September 30, 1997. The increase is primarily attributable to properties not previously owned or acquired at the IPO date: (i) the 1997 Acquisitions which increased depreciation by $1.5 million and (ii) the 1998 Acquisitions which increased depreciation by $2.8 million, (iii) amortization of financing costs increased $0.7 million primarily due to fees recognized on the Company's revolving line of credit and acquisition facility and (iv) the properties owned or acquired at the IPO date which increased $0.3 million primarily due to increased tenant improvement amortization.

Real estate taxes for the nine months ended September 30, 1998 totaled $14.9 million representing an increase of $8.7 million compared to $6.2 million for the nine months ended September 30, 1997. The increase is primarily attributable to properties not previously owned or acquired at the IPO date (i) the 1997 Acquisitions which increased real estate taxes by $2.8 million and (ii) the 1998 Acquisitions which increased real estate taxes by $6.1 million. These increases were partially off-set by a $0.2 million reduction in taxes related to the core and IPO properties primarily from lower tax rates and management's effort to obtain reductions in assessed values.

Marketing, general and administrative expense for the nine months ended September 30, 1998 totaled $4.0 million representing an increase of $1.9 million compared to $2.1 million for the nine months ended September 30, 1997. The increase is due to additional staffing, and incremental absorption of lost third party management related costs ($1.5 million), costs associated with management information systems and year 2000 compliance and higher public entity costs ($0.4 million).

COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, 1998 TO THE THREE MONTHS ENDED SEPTEMBER 30, 1997. The Pro forma statements of operations for the three months ended September 30, 1998 and 1997, respectively, are presented as if the Company's IPO and the Formation Transactions occurred on January 1, 1997 and the effect thereof was carried forward through September 30, 1998. In addition to the IPO and formation transactions, the following transactions also affect the 1998 and 1997 comparable results: (i) the results of 110 East 42nd Street (acquired September 1997), 17 Battery Place (acquired December 1997) and 633 Third Avenue (acquired December 1997) "the 1997 acquisitions" are included in the consolidated results for the three months ended September 30, 1998 and not included in the 1997 results and (ii) the results of 420 Lexington Avenue (acquired March 1998), 1466 Broadway (acquired March 1998), 321 West 44th Street (acquired March 1998), 711 Third Avenue (acquired May 1998), 440 Ninth Avenue (acquired June 30, 1998) and 1412 Broadway (acquired August 1998) are included in the entire or in a portion of the 1998 results and not included in the 1997 results. During May 1998, the Company completed two public offerings for 11.5 million common shares and 4.6 million of preferred shares resulting in net proceeds of $353 million, net of underwriting costs.

The pro forma results of operations do not purport to represent what the Company's results would have been assuming the completion of the Formation Transactions and the Company's IPO at the beginning of the period indicated, nor do they purport to project the Company's financial results of operations at any future date or for any future period. The pro forma statements of operations should be read in conjunction with the combined financial statements of SL Green Predecessor included in the Company's registration statement on Form S-11 dated August 14, 1997 and the consolidated financial statements of SL Green Realty Corp. included elsewhere herein.

Three months ended September 30, 1998 compared to
three months ended September 30, 1997
(in thousands except percentage data)
(Unaudited)

	Three Months Ended September 30, 1998 (Historical)	1997 (Pro Forma)	Dollar Change
REVENUE			
Rental revenue	$ 34,310	$ 11,837	$ 22,473
Escalations & reimbursement revenues	5,281	1,864	3,417
Investment income	851	207	644
Leasing commissions	---	726	(726)
Other income	18	139	(121)
Total revenues	40,460	14,773	25,687
Equity in net (loss) income of Service Corporations	(22)	(243)	221
EXPENSES			
Operating expenses	11,759	3,127	8,632
Ground rent	3,428	1,076	2,352
Interest	2,419	1,322	1,097
Depreciation and amortization	4,069	1,814	2,255
Real estate taxes	6,134	2,091	4,043
Marketing, general and administrative	1,571	671	900
Total expenses	29,380	10,101	19,279
Income before minority interest, Preferred dividends and Extraordinary items	$ 11,058	$ 4,429	$ 6,629

The rental revenue for the three months ended September 30, 1998 totaled $34.3 million an increase of $22.5 million compared to $11.8 million during the three months ended September 30, 1997. The increase is primarily attributable to the revenue associated with the following properties not previously owned or acquired at the IPO date: (i) the 1997 acquisitions which increased rental revenue by $4.9 million, (ii) the 1998 acquisitions which increased rental revenue by $16.5 million and (iii) an increase of $1.1 million in properties owned/acquired at the IPO date primarily due to higher occupancy rates which increased revenue at 1372 Broadway by $0.7 million and 36 West 44th Street by $0.1 million.

Escalation and reimbursement revenue for the three months ended September 30, 1998 totaled $5.3 million an increase of $3.4

million compared to $1.9 million during the three months ended September 30, 1997. The increase is attributable to the revenue associated with properties not previously owned or acquired at the IPO date: (i) the 1997 Acquisitions which increased revenue by $0.4 million and (ii) the 1998 Acquisitions which increased revenue by $3.0 million.

Investment income totaled $0.9 million, an increase of $0.7 million compared to $0.2 million during the three months ended September 30, 1997 which represents interest income on the 17 Battery Place mortgage ($0.5 million), and interest earned on other mortgages ($0.2 million).

Operating expenses for the three months ended September 30, 1998 totaled $11.8 million representing an increase of $8.7 million compared to $3.1 million for the three months ended September 30, 1997. The increase was primarily attributable to properties not previously owned or acquired at the IPO date: (i) the 1997 Acquisitions which increased operating expenses by $2.2 million and (ii) the 1998 Acquisitions which increased operating expenses by $5.5 million and (iii) the remaining $1.0 million increase represents increased operating costs in the core and IPO portfolio of which $0.7 million resulted primarily from the 1998 provision for tenant credit loss.

Ground rent for the three months ended September 30, 1998 totaled $3.4 million representing an increase of $2.3 million compared to $1.1 million for the three months ended September 30, 1997. The increase is attributable to ground rent on 420 Lexington Avenue ($2.1 million) and 711 Third Avenue ($0.2 million).

Interest expense for the three months ended September 30, 1998 totaled $2.4 million representing an increase of $1.1 million compared to $1.3 million for the three months ended September 30, 1997. The increase is primarily attributable (Ito interest incurred on the Company's Credit Facility.

Depreciation and amortization for the three months ended September 30, 1998 totaled $4.1 million representing an increase of $2.3 million compared to $1.8 million for the three months ended September 30, 1997. The increase is primarily attributable to (i) properties previously owned or acquired at the IPO date by $0.2 million (ii) the 1997 Acquisitions which increased depreciation by $0.5 million and (iii) the 1998 Acquisitions which increased depreciation by $1.5 million, additionally amortization of financing costs increased $0.3 million due to fees recognized on the Company's Credit Facility and Bridge Facility and Hypothecated Loan.

Real estate taxes for the three months ended September 30, 1998 totaled $6.1 million representing an increase of $4.0 million compared to $2.1 million for the three months ended September 30, 1997. The increase is primarily attributable to (i) the 1997 Acquisitions which increased real estate taxes by $0.8 million and (ii) the 1998 Acquisitions which increased real estate taxes by $3.2 million.

Marketing, general and administrative expense for the three months ended September 30, 1998 totaled $1.6 million representing an increase of $0.9 million compared to $0.7 million for the three months ended September 30, 1997. The increase is due to additional staffing and incremental absorption of personnel previously involved in third party management which has been phased out in favor of direct property ownership ($0.7 million), costs associated with management information systems and year 2000 compliance and higher public entity costs ($0.2 million).

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 Company's properties. The proceeds from the Offering, as well as the new mortgage loan in the amount of $14 million, which is secured by 50 West 23rd Street, were utilized to repay existing mortgage loans, acquire properties, pay Offering and Formation Transaction expenses and provide working capital. Total outstanding mortgage loans amounted to $46.3 million as a result of the Formation Transactions. All mortgage loans encumbering the Company's properties have fixed interest rates ranging from 7.47% to 9.0%.

The Company requested the Credit Facility banking group to temporarily relieve the Company from its obligations under the financial covenants of the Credit Facility, in order to close an additional financing necessary to acquire the Helmsley Properties (the "Bridge Facility"). This Bridge Facility closed on March 18, 1998 financed the Helmsley Properties acquisition, paid-off the outstanding balance on the Company's Credit Facility and provides on-going liquidity for future acquisition and corporate needs. The term of the Bridge Facility was one year. The interest rate was determined by a schedule of the percent of the loan commitment outstanding and the duration of the loan commitment outstanding ranging from 170 basis points to 300 basis points over LIBOR. The Bridge Facility was paid off on May 18, 1998 through proceeds from the 1998 public offerings. The Company's Credit Facility was restored during May 1998; currently there is $82 million of borrowings outstanding and remaining availability is $58 million. The effective borrowing rate at September 30, 1998 was 6.93%.

At September 30, 1998 the mortgage loans and Credit Facility borrowings represent approximately 16.6% of the Company's market capitalization based on an estimated total market capitalization (debt and equity including preferred stock), assuming conversion of all operating partnership units) of $802 million (based on a common stock price of $21.00 per share, the closing price of the Company's common stock on the

New York Stock Exchange on September 30, 1998). The Company's principal debt maturities are scheduled to be $0.5 million and $2.23 million for the remaining three months ending December 31, 1998 and the twelve months ending December 31, 1999, respectively, which represents monthly loan amortization on regularly scheduled secured debt.

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

The Company estimates that for the three months ending December 31, 1998 and the 12 months ending December 31, 1999, it will incur approximately $9.5 million and $26.5 million, respectively, of capital expenditures on properties currently owned. In 1998 and 1999, over $9.4 million and $24.3 million, respectively, of the capital investments are associated with capital investment dedicated to redevelopment costs associated with properties acquired at or after the Company's IPO. The Company expects to fund these capital expenditures with the Credit Facility, operating cash flow and cash on hand. Future property acquisitions may require substantial capital investments in such properties for refurbishment and leasing costs. The Company expects that these financing requirements will be provided primarily from the Credit Facility, from additional borrowings secured by the properties and from future issuances of equity and debt. The Company believes that it will have sufficient capital resources to satisfy its obligations during the next 12 month period. Thereafter, the Company expects that capital needs will be met through a combination of net cash provided by operations, borrowings and additional equity issuances.

In ancitipcation of financing future acquisitions, the Company entered into an interest rate protection agreement on September 2, 1998, with Salomon Brothers for $100 million of future indebtedness. As a result of this arrangement, the Company essentially "locked into" U.S. Treasury rates in effect as of September 2, 1998, or 5.13%, for $100 million of future indebtedness. As of September 30, 1998, U.S. Treasury rates were lower than 5.13% and as a result, the then present value of future cash payments which the Company would be obligated to make on $100 million of indebtedness (at the interest rate protection agreement rate) in excess of the present value of future cash payments which the Company would be obligated to make on $100 million of debt (at the then current U.S. Treasury rate) (the "excess payment amount") was approximately $5.5 million. As of November 11, 1998, due to rising U.S. Treasury rates, the spread between the U.S. Treasury rate and the rate of the Company's interest rate protection agreement had narrowed and the excess payment amount had decreased to $2.3 million.

It is the Company's intention to pursue and complete financing arrangements with terms similar to those of the hedged position. Since these anticipatory hedges are designated, and effective, as hedges of identified debt issuances which have a high probability of occurring, gains and losses resulting from changes in the market value of these contracts are deferred and amortized into interest expense over the life of the related debt instrument. Hedges determined to be ineffective and hedges not correlated to financings are charged to operations.

CASH FLOWS

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 1998 TO THE NINE MONTHS ENDED SEPTEMBER 30, 1997

Net cash provided by operating activities increased $14.1 million to $18.3 million provided by operations from $4.2 million provided by operations for the nine months ended September 30, 1998 compared to the nine months ended September 30, 1997. The increase was due primarily to the operating cash flow generated by the IPO Acquisitions, 1997 Acquisitions and 1998 Acquisitions, increased income from other properties and an increase in investment income. Net cash used in investing activities increased $214.6 million to $366.5 million from $151.9 million for the nine months ended September 30, 1998 compared to the nine months ended September 30, 1997. The increase was due primarily to the purchase of (i) certain properties in connection with the Offering (ii) the 1997 Acquisitions and (iii) the 1998 Acquisitions. Net cash provided by financing activities increased $173.2 million to $336.3 million for the nine months ended September 30, 1998 compared to $163.1 million cash provided by financing activities for the nine months ended September 30, 1997. The increase was primarily due to net proceeds from the Company's Public Offerings of common stock ($242.9 million) and preferred stock ($110.4 million) which were used to pay-off the Company's Bridge Loan Facility ($240 million) and purchase the 1998 acquisitions. The repayment in the Bridge Loan resulted in an extraordinary loss of $0.6 million. This increase was partially off-set by the $20.6 million common stock and OP Unit dividend distribution payments and $1.2 million in deferred loan cost payments.

FUNDS FROM OPERATIONS

The White Paper on Funds from Operations approved by the Board of Governors of NAREIT in March 1995 defines Funds from Operations as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. The Company believes that Funds from Operations is helpful to investors as a measure of the performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. The Company computes Funds from Operations in accordance with standards established by NAREIT which may not be comparable to Funds from Operations reported by other REIT's that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the

Company. Funds from Operations does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make cash distributions.

On a historical pro forma basis after giving effect to the Formation Transactions, Funds from Operations for the three and nine months ended September 30, 1998 and 1997 respectively, are as follows:

	Three Months Ended		Nine Months Ended	
	1998	1997	1998	1997
	(Historical)	(Pro Forma)	(Historical)	(Pro Forma)
Income before minority interest and extraordinary item......................	$ 11,058	$ 4,429	$ 23,072	$ 13,754
Add:				
Depreciation and amortization...........	4,069	1,814	10,714	5,444
Less:				
Preferred stock dividend................	(2,300)	---	(3,420)	---
Amortization of deferred financing costs and Depreciation of non-real estate assets..................................	(186)	(73)	(811)	(136)
FFO.....................................	$ 12,641	$ 6,170	$ 29,555	$ 19,062

INFLATION

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standards Board Statement No. 131 ("FAS No. 131") "Disclosure about Segments of an Enterprise and Related Information" is effective for financial statements issued for periods beginning after December 15, 1997. FAS No. 131 requires disclosures about segments of an enterprise and related information regarding the different types of business activities in which an enterprise engages and the different economic environments in which it operates.

The Company does not believe that the implementation of FAS No. 131 will have a material impact on its financial statements.

YEAR 2000 COMPLIANCE

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

STATE OF READINESS

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

INFORMATION TECHNOLOGY: In 1997, the Company began a project to update its information technology resources by installing new hardware and software throughout the Company. The Company expects to complete the implementation of the systems by December 1998. All hardware components and software were acquired from major U.S. manufacturers. The manufacturer of the new financial systems has supplied the Company with documentation of Year 2000 testing to demonstrate that their software meets and exceeds Year 2000 compliance requirements. The company plans to rely on the documentation furnished. The Company is currently contacting other software and hardware providers for confirmation of Year 2000 compliance.

PROPERTY OPERATING EQUIPMENT: The Company believes that it has identified building operating systems (primarily elevators and fire safety systems) that contain embedded chips or use software that require Year 2000 testing. The Company received confirmation from these vendors and manufacturers that the equipment and related systems are Year 2000 compliant. In addition, the Company has since tested approximately 70% of these identified systems and found them functional. Further testing is being scheduled to be completed by 3/31/99.

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

	Assessment	Remediation	Direct Testing	Indirect Testing	Implementation
Information Technology	100% complete	75% complete Expected completion 6/30/99	Not planned	75% complete based on representations received from third party vendor	75% complete Expected completion 6/30/99
Property Operating Equipment	90% complete	70% complete	70% complete	Not applicable	70% complete
Third Party Service Providers	100% complete	Not yet fully assessed	Not applicable	25% complete based on representations received from third party vendors	50% complete Expected completion 9/30/99

COSTS

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

RISKS

The Company believes that it has an effective program in place to resolve the Year 2000 issue in a timely manner. As noted above, the Company has not yet completed all necessary phases of the Year 2000 program. In the event that the Company does not complete any additional phases, the Company may be unable to collect rents, process Company payroll, and disburse funds. The Company also does not have any plan, and cannot make any assurances regarding any loss of governmental, utility services or financial market functionality that may be lost as a result of Year 2000. The Company cannot make any assurances that its tenants will be able to disburse funds to pay rental invoices due to Year 2000 compliance deficiencies.

CONTINGENCIES

The Company expects to complete all phases of its Year 2000 program by the end of the third quarter 1999 and currently has no contingency plan in place. The Company plans to evaluate the status of completion in June 1999 and determine whether such a plan is necessary.

PART II. OTHER INFORMATION

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

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

None

(b) Reports on Form 8-K:

1. Form 8-K dated August 14, 1998, Items 2 and 7.

SIGNATURES

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

SL GREEN REALTY CORP.

By: /s/ Ann Iseley

Ann Iseley
Executive Vice President and
Chief Financial Officer

Date: November 13, 1998