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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 March 31, 2010

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

For the transition period from to .

Commission File Number: 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES o NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO x

The number of shares outstanding of the registrant's common stock, $0.01 par value, was 77,963,290 as of April 30, 2010.

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SL GREEN REALTY CORP.

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PART I. FINANCIAL INFORMATION
ITEM 1. Financial Statements

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

	March 31, 2010 (Unaudited)	December 31, 2009
Assets		
Commercial real estate properties, at cost:		
Land and land interests	**$ 1,411,560**	$ 1,379,052
Building and improvements	**5,682,183**	5,585,584
Building leasehold and improvements	**1,281,151**	1,280,256
Property under capital lease	**12,208**	12,208
	8,387,102	8,257,100
Less: accumulated depreciation	**(790,171)**	(738,422)
	7,596,931	7,518,678
Assets held for sale	**992**	992
Cash and cash equivalents	**167,654**	343,715
Restricted cash	**170,318**	94,495
Investment in marketable securities	**78,048**	58,785
Tenant and other receivables, net of allowance of $17,549 and $14,271 in 2010 and 2009, respectively	**22,980**	22,483
Related party receivables	**3,218**	8,570
Deferred rents receivable, net of allowance of $25,481 and $24,347 in 2010 and 2009, respectively	**176,601**	166,981
Structured finance investments, net of discount of $86,439 and $46,802 and allowance of $99,844 and $93,844 in 2010 and 2009, respectively	**786,138**	784,620
Investments in unconsolidated joint ventures	**1,053,754**	1,058,369
Deferred costs, net	**151,856**	139,257

Other assets	**305,750**	290,632
Total assets	**$ 10,514,240**	$ 10,487,577
Liabilities		
Mortgage notes payable	**$ 2,723,146**	$ 2,595,552
Revolving credit facility	**900,000**	1,374,076
Senior unsecured notes	**1,053,255**	823,060
Accrued interest payable and other liabilities	**23,002**	34,734
Accounts payable and accrued expenses	**137,278**	125,982
Deferred revenue/gains	**344,772**	349,669
Capitalized lease obligation	**16,930**	16,883
Deferred land leases payable	**18,076**	18,013
Dividend and distributions payable	**14,248**	12,006
Security deposits	**39,903**	39,855
Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities	**100,000**	100,000
Total liabilities	**5,370,610**	5,489,830
Commitments and contingencies	**—**	—
Noncontrolling interest in operating partnership	**80,642**	84,618
Equity		
SL Green stockholders' equity:		
Series C preferred stock, $0.01 par value, $25.00 liquidation preference, 11,700 and 6,300 issued and outstanding at March 31, 2010 and December 31, 2009, respectively	**274,149**	151,981
Series D preferred stock, $0.01 par value, $25.00 liquidation preference, 4,000 issued and outstanding at March 31, 2010 and December 31, 2009, respectively	**96,321**	96,321
Common stock, $0.01 par value 160,000 shares authorized and 81,284 and 80,875 issued and outstanding at March 31, 2010 and December 31, 2009, respectively (including 3,360 shares at both March 31, 2010 and December 31, 2009, held in Treasury, respectively)	**813**	809
Additional paid-in-capital	**3,542,197**	3,525,901
Treasury stock at cost	**(302,705)**	(302,705)
Accumulated other comprehensive loss	**(21,902)**	(33,538)
Retained earnings	**949,083**	949,669
Total SL Green stockholders' equity	**4,537,956**	4,388,438
Noncontrolling interests in other partnerships	**525,032**	524,691
Total equity	**5,062,988**	4,913,129
Total liabilities and equity	**$ 10,514,240**	$ 10,487,577

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

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

	Three Months Ended March 31,	
	2010	**2009**
Revenues		
Rental revenue, net	**$ 198,586**	$ 195,629
Escalation and reimbursement	**31,468**	33,629
Preferred equity and investment income	**20,379**	16,898
Other income	**8,200**	16,281
Total revenues	**258,633**	262,437
Expenses		
Operating expenses (including approximately $3,104 (2010) and $3,432 (2009) paid to affiliates)	**58,766**	55,092
Real estate taxes	**38,387**	36,750
Ground rent	**7,821**	8,046
Interest expense, net of interest income	**57,479**	59,997
Amortization of deferred financing costs	**2,516**	1,436
Depreciation and amortization	**57,052**	54,465
Loan loss and other investment reserves	**6,000**	62,000
Marketing, general and administrative	**19,456**	17,922
Total expenses	**247,477**	295,708
Income (loss) from continuing operations before equity in net income of unconsolidated joint ventures, noncontrolling interests, and discontinued operations	**11,156**	(33,271)
Equity in net income from unconsolidated joint ventures	**15,376**	13,073
Equity in net gain on sale of interest in unconsolidated joint ventures/ real estate	**—**	9,541
Loss on equity investment in marketable securities	**(285)**	(807)
Gain(loss) on early extinguishment of debt	**(113)**	47,712
Income from continuing operations	**26,134**	36,248
Net income (loss) from discontinued operations	**—**	(286)

Gain on sale of discontinued operations	—	6,572
Net income	**26,134**	42,534
Net income attributable to noncontrolling interests in the operating partnership	**(291)**	(1,320)
Net income attributable to noncontrolling interests in other partnerships	**(3,648)**	(3,477)
Net income attributable to SL Green	**22,195**	37,737
Preferred stock dividends	**(7,116)**	(4,969)
Net income attributable to SL Green common stockholders	**$ 15,079**	$ 32,768
Amounts attributable to SL Green common stockholders:		
Income from continuing operations	**$ 15,079**	$ 26,518
Discontinued operations	**—**	(63)
Gain on sale of discontinued operations	**—**	6,313
Net income	**$ 15,079**	$ 32,768
Basic earnings per share:		
Net income from continuing operations before gain on sale and discontinued operations	**$ 0.19**	$ 0.31
Net income from discontinued operations, net of noncontrolling interest	**—**	(0.01)
Gain on sale of discontinued operations, net of noncontrolling interest	**—**	0.11
Gain on sale of unconsolidated joint ventures/ real estate	**—**	0.16
Net income attributable to SL Green common stockholders	**$ 0.19**	$ 0.57
Diluted earnings per share:		
Net income from continuing operations before gain on sale and discontinued operations	**$ 0.19**	$ 0.31
Net income from discontinued operations	**—**	(0.01)
Gain on sale of discontinued operations	**—**	0.11
Gain on sale of unconsolidated joint ventures/ real estate	**—**	0.16
Net income attributable to SL Green common stockholders	**$ 0.19**	$ 0.57
Dividends per share	**$ 0.10**	$ 0.375
Basic weighted average common shares outstanding	**77,823**	57,178
Diluted weighted average common shares and common share equivalents outstanding	**79,760**	59,555

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

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

	SL Green Realty Corp. Stockholders										
	Series C Preferred Stock	Series D Preferred Stock	Common Stock Shares	Common Stock Par Value	Additional Paid-In-Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests	Total	Comprehensive Income
Balance at December 31, 2009	**$ 151,981**	**$ 96,321**	**77,515**	**$ 809**	**$ 3,525,901**	**$ (302,705)**	**$ (33,538)**	**$ 949,669**	**$ 524,691**	**$ 4,913,129**	
Comprehensive Income:											
Net income								22,195	3,648	25,843	**$ 25,843**
Net unrealized loss on derivative instruments							(4,629)			(4,629)	(4,629)
SL Green's share of joint venture net unrealized loss on derivative instruments							(1,397)			(1,397)	(1,397)
Unrealized gain on marketable securities							17,662			17,662	17,662
Preferred dividends								(7,116)		(7,116)	
Redemption of units and DRIP proceeds			266	3	12,033					12,036	
Reallocation of noncontrolling interest in the operating partnership								(7,533)		(7,533)	
Deferred compensation plan & stock award, net			102	1	316					317	
Amortization of deferred compensation plan					3,028					3,028	
Net proceeds from preferred stock offering	122,168									122,168	
Proceeds from stock options exercised			41	—	919					919	
Cash distributions to noncontrolling interests									(3,307)	(3,307)	
Cash distribution declared ($0.10 per common share of which none represented a return of capital for federal income tax purposes)								(8,132)		(8,132)	
Balance at March 31, 2010	**$ 274,149**	**$ 96,321**	**77,924**	**$ 813**	**$ 3,542,197**	**$ (302,705)**	**$ (21,902)**	**$ 949,083**	**$ 525,032**	**$ 5,062,988**	**$ 37,479**

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

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

	Three Months Ended March 31,	
	2010	**2009**
Operating Activities		
Net income	**$ 26,134**	$ 42,534
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**59,568**	56,917
(Gain) loss on sale of discontinued operations	**—**	(6,572)
Equity in net income from unconsolidated joint ventures	**(15,376)**	(13,073)
Equity in net gain on sale of unconsolidated joint ventures	**—**	(9,541)
Distributions of cumulative earnings from unconsolidated joint ventures	**10,328**	9,249
Loan loss and other investment reserves	**6,000**	62,000
Loss on equity investment in marketable securities	**285**	807
(Gain) loss on early extinguishment of debt	**113**	(47,712)
Deferred rents receivable	**(10,754)**	(7,089)
Other non-cash adjustments	**(10,228)**	(2,586)
Changes in operating assets and liabilities:		
Restricted cash — operations	**(10,082)**	8,016
Tenant and other receivables	**413**	320
Related party receivables	**5,352**	(6,443)
Deferred lease costs	**(7,934)**	(4,677)
Other assets	**(1,134)**	(23,232)
Accounts payable, accrued expenses and other liabilities	**12,293**	(2,183)
Deferred revenue and land leases payable	**1,704**	(1,286)
Net cash provided by operating activities	**66,682**	55,449
Investing Activities		
Acquisitions of real estate property	**—**	—
Additions to land, buildings and improvements	**(13,857)**	(17,570)
Escrowed cash — capital improvements/acquisition deposits	**(12,006)**	537
Investments in unconsolidated joint ventures	**(1,084)**	(8,310)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	**8,155**	6,482
Net proceeds from disposition of real estate/ partial interest in property	**—**	17,154
Other investments	**(1,131)**	(1,935)
Structured finance and other investments net of repayments/participations	**(40,320)**	406
Net cash used in investing activities	**(60,243)**	(3,236)
Financing Activities		
Proceeds from mortgage notes payable	**—**	1,112
Repayments of mortgage notes payable	**(12,079)**	(6,878)
Proceeds from revolving credit facility and senior unsecured notes	**250,000**	—
Repayments of revolving credit facility and senior unsecured notes	**(495,465)**	(305,392)
Proceeds from stock options exercised and DRIP issuance	**12,164**	—
Net proceeds from sale of preferred stock	**122,168**	—
Distributions to noncontrolling interests in other partnerships	**(3,307)**	(5,315)
Contributions from noncontrolling interests in other partnerships	**—**	—
Redemption of noncontrolling interest in operating partnership	**(11,096)**	—
Distributions to noncontrolling interests in operating partnership	**(141)**	(876)
Dividends paid on common and preferred stock	**(12,835)**	(26,441)
Deferred loan costs and capitalized lease obligation	**(31,909)**	(1,658)
Net cash used in financing activities	**(182,500)**	(345,448)
Net decrease in cash and cash equivalents	**(176,061)**	(293,235)
Cash and cash equivalents at beginning of period	**343,715**	726,889
Cash and cash equivalents at end of period	**$ 167,654**	$ 433,654

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

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SL Green Realty Corp.
Notes to Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2010

1. Organization and Basis of Presentation

SL Green Realty Corp., also referred to as the Company or SL Green, a Maryland corporation, and SL Green Operating Partnership, L.P., or the operating partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. The operating partnership received a contribution of interest in the real estate properties, as well as 95% of the economic interest in the management, leasing and construction companies which are referred to as the Service Corporation. All of the management, leasing and construction services with respect to the properties wholly-owned by us are conducted through SL Green Management LLC which

is 100% owned by our operating partnership. The Company has qualified, and expects to qualify in the current fiscal year, as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, and operates as a self-administered, self-managed REIT. A REIT is a legal entity that holds real estate interests and, through payments of dividends to stockholders, is permitted to reduce or avoid the payment of Federal income taxes at the corporate level. Unless the context requires otherwise, all references to "we," "our" and "us" means the Company and all entities owned or controlled by the Company, including the operating partnership.

Substantially all of our assets are held by, and our operations are conducted through, the operating partnership. The Company is the sole managing general partner of the operating partnership. As of March 31, 2010, minority investors held, in the aggregate, a 1.8% limited partnership interest in the operating partnership. We refer to this as the noncontrolling interests in the operating partnership. See Note 13.

Reckson Associates Realty Corp., or Reckson, and Reckson Operating Partnership, L.P., or ROP, are subsidiaries of our operating partnership.

We completed the sale, or Asset Sale, of certain assets of ROP to an asset purchasing venture led by certain of Reckson's former executive management, or the Buyer, for a total consideration of approximately $2.0 billion.

As of March 31, 2010, we owned the following interests in commercial office properties in the New York Metro area, primarily in midtown Manhattan, a borough of New York City, or Manhattan. Our investments in the New York Metro area also include investments in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey, which are collectively known as the Suburban assets:

Location	Ownership	Number of Properties	Square Feet	Weighted Average Occupancy [1]
Manhattan	Consolidated properties	22	14,829,700	90.9%
	Unconsolidated properties	8	9,429,000	93.4%
Suburban	Consolidated properties	25	3,863,000	83.5%
	Unconsolidated properties	6	2,941,700	94.2%
		61	31,063,400	91.0%

[1] The weighted average occupancy represents the total leased square feet divided by total available rentable square feet.

We also own investments in eight retail properties encompassing approximately 374,812 square feet, three development properties encompassing approximately 399,800 square feet and two land interests. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

Partnership Agreement

In accordance with the partnership agreement of the operating partnership, or the operating partnership agreement, we allocate all distributions and profits and losses in proportion to the percentage ownership interests of the respective partners. As the managing general partner of the operating partnership, we are required to take such reasonable efforts, as determined by us in our sole discretion, to cause the operating partnership to distribute sufficient amounts to enable the payment of sufficient dividends by us to avoid any Federal income or excise tax at the Company level. Under the operating partnership agreement, each limited partner has the right to redeem units of limited partnership interests for cash, or if we so elect, shares of our common stock on a one-for-one basis.

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SL Green Realty Corp.
Notes to Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2010

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 2010 operating results for the period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. These financial statements should be read in conjunction with the financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2009.

The balance sheet at December 31, 2009 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 our accounts and those of our subsidiaries, which are wholly-owned or controlled by us. Entities which we do not control through our voting interest and entities which are variable interest entities, but where we are not the primary beneficiary, are accounted for under the equity method or as structured finance investments. See Note 5 and Note 6. All significant intercompany balances and transactions have been eliminated.

In June 2009, the FASB amended the guidance for determining whether an entity is a variable interest entity, or VIE, and requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. Under this guidance, an entity would be required to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. Adoption of this guidance on January 1, 2010 did not have a material impact on our consolidated financial statements.

A non-controlling interest in a consolidated subsidiary is defined as the portion of the equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests are required to be presented as a separate component of equity in the consolidated balance sheet and modifies the presentation of net income by requiring earnings and other comprehensive income to be attributed to controlling and non-controlling interests.

We assess the accounting treatment for each joint venture and structured finance investment. This assessment includes a review of each joint venture or limited liability company agreement to determine which party has what rights and whether those rights are protective or participating. For all VIE's we review such agreements in order to determine which party has the power to direct the activities that most significantly impact the entity's economic performance. In situations where we or our partner approves, among other things, the annual budget, receives a detailed monthly reporting package from us, meets on a quarterly basis to review the results of the joint venture, reviews and approves the joint venture's tax return before filing, and approves all leases that cover more than a nominal amount of space relative to the total rentable space at each property, we do not consolidate the joint venture as we consider these to be substantive participation rights that result in shared power of the activities that most significantly impact the performance of our joint venture. Our joint venture agreements also contain certain protective rights such as the requirement of partner approval to sell, finance or refinance the property and the payment of capital expenditures and operating expenditures outside of the approved budget or operating plan. We have no VIEs for which we are the primary beneficiary.

Investment in Commercial Real Estate Properties

On a periodic basis, we assess whether there are any indicators that the value of our real estate properties may be impaired or that its carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges for consolidated properties and discounted for unconsolidated properties) to be generated by the property are less than the carrying value of the property. To the extent impairment has occurred and is considered to be other than temporary, the loss will be measured as the excess of the carrying amount of the property over the calculated fair value of the property. We do not believe that the value of any of our consolidated or unconsolidated rental properties were impaired at March 31, 2010 and December 31, 2009, respectively.

We allocate the purchase price of real estate to land and building and, if determined to be material, intangibles, such as the value of above-, below- and at-market leases and origination costs associated with the in-place leases. We depreciate the amount allocated to building and other intangible assets over their estimated useful lives, which generally range from three to 40 years and from one to 14 years, respectively. The values of the above- and below-market leases are amortized and recorded as either an increase (in the case of below-market leases) or a decrease (in the case of above-market leases) to rental income over the remaining term of the associated lease, which range from one to 14 years. The value associated with in-place leases are amortized over the expected term of the associated lease, which range from one to 14 years. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). We assess fair value of the leases based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including the historical operating results, known trends, and market/economic conditions that may affect the property.

We recognized an increase of approximately $6.5 million and $5.4 million in rental revenue for the three months ended March 31, 2010 and 2009, respectively, for the amortization of aggregate below-market leases in excess of above-market leases and a reduction in lease origination costs, resulting from the allocation of the purchase price of the applicable properties. We recognized a reduction in interest expense for the amortization of the above-market rate mortgages assumed of approximately $0.3 million and $1.8 million for the three months ended March 31, 2010 and 2009, respectively.

The following summarizes our identified intangible assets (acquired above-market leases and in-place leases) and intangible liabilities (acquired below-market leases) (amounts in thousands):

	March 31, 2010	December 31, 2009
Identified intangible assets (included in other assets):		
Gross amount	**$ 254,091**	$ 236,594
Accumulated amortization	**(106,300)**	(98,090)
Net	**$ 147,791**	$ 138,504
Identified intangible liabilities (included in deferred revenue):		
Gross amount	**$ 488,795**	$ 480,770
Accumulated amortization	**(178,636)**	(164,073)
Net	**$ 310,159**	$ 316,697

Investment in Marketable Securities

We invest in marketable securities. At the time of purchase, we are required to designate a security as held-to-maturity, available-for-sale, or trading depending on ability and intent. We do not have any securities designated as held-to-maturity or trading at this time. Securities available-for-sale are reported

at fair value pursuant to ASC 820-10, with the net unrealized gains or losses reported as a component of accumulated other comprehensive loss. Unrealized losses that are determined to be other-than-temporary are recognized in earnings. We recorded a net unrealized gain of approximately $17.7 million in accumulated other comprehensive loss during the three months ended March 31, 2010.

At March 31, 2010, we held the following marketable securities (in thousands):

Level 1 — Equity marketable securities	$	18,014
Level 2 — Bonds		60,034
Total marketable securities available-for-sale	$	78,048

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SL Green Realty Corp.
Notes to Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2010

Fair Value Measurements

The methodologies used for valuing such instruments have been categorized into three broad levels as follows:

Level 1 — Quoted prices in active markets for identical instruments.

Level 2 — Valuations based principally on other observable market parameters, including

- Quoted prices in active markets for similar instruments,
- Quoted prices in less active or inactive markets for identical or similar instruments,
- Other observable inputs (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates), and
- Market corroborated inputs (derived principally from or corroborated by observable market data).

Level 3 — Valuations based significantly on unobservable inputs.

- Level 3A - Valuations based on third party indications (broker quotes or counterparty quotes) which were, in turn, based significantly on unobservable inputs or were otherwise not supportable as Level 2 valuations.
- Level 3B - Valuations based on internal models with significant unobservable inputs.

These levels form a hierarchy. We follow this hierarchy for our financial instruments measured at fair value on a recurring basis. The classifications are based on the lowest level of input that is significant to the fair value measurement.

Reserve for Possible Credit Losses

The expense for possible credit losses in connection with structured finance investments is the charge to earnings to increase the allowance for possible credit losses to the level that we estimate to be adequate, based on Level 3B data, considering delinquencies, loss experience and collateral quality. Other factors considered relate to geographic trends and product diversification, the size of the portfolio and current economic conditions. Based upon these factors, we establish the provision for possible credit losses by loan. When it is probable that we will be unable to collect all amounts contractually due, the investment is considered impaired.

Where impairment is indicated, a valuation allowance is measured based upon the excess of the recorded investment amount over the net fair value of the collateral. Any deficiency between the carrying amount of an asset and the calculated value of the collateral is charged to expense. We recorded approximately $6.0 million and $9.0 million in loan loss reserves during the three months ended March 31, 2010 and 2009, respectively, on investments being held to maturity and none and $53.0 million on investments held for sale, respectively.

Structured finance investments held for sale are carried at the lower of cost or fair market value using available market information obtained through consultation with dealers or other originators of such investments as well as discounted cash flow models based on Level 3B data pursuant to ASC 820-10. As circumstances change, management may conclude not to sell an investment designated as held for sale. In such situations, the loan will be reclassified at its net carrying value to structured finance investments held to maturity. For these reclassified loans, the difference between the current carrying value and the expected cash to be collected at maturity will be accreted into income over the remaining term of the loan.

Income Taxes

We are taxed as a REIT under Section 856(c) of the Code. As a REIT, we generally are not subject to Federal income tax. To maintain our qualification as a REIT, we must distribute at least 90% of our REIT taxable income to our stockholders and meet certain other requirements. If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income tax on our taxable income at regular corporate rates. We may also be subject to certain state, local and franchise taxes. Under certain circumstances, Federal income and excise taxes may be due on our undistributed taxable income.

Pursuant to amendments to the Code that became effective January 1, 2001, we have elected, and may in the future, elect to treat certain of our existing or newly created corporate subsidiaries as taxable REIT subsidiaries, or a TRS. In general, a TRS of ours may perform non-customary services for our tenants, hold assets that we cannot hold directly and generally may engage in any real estate or non-real estate related business. Our TRSs' generate income, resulting in Federal income tax liability for these entities. Our TRSs' recorded approximately none and $2.5 million in Federal, state and local tax expense during the three months ended March 31, 2010 and 2009, respectively. We made estimated tax payments of $0.3 million and $0.5 million during the three months ended March 31, 2010 and 2009, respectively.

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Stock-Based Employee Compensation Plans

We have a stock-based employee compensation plan, described more fully in Note 12.

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

Compensation cost for stock options, if any, is recognized ratably over the vesting period of the award. Our policy is to grant options with an exercise price equal to the quoted closing market price of our stock on the grant date. Awards of stock or restricted stock are expensed as compensation over the benefit period based on the fair value of the stock on the grant date.

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model based on historical information with the following weighted average assumptions for grants during the three months ended March 31, 2010 and 2009.

	2010	2009
Dividend yield	**2.00%**	5.79%
Expected life of option	**6.2 years**	5 years
Risk-free interest rate	**3.10%**	1.55%
Expected stock price volatility	**49.00%**	55.07%

Earnings Per Share

We present both basic and diluted earnings per share, or EPS. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower EPS amount. This also includes units of limited partnership interest.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash investments, structured finance investments and accounts receivable. We place our cash investments in excess of insured amounts with high quality financial institutions. The collateral securing our structured finance investments is primarily located in the New York Metro area. (See Note 5). We perform ongoing credit evaluations of our tenants and require certain tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the total value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with re-tenanting the space. Although the properties in our real estate portfolio are primarily located in Manhattan, we also have properties located in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey. The tenants located in our buildings operate in various industries. Other than one tenant who accounts for approximately 8.2% of our annualized rent, no other tenant in our portfolio accounts for more than 5.8% of our annualized rent, including our share of joint venture annualized rent at March 31, 2010. Approximately 7%, 6%, 6%, 7% and 6% of our annualized rent, including our share of joint venture annualized rent, was attributable to 1221 Avenue of the Americas, 1515 Broadway, 420 Lexington Avenue, 1185 Avenue of the Americas and One Madison Avenue, respectively, for the quarter ended March 31, 2010. Two borrowers accounted for more than 10.0% of the revenue earned on structured finance investments during the three months ended March 31, 2010.

Reclassification

Certain prior year balances have been reclassified to conform with the current year presentation primarily in order to eliminate discontinued operations from income from continuing operations.

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Accounting Standards Updates

In June 2009, the FASB issued guidance on accounting for transfers of financial assets. This guidance amends various components of the existing guidance governing sale accounting, including the recognition of assets obtained and liabilities assumed as a result of a transfer, and considerations of effective control by a transferor over transferred assets. In addition, this guidance removes the exemption for qualifying special purpose entities from the consolidation guidance. While the amended guidance governing sale accounting is applied on a prospective basis, the removal of the qualifying special purpose entity exception will require us to evaluate certain entities for consolidation. Adoption of this guidance on January 1, 2010 did not have a material impact on our consolidated financial statements.

3. Property Acquisitions

In January 2010, we became the sole owner of 100 Church Street, a 1.05 million square-foot office tower located in downtown Manhattan, following the successful foreclosure of the senior mezzanine loan at the property. Our initial investment totaled $40.9 million which was comprised of a 50% interest in the senior mezzanine loan and two other mezzanine loans at 100 Church Street, which we acquired from Gramercy in the summer of 2007. As part of a consensual arrangement reached with the then-current owners in August 2009, SL Green, on behalf of the mezzanine lender, obtained management and leasing control of the property. At closing of the foreclosure, we funded an additional $15.0 million of capital into the project as part of our agreement with Wachovia Bank, N.A. to extend and restructure the existing financing. The restructured $139.7 million mortgage carries an interest rate of 350 basis points over the 30-day LIBOR. The mortgage matures in January 2013 and has a one-year extension option. Gramercy declined to fund its share of this capital and instead entered into a transaction whereby it transferred its interests in the investment to us at closing, subject to certain future contingent payments to Gramercy.

The following summarizes our preliminary allocation of the purchase price of the assets acquired and liabilities assumed upon the completion of the foreclosure of 100 Church Street (in thousands):

Land	$	32,494
Building		88,010
Acquired above-market leases		118
Acquired in-place leases		17,380
Restricted cash		53,735
Assets acquired		191,737
Mortgage note payable		139,672
Acquired below-market leases		8,025
Other liabilities, net of other assets		2,878
Liabilities assumed		150,575
Net assets	$	41,162

4. Property Dispositions and Assets Held for Sale

At March 31, 2009, discontinued operations included the results of operations of real estate assets sold prior to that date. This included 55 Corporate Drive, NJ which was sold in January 2009, the membership interests in GKK Manager LLC which were sold in April 2009 (See Note 6) and 399 Knollwood Road, Westchester, which was sold in August 2009.

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The following table summarizes income from discontinued operations and the related realized gain on sale of discontinued operations for the three months ended March 31, 2009 (in thousands). No assets were considered as held for sale during the three months ended March 31, 2010.

	Three Months Ended March 31, 2009
Revenues	
Rental revenue	$ 1,422
Escalation and reimbursement revenues	122
Other income	4,886
Total revenues	6,430
Operating expense	411
Real estate taxes	199
Interest expense, net of interest income	598
Marketing, general and administrative	5,175
Depreciation and amortization	333
Total expenses	6,716
Income (loss) from discontinued operations	(286)
Gain on sale of discontinued operations	6,572
Income from discontinued operations	$ 6,286

5. Structured Finance Investments

During the three months ended March 31, 2010 and 2009, our structured finance and preferred equity investments (net of discounts), including investments classified as held-for-sale, increased approximately $84.7 million and $7.1 million, respectively, due to originations, purchases, accretion of discounts and paid-in-kind interest. There were approximately $83.2 million and $63.6 million in repayments, participations, sales, foreclosures and loan loss reserves recorded during those periods, respectively, which offset the increases in structured finance investments.

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As of March 31, 2010 and December 31, 2009, we held the following structured finance investments, excluding preferred equity investments, with an aggregate weighted average current yield of approximately 7.6% (in thousands):

Loan Type	Gross Investment	Senior Financing	2010 Principal Outstanding	2009 Principal Outstanding	Initial Maturity Date
Other Loan[1]	$ 3,500	$ 15,000	**$ 3,500**	$ 3,500	September 2021
Mezzanine Loan[1]	60,000	235,000	**58,593**	58,760	February 2016
Mezzanine Loan[1]	25,000	200,000	**25,000**	25,000	May 2016
Mezzanine Loan[1]	35,000	165,000	**39,313**	39,125	October 2016
Mezzanine Loan[1] [3] [9] [10] [11]	75,000	4,424,304	**70,092**	70,092	December 2016
Other Loan[1] [5] [9] [11]	5,000	—	**5,350**	5,350	May 2011
Whole Loan[2][3]	9,815	—	**9,500**	9,636	December 2010
Mezzanine Loan[1] [2] [4] [9]	25,000	376,889	**27,422**	26,605	January 2013
Mezzanine Loan[1]	16,000	90,000	**15,697**	15,697	August 2017
Mezzanine Loan[3] [13]	—	—	**—**	40,938	—
Other Loan[1]	1,000	—	**1,000**	1,000	December 2010
Junior Participation[1] [6][9] [11]	14,189	—	**10,167**	9,938	April 2008
Mezzanine Loan[1] [11] [12]	67,000	1,139,000	**84,636**	84,636	March 2017
Mezzanine Loan[9] [14]	23,145	—	**—**	35,908	July 2010
Mezzanine Loan[3] [9] [11]	22,644	7,099,849	**—**	—	—
Junior Participation[1] [9]	11,000	53,000	**11,000**	11,000	November 2011
Junior Participation[7] [9]	12,000	61,250	**10,875**	10,875	June 2012
Junior Participation[9] [11]	9,948	48,198	**5,866**	5,866	December 2010
Junior Participation [8]	50,000	2,274,096	**47,676**	47,691	April 2011
Mortgage/ Mezzanine Loan[16]	146,164	325,000	**146,164**	104,431	July 2010
Whole Loan[1] [3]	9,375	—	**9,907**	9,902	February 2015
Junior Participation	35,041	200,000	**35,041**	30,548	January 2012
First Mortgage/Mezzanine loan[15]	185,160	—	**185,160**	167,717	March 2010
Whole loan[1]	10,859	—	**10,859**	—	November 2013
Junior Participation	8,058	70,800	**8,058**	—	October 2010
Loan loss reserve[9]	—	—	**(101,866)**	(101,866)	—
	$ 859,898	$ 16,777,386	**$ 719,010**	$ 712,349	

(1) This is a fixed rate loan.
(2) The difference between the pay and accrual rates is included as an addition to the principal balance outstanding.
(3) Gramercy holds a pari passu interest in this asset.
(4) This loan had been in default since December 2007. We reached an agreement with the borrower to, amongst other things, extend the maturity date to January 2013.
(5) The original loan which was scheduled to mature in February 2010 was replaced with two loans which mature in May 2011. The total principal balance remained unchanged. Approximately $10.4 million was redeemed in October 2008.
(6) This loan is in default. The lender has begun foreclosure proceedings. Another participant holds a $12.2 million pari-pasu interest in this loan.
(7) This loan was extended for two years to June 2010.
(8) Gramercy is the borrower under this loan. This loan consists of mortgage and mezzanine financing.
(9) This represents specifically allocated loan loss reserves. Our reserves reflect management's judgment of the probability and severity of losses based on Level 3 data. We cannot be certain that our judgment will prove to be correct and that reserves will be adequate over time to protect against potential future losses. This includes a $69.1 million mark-to-market adjustment against our held for sale investment during the year ended December 31, 2009.
(10) This investment was classified as held for sale at March 31, 2010 and December 31, 2009.
(11) This loan is on non-accrual status.
(12) Interest is added to the principal balance for this accrual only loan.
(13) This loan was in default as it was not repaid upon maturity. We were designated as special servicer for this loan and took over management and leasing of the property under a forbearance agreement in August 2009. We foreclosed on this property in January 2010.
(14) We acquired Gramercy's interest in this investment in July 2009 for approximately $16.0 million.
(15) The balance on the first mortgage was $171.0 million at March 31, 2010. We have a commitment to fund up to an additional $73.4 million as of March 31, 2010.
(16) Gramercy holds a pari passu interest in the mezzanine loan.

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Preferred Equity Investments

As of March 31, 2010 and December 31, 2009, we held the following preferred equity investments, with an aggregate weighted average current yield of approximately 8.9% (in thousands):

Type	Gross Investment	Senior Financing	2010 Amount Outstanding	2009 Amount Outstanding	Initial Mandatory Redemption
Preferred equity[1] [3]	$ 15,000	$ 2,350,000	**$ 15,000**	$ 15,000	February 2015
Preferred equity[1] [2] [3] [6] [7]	51,000	210,216	**42,648**	41,791	February 2014
Preferred equity[3] [5]	34,120	88,000	**31,178**	31,178	March 2010
Preferred equity[4]	44,733	990,635	**46,372**	46,372	August 2012
Loan loss reserve[3]	—	—	**(67,078)**	(61,078)	—
	$ 144,853	$ 3,638,851	**$ 68,120**	$ 73,263	

(1) This is a fixed rate investment.
(2) Gramercy holds a mezzanine loan on the underlying asset.
(3) This represents specifically allocated loan loss reserves. Our reserves reflect management's judgment of the probability and severity of losses based on Level 3 data. We cannot be certain that our judgment will prove to be correct and that reserves will be adequate over time to protect against potential future losses.
(4) This loan was converted from a mezzanine loan to preferred equity in July 2009.
(5) This investment is on non-accrual status.
(6) The difference between the pay and accrual rates is included as an addition to the principal balance outstanding.
(7) This investment was classified as held for sale at June 30, 2009, but as held-to-maturity at December 31, 2009. The reserve previously taken against this loan is being accreted up to the face amount through the maturity date.

The following table is a rollforward of our total loan loss reserves at March 31, 2010 and December 31, 2009 (in thousands):

	2010	2009
Balance at beginning of year	$ 93,844	$ 98,916
Expensed	6,000	145,855
Charge-offs	—	(150,927)
Balance at end of period	$ 99,844	$ 93,844

At March 31, 2010 and December 31, 2009, all structured finance investments, other than as noted above, were performing in accordance with the terms of the loan agreements.

6. Investment in Unconsolidated Joint Ventures

We have investments in several real estate joint ventures with various partners, including The Rockefeller Group International Inc., or RGII, The City Investment Fund, or CIF, SITQ Immobilier, a subsidiary of Caisse de depot et placement du Quebec, or SITQ, a fund managed by JP Morgan Investment Management, or JP Morgan, Prudential Real Estate Investors, or Prudential, Onyx Equities, or Onyx, The Witkoff Group, or Witkoff, Credit Suisse Securities (USA) LLC, or Credit Suisse, Jeff Sutton, or Sutton, and Gramercy Capital Corp. (NYSE: GKK), or Gramercy, as well as private investors. As we do not control these joint ventures, we account for them under the equity method of accounting.

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The table below provides general information on each joint venture as of March 31, 2010 (in thousands):

Property	Partner	Ownership Interest	Economic Interest	Square Feet	Acquired	Acquisition Price [1]
1221 Avenue of the Americas[2]	RGII	45.00%	45.00%	2,550	12/03	$ 1,000,000
1515 Broadway[3]	SITQ	55.00%	68.45%	1,750	05/02	$ 483,500
100 Park Avenue	Prudential	49.90%	49.90%	834	02/00	$ 95,800
379 West Broadway	Sutton	45.00%	45.00%	62	12/05	$ 19,750
21 West 34th Street	Sutton	50.00%	50.00%	30	07/05	$ 22,400
800 Third Avenue[4]	Private Investors	42.95%	42.95%	526	12/06	$ 285,000

521 Fifth Avenue	CIF	50.10%	50.10%	460	12/06	$ 240,000
One Court Square	JP Morgan	30.00%	30.00%	1,402	01/07	$ 533,500
1604-1610 Broadway	Onyx/Sutton	45.00%	63.00%	30	11/05	$ 4,400
1745 Broadway[5]	Witkoff/SITQ/Lehman Bros.	32.26%	32.26%	674	04/07	$ 520,000
1 and 2 Jericho Plaza	Onyx/Credit Suisse	20.26%	20.26%	640	04/07	$ 210,000
2 Herald Square[6]	Gramercy	55.00%	55.00%	354	04/07	$ 225,000
885 Third Avenue[7]	Gramercy	55.00%	55.00%	607	07/07	$ 317,000
16 Court Street	CIF	35.00%	35.00%	318	07/07	$ 107,500
The Meadows[8]	Onyx	50.00%	50.00%	582	09/07	$ 111,500
388 and 390 Greenwich Street[9]	SITQ	50.60%	50.60%	2,600	12/07	$ 1,575,000
27-29 West 34th Street	Sutton	50.00%	50.00%	41	01/06	$ 30,000
1551-1555 Broadway	Sutton	10.00%	10.00%	26	07/05	$ 80,100
717 Fifth Avenue	Sutton/Nakash	32.75%	32.75%	120	09/06	$ 251,900

(1) Acquisition price represents the actual or implied purchase price for the joint venture.

(2) We acquired our interest from The McGraw-Hill Companies, or MHC. MHC is a tenant at the property and accounted for approximately 15.4% of the property's annualized rent at March 31, 2010. We do not manage this joint venture.

(3) Under a tax protection agreement established to protect the limited partners of the partnership that transferred 1515 Broadway to the joint venture, the joint venture has agreed not to adversely affect the limited partners' tax positions before December 2011. One tenant, whose leases primarily end in 2015, represents approximately 81.8% of this joint venture's annualized rent at March 31, 2010.

(4) We invested approximately $109.5 million in this asset through the origination of a loan secured by up to 47% of the interests in the property's ownership, with an option to convert the loan to an equity interest. Certain existing members have the right to re-acquire approximately 4% of the property's equity. These interests were re-acquired in December 2008 and reduced our interest to 42.95%

(5) We have the ability to syndicate our interest down to 14.79%.

(6) We, along with Gramercy, together as tenants-in-common, acquired a fee interest in 2 Herald Square. The fee interest is subject to a long-term operating lease.

(7) We, along with Gramercy, together as tenants-in-common, acquired a fee and leasehold interest in 885 Third Avenue. The fee and leasehold interests are subject to a long-term operating lease.

(8) We, along with Onyx, acquired the remaining 50% interest on a pro-rata basis in September 2009.

(9) The property is subject to a 13-year triple-net lease arrangement with a single tenant.

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We finance our joint ventures with non-recourse debt. The first mortgage notes payable collateralized by the respective joint venture properties and assignment of leases at March 31, 2010 and December 31, 2009, respectively, are as follows (in thousands):

Property	Maturity date	Interest rate[1]	2010	2009
1221 Avenue of the Americas[2]	12/2010	2.73%	**$ 170,000**	$ 170,000
1515 Broadway[3]	12/2014	3.50%	**$ 472,014**	$ 475,000
100 Park Avenue[4]	09/2014	6.64%	**$ 200,000**	$ 200,000
379 West Broadway	07/2011	1.88%	**$ 20,991**	$ 20,991
21 West 34th Street	12/2016	5.76%	**$ 100,000**	$ 100,000
800 Third Avenue	08/2017	6.00%	**$ 20,910**	$ 20,910
521 Fifth Avenue	04/2011	1.23%	**$ 140,000**	$ 140,000
One Court Square	09/2015	4.91%	**$ 315,000**	$ 315,000
2 Herald Square	04/2017	5.36%	**$ 191,250**	$ 191,250
1604-1610 Broadway[5]	04/2012	5.66%	**$ 27,000**	$ 27,000
1745 Broadway	01/2017	5.68%	**$ 340,000**	$ 340,000
1 and 2 Jericho Plaza	05/2017	5.65%	**$ 163,750**	$ 163,750
885 Third Avenue	07/2017	6.26%	**$ 267,650**	$ 267,650
The Meadows	09/2012	1.39%	**$ 87,034**	$ 85,478
388 and 390 Greenwich Street[6]	12/2017	5.08%	**$ 1,138,379**	$ 1,138,379
16 Court Street	10/2013	2.30%	**$ 87,293**	$ 88,573
27-29 West 34th Street[7]	05/2011	1.88%	**$ 54,700**	$ 54,800
1551-1555 Broadway[8]	10/2011	4.25%	**$ 132,350**	$ 133,600
717 Fifth Avenue[9]	09/2011	5.25%	**$ 245,000**	$ 245,000

(1) Interest rate represents the effective all-in weighted average interest rate for the quarter ended December 31, 2009.

(2) This loan has an interest rate based on the 30-day LIBOR plus 75 basis points. $65.0 million of this loan has been hedged through December 2010. The hedge fixed the LIBOR rate at 4.8%.

(3) In December 2009 the $625.0 million mortgage was repaid and replaced with a $475.0 million mortgage. In connection with the refinancing, the partners made an aggregate $163.9 million capital contribution to the joint venture.

(4) This loan was refinanced in September 2009, and replaced a $175.0 million construction loan which was scheduled to mature in November 2015 and which carried a fixed interest rate of 6.52%. The new loan has a committed amount of $215.0 million.

(5)

(6) This loan went into default in November 2009 due to the non-payment of debt service. The joint venture is in discussions with the special servicer to resolve this default.

(6) Comprised of a $576.0 million mortgage and a $562.4 million mezzanine loan, both of which are fixed rate loans, except for $16.0 million of the mortgage and $15.6 million of the mezzanine loan which are floating. Up to $200.0 million of the mezzanine loan, secured indirectly by these properties, is recourse to us. We believe it is unlikely that we will be required to perform under this guarantee.

(7) This construction facility had a committed amount of $55.0 million. This loan was fully funded in September 2009.

(8) This construction loan had a committed amount of $138.6 million. This loan was fully funded in September 2009 at the reduced committed amount of $133.6 million.

(9) This loan has a committed amount of $285.0 million.

We act as the operating partner and day-to-day manager for all our joint ventures, except for 1221 Avenue of the Americas, 800 Third Avenue, 1 and 2 Jericho Plaza and The Meadows. We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to our joint ventures. We earned approximately $2.5 million and $9.8 million from these services for the three months ended March 31, 2010, and 2009, respectively. In addition, we have the ability to earn incentive fees based on the ultimate financial performance of certain of the joint venture properties.

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Gramercy Capital Corp.

In April 2004, we formed Gramercy as a commercial real estate finance business. Gramercy qualified as a REIT for federal income tax purposes and expects to qualify for its current fiscal year.

At March 31, 2010, we held 6,219,370 shares, or approximately 12.47% of Gramercy's common stock. Our total investment of approximately $17.4 million is based on the market value of our common stock investment in Gramercy at March 31, 2010. As we no longer have any significant influence over Gramercy, we account for our investment as available-for-sale securities.

Prior to Gramercy's internalization of GKK Manager LLC, or the Manager (our former wholly-owned subsidiary which was the external manger to Gramercy), which we refer to as the GKK Internalization, we were entitled to an incentive return payable through the Class B limited partner interests in Gramercy's operating partnership, equal to 25% of the amount by which funds from operations (as defined in Gramercy's amended and restated partnership agreement) plus certain accounting gains exceed the product of the weighted average stockholders' equity of Gramercy multiplied by 9.5% (divided by four to adjust for quarterly calculations). This arrangement was terminated when the GKK Internalization was completed in April 2009. Amounts payable to the Class B limited partnership interests were waived since July 1, 2008.

In connection with Gramercy's initial public offering, the Manager entered into a management agreement with Gramercy, which provided for an initial term through December 2007, and which was subsequently extended through December 2009. The management agreement was further amended in September 2007 and amended and restated in October 2008 and was subsequently terminated on April 24, 2009 in connection with the GKK Internalization. In addition, Gramercy also paid the Manager a collateral management fee. For the three months ended March 31, 2010 and 2009, we received an aggregate of none and approximately $4.9 million, respectively, in fees under the management agreement and nothing under the collateral management agreement. Fees payable to the Manager under the collateral management agreement were remitted to Gramercy for all periods subsequent to June 30, 2008. In 2008, we, as well as Gramercy, each formed special committees comprised solely of independent directors to consider whether the GKK Internalization and/or amendment to the management agreement would be in the best interest of each company and its respective shareholders. The GKK Internalization was completed on April 24, 2009 through the direct acquisition by Gramercy of the Manager.

On October 27, 2008, the Manager entered into a Second Amended and Restated Management Agreement (the "Second Amended Management Agreement") with Gramercy and GKK Capital LP. The Second Amended Management Agreement generally contained the same terms and conditions as the Amended and Restated Management Agreement, dated as of April 19, 2006, but provided that all management, service and similar fees relating to Gramercy's CDOs that the Manager was entitled to receive were to be remitted by the Manager to Gramercy for any period subsequent to July 1, 2008. The Second Amended Management Agreement was terminated in connection with the GKK Internalization.

In May 2005, our Compensation Committee approved long-term incentive performance awards pursuant to which certain of our officers and employees, including some of whom are our senior executive officers, were awarded a portion of the interests previously held by us in the Manager, which at the time was an affiliate of ours, as well as in the Class B limited partner interests in Gramercy's operating partnership. The vesting of these awards was dependent upon, among other things, tenure of employment and the performance of our investment in Gramercy. These awards vested in May 2008. On April 24, 2009, Gramercy acquired all the interests in the Manager and all the Class B limited partner interests from us for no consideration.

Prior to the GKK Internalization, Gramercy was obligated to reimburse the Manager for its costs incurred under an asset servicing agreement and an outsourcing agreement between the Manager and us. The outsourcing agreement provided for a fee of $2.7 million per year, increasing 3% annually over the prior year. For the three months ended March 31, 2010 and 2009, the Manager received an aggregate of none and approximately $0.8 million, respectively, under the outsourcing and asset servicing agreements.

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On October 27, 2008, we, Gramercy and GKK Capital LP entered into a services agreement (the "Services Agreement") pursuant to which we provided consulting and other services to Gramercy. We made certain members of management available in connection with the provision of the services until the completion of the GKK Internalization on April 24, 2009. In consideration for the consulting services, we received from Gramercy a fee of $200,000 per month. We also provided Gramercy with certain other services described in the Services Agreement for a fee of $100,000 per month in cash until April 24, 2009. The Services Agreement was terminated in connection with the GKK Internalization. Since October 27, 2008, an affiliate of ours has served as special servicer for certain assets held by Gramercy or its affiliates and assigned its duties to a subsidiary of the Manager.

All fees earned from Gramercy are included in Other Income in the Consolidated Statements of Income.

Effective May 2005, June 2009 and October 2009, Gramercy entered into lease agreements with an affiliate of ours, for their corporate offices at 420 Lexington Avenue, New York, NY. The first lease is for approximately 7,300 square feet and carries a term of ten years with rents of approximately $249,000 per annum for year one increasing to $315,000 per annum in year ten. The second lease is for approximately 900 square feet pursuant to a lease which ends in April 2015, with annual rent under this lease of approximately $35,300 per annum for year one increasing to $42,800 per annum in year six. The third lease is for approximately 1,400 square feet pursuant to a lease which ends in April 2015, with annual rent under this lease of approximately $67,300 per annum for year one increasing to $80,500 per annum in year six.

Gramercy holds tenancy-in-common interests along with us in 2 Herald Square and 885 Third Avenue. See Note 5 for information on our structured finance investments in which Gramercy also holds an interest.

An affiliate of ours held an investment in Gramercy's preferred stock with a market value of approximately $0.7 million at March 31, 2010.

On October 27, 2009, Marc Holliday, our Chief Executive Officer, Andrew Mathias, our President and Chief Investment Officer and Gregory F. Hughes, our Chief Financial Officer and Chief Operating Officer resigned as Chief Executive Officer, Chief Investment Officer and Chief Credit Officer, respectively, of Gramercy. Mr. Holliday also resigned as President of Gramercy effective as of October 28, 2009. Mr. Holliday and Mr. Mathias agreed to remain as consultants to Gramercy through the earliest of (i) September 30, 2009, (ii) the termination of the Second Amended Management Agreement or (iii) the termination of their respective employment with us. This agreement was terminated in connection with the GKK Internalization.

On October 28, 2009, Gramercy announced the appointment of Roger M. Cozzi, as President and Chief Executive Officer, effective immediately. Effective as of November 13, 2009, Timothy J. O'Connor was appointed as President of Gramercy. Mr. Holliday remains a board member of Gramercy.

In 2009, we, as well as an affiliate of ours, entered into consulting agreements with Gramercy whereby Gramercy provides services required for the evaluation, acquisition, disposition and portfolio management of CMBS investments. We pay 10 basis points and our affiliate pays 25 basis points of the principal amount of all trades executed. Neither we nor our affiliate paid any fees for such services during the three months ended March 31, 2010.

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The condensed combined balance sheets for the unconsolidated joint ventures, at March 31, 2010 and December 31, 2009, are as follows (in thousands):

	2010	2009
Assets		
Commercial real estate property, net	**$ 6,075,483**	$ 6,095,668
Other assets	**666,138**	665,065
Total assets	**$ 6,741,621**	$ 6,760,733
Liabilities and members' equity		
Mortgages payable	**$ 4,173,320**	$ 4,177,382
Other liabilities	**267,916**	276,805
Members' equity	**2,300,385**	2,306,546
Total liabilities and members' equity	**$ 6,741,621**	$ 6,760,733
Company's net investment in unconsolidated joint ventures	**$ 1,053,754**	$ 1,058,369

The condensed combined statements of operations for the unconsolidated joint ventures, from acquisition date through March 31, 2010 and 2009 are as follows (in thousands):

	Three Months Ended March 31,	
	2010	2009
Total revenues	**$ 174,140**	$ 332,906
Operating expenses	**30,167**	131,647
Real estate taxes	**22,306**	35,326
Interest	**53,957**	119,056
Depreciation and amortization	**37,747**	67,119
Other income/ expenses	**—**	(19,975)
Total expenses	**144,177**	333,173
Net income (loss) before gain on sale	**$ 29,963**	$ (267)

Company's equity in net income of unconsolidated joint ventures	**$ 15,376**	$ 13,073

7. Deferred Costs

Deferred costs at March 31, 2010 and December 31, 2009 consisted of the following (in thousands):

	2010	2009
Deferred financing	**$ 79,291**	$ 68,181
Deferred leasing	**170,973**	163,372
	250,264	231,553
Less accumulated amortization	**(98,408)**	(92,296)
Deferred costs, net	**$ 151,856**	$ 139,257

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8. Mortgage Notes Payable

The first mortgage notes payable collateralized by the respective properties and assignment of leases at March 31, 2010 and December 31, 2009, respectively, were as follows (in thousands):

Property	Maturity Date	Interest Rate [2]	2010	2009
711 Third Avenue[1]	06/2015	4.99%	**$ 120,000**	$ 120,000
420 Lexington Avenue[1] [8]	09/2016	7.52%	**150,332**	150,561
673 First Avenue[1]	02/2013	5.67%	**31,399**	31,608
220 East 42nd Street[1]	11/2013	5.24%	**197,826**	198,871
625 Madison Avenue[1] [9]	11/2015	7.22%	**134,408**	135,117
609 Fifth Avenue[1]	10/2013	5.85%	**97,578**	97,952
609 Partners, LLC[1] [10]	07/2014	5.00%	**37,421**	41,391
485 Lexington Avenue[1]	02/2017	5.61%	**450,000**	450,000
120 West 45th Street[1]	02/2017	6.12%	**170,000**	170,000
919 Third Avenue[1][3]	08/2011	6.87%	**223,343**	224,104
300 Main Street[1]	02/2017	5.75%	**11,500**	11,500
500 West Putnam[1]	01/2016	5.52%	**25,000**	25,000
141 Fifth Avenue[1][4]	06/2017	5.70%	**25,000**	25,000
One Madison Avenue[1] [5]	05/2020	5.91%	**648,892**	651,917
Total fixed rate debt			**2,322,699**	2,333,021
180/182 Broadway[1] [6]	02/2011	2.48%	**22,534**	22,534
100 Church Street [1]	01/2013	5.00%	**139,672**	—
Landmark Square[1][7]	02/2011	2.08%	**115,119**	116,517
28 West 44th Street[1]	08/2013	2.25%	**123,122**	123,480
Total floating rate debt			**400,447**	262,531
Total mortgage notes payable			**$ 2,723,146**	$ 2,595,552

(1) Held in bankruptcy remote special purpose entity.
(2) Effective interest rate for the quarter ended March 31, 2010.
(3) We own a 51% controlling interest in the joint venture that is the borrower on this loan. This loan is non-recourse to us.
(4) We own a 50% controlling interest in the joint venture that is the borrower on this loan. This loan is non-recourse to us. This loan was refinanced in June 2007.
(5) From April 2005 until August 2007, we held a 55% partnership interest in the joint venture that owned this property. We now own 100% of the property.
(6) We own a 50% controlling interest in the joint venture that is the borrower on this loan. This loan is non-recourse to us.
(7) This loan has two one-year as-of-right renewal options.
(8) The $108.1 million loan which had an original maturity date in November 2010 and carried a fixed interest rate of 8.44% was repaid in August 2009. The new loan was upsized by $6.0 million in November 2009.
(9) In July 2009, we upsized this loan by $40.0 million resulting in a blended fixed interest rate of 7.22%.
(10) This loan was paid down by $22.5 million in August 2009 and $4.0 million in March 2010.

At March 31, 2010 and December 31, 2009 the gross book value of the properties collateralizing the mortgage notes was approximately $4.6 billion and $4.5 billion, respectively.

Interest expense, excluding capitalized interest, was comprised of the following (in thousands):

	Three Months Ended March 31,	
	2010	2009
Interest expense	**$ 57,847**	$ 61,572
Interest income	**(368)**	(1,575)

Interest expense, net	**$ 57,479**	$ 59,997
Interest capitalized	$ —	$ —

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9. Corporate Indebtedness

2007 Unsecured Revolving Credit Facility

We have a $1.5 billion unsecured revolving credit facility, or the 2007 unsecured revolving credit facility. The 2007 unsecured revolving credit facility bears interest at a spread ranging from 70 basis points to 110 basis points over LIBOR, based on our leverage ratio. This facility matures in June 2011 and has a one-year as-of-right extension option. The 2007 unsecured revolving credit facility also requires a 12.5 to 20 basis point fee on the unused balance payable annually in arrears. The 2007 unsecured revolving credit facility had a balance of $0.9 billion and carried a spread over LIBOR of 90 basis points at March 31, 2010. Availability under the 2007 unsecured revolving credit facility was further reduced at March 31, 2010 by the issuance of approximately $26.2 million in letters of credit. The effective all-in interest rate on the 2007 unsecured revolving credit facility was 1.3% for the three months ended March 31, 2010. The 2007 unsecured revolving credit facility includes certain restrictions and covenants (see restrictive covenants below).

In August 2009, we amended our 2007 unsecured revolving credit facility to provide us with the ability to acquire a portion of the loans outstanding under our 2007 unsecured revolving credit facility. Such repurchases reduce our availablility under the 2007 unsecured revolving credit facility. In August 2009, a subsidiary of ours repurchased approximately $48.0 million of the total commitment, and we realized gains on early extinguishment of debt of approximately $7.1 million.

Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures by scheduled maturity date as of March 31, 2010 (in thousands):

Issuance	Accreted Balance	Coupon Rate[4]	Term (in Years)	Maturity
January 22, 2004[1]	$ 123,607	5.15%	7	January 15, 2011
August 13, 2004[1]	150,000	5.875%	10	August 15, 2014
March 31, 2006[1]	274,737	6.00%	10	March 31, 2016
March 16, 2010	250,000	7.75%	10	March 15, 2020
June 27, 2005[1][2]	94,084	4.00%	20	June 15, 2025
March 26, 2007[3]	160,827	3.00%	20	March 30, 2027
	$ 1,053,255			

(1) Assumed as part of the Reckson Merger.

(2) Exchangeable senior debentures which are callable after June 17, 2010 at 100% of par. In addition, the debentures can be put to us, at the option of the holder at par plus accrued and unpaid interest, on June 15, 2010, 2015 and 2020 and upon the occurrence of certain change of control transactions. As a result of the Reckson Merger, the adjusted exchange rate for the debentures is 7.7461 shares of our common stock per $1,000 of principal amount of debentures and the adjusted reference dividend for the debentures is $1.3491. During the three months ended March 31, 2010, we repurchased approximately $21.4 million of these bonds and realized a net loss on early extinguishment of debt of approximately $0.1 million. On the date of the Merger $13.1 million was recorded in equity. As of March 31, 2010, approximately $0.5 million remained unamortized.

(3) In March 2007, we issued $750.0 million of these convertible bonds. Interest on these notes is payable semi-annually on March 30 and September 30. The notes have an initial exchange rate representing an exchange price that is at a 25.0% premium to the last reported sale price of our common stock on March 20, 2007, or $173.30. The initial exchange rate is subject to adjustment under certain circumstances. The notes are senior unsecured obligations of our operating partnership and are exchangeable upon the occurrence of specified events, and during the period beginning on the twenty-second scheduled trading day prior to the maturity date and ending on the second business day prior to the maturity date, into cash or a combination of cash and shares of our common stock, if any, at our option. The notes are redeemable, at our option, on and after April 15, 2012. We may be required to repurchase the notes on March 30, 2012, 2017 and 2022, and upon the occurrence of certain designated events. The net proceeds from the offering were approximately $736.0 million, after deducting estimated fees and expenses. The proceeds of the offering were used to repay certain of our existing indebtedness, make investments in additional properties, and make open market purchases of our common stock and for general corporate purposes. On the issuance date, $66.6 million was recorded in equity. As of March 31, 2010, approximately $7.8 million remained unamortized.

(4) Interest on the senior unsecured notes is payable semi-annually with principal and unpaid interest due on the scheduled maturity dates.

In March 2010, we commenced a cash tender offer, or Tender Offer, to purchase up to $250.0 million aggregate principal amount of the outstanding 3.000% Exchangeable Senior Notes due 2027 issued by our operating partnership, and the outstanding 4.000% Exchangeable Senior Debentures due 2025, 5.150% Notes due 2011 and 5.875% Notes due 2014 issued by Reckson. The Tender Offer expired at 12:00 midnight, New York City time, on April 7, 2010.

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In April 2010, we completed the Tender Offer and purchased $13.0 million of the outstanding 3.000% Exchangeable Senior Notes due 2027 issued by the operating partnership, and $13.2 million of the outstanding 4.000% Exchangeable Senior Debentures due 2025, $38.8 million of the 5.150% Notes due 2011 and $50.0 million of the 5.875% Notes due 2014 issued by Reckson.

In March 2009, the $200.0 million, 7.75% unsecured notes scheduled to mature in March 2009, assumed as part of the Reckson Merger, were redeemed at par.

Restrictive Covenants

The terms of the 2007 unsecured revolving credit facility and certain of our senior unsecured notes include certain restrictions and covenants which may limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage and fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable us to continue to qualify as a REIT for Federal Income Tax purposes, we will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of funds from operations for such period, subject to certain other adjustments. As of March 31, 2010 and December 31, 2009, we were in compliance with all such covenants.

Junior Subordinate Deferrable Interest Debentures

In June 2005, we issued $100.0 million in unsecured floating rate trust preferred securities through a newly formed trust, SL Green Capital Trust I, or the Trust, which is a wholly-owned subsidiary of our operating partnership. The securities mature in 2035 and bear interest at a fixed rate of 5.61% for the first ten years ending July 2015. Interest payments may be deferred for a period of up to eight consecutive quarters if our operating partnership exercises its right to defer such payments. The trust preferred securities are redeemable, at the option of our operating partnership, in whole or in part, with no prepayment premium any time after July 2010. We do not consolidate the Trust even though it is a variable interest entity as we are not the primary beneficiary. Because the Trust is not consolidated, we have recorded the debt on our balance sheet and the related payments are classified as interest expense.

Principal Maturities

Combined aggregate principal maturities of mortgages and notes payable, 2007 unsecured revolving credit facility, trust preferred securities, senior unsecured notes and our share of joint venture debt as of March 31, 2010, including as-of-right extension options, were as follows (in thousands):

	Scheduled Amortization	Principal Repayments	Revolving Credit Facility	Trust Preferred Securities	Senior Unsecured Notes	Total	Joint Venture Debt
2010	$ 21,424	$ —	$ —	$ —	94,084	115,508	$ 82,267
2011	29,950	239,190	—	—	123,607	392,747	206,766
2012	33,455	115,119	900,000	—	160,827	1,209,401	61,767
2013	34,078	559,982	—	—	—	594,060	37,236
2014	30,042	—	—	—	150,000	180,042	334,499
Thereafter	170,626	1,489,280	—	100,000	524,737	2,284,643	1,124,699
	$ 319,575	$ 2,403,571	$ 900,000	$ 100,000	$ 1,053,255	$ 4,776,401	$ 1,847,234

10. Fair Value of Financial Instruments

The following disclosures of estimated fair value were determined by management, using available market information and appropriate valuation methodologies as discussed in Note 2. Considerable judgment is necessary to interpret market data and develop estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts we could realize on disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

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Cash and cash equivalents, accounts receivable and accounts payable balances reasonably approximate their fair values due to the short maturities of these items. Mortgage notes payable, junior subordinate deferrable interest debentures and the senior unsecured notes had an estimated fair value based on discounted cash flow models, based on Level 3 inputs, of approximately $3.3 billion, compared to the book value of the related fixed rate debt of approximately $3.5 billion. Our floating rate debt, inclusive of our 2007 unsecured revolving credit facility, had an estimated fair value based on discounted cash flow models, based on Level 3 inputs, of approximately $1.2 billion, compared to the book value of approximately $1.2 billion. Our structured finance investments had an estimated fair value ranging between $472.7 million and $708.5 million, compared to the book value of approximately $787.1 million at March 31, 2010.

Disclosure about fair value of financial instruments is based on pertinent information available to us as of March 31, 2010. Although we are not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

11. Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is owned by Gary Green, a son of Stephen L. Green, the chairman of our board of directors. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corporation has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements. Alliance paid the Service Corporation approximately $0.6 million and $0.3 million for the three months ended March 31, 2010 and 2009, respectively. We paid Alliance approximately $3.1 million and $3.4 million for the three months ended March 31, 2010 and 2009, respectively, for these services (excluding services provided directly to tenants).

Leases

Nancy Peck and Company leases 1,003 square feet of space at 420 Lexington Avenue under a lease that ends in August 2015. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due pursuant to the lease is $35,516 per year.

Management Fees

S.L. Green Management Corp. receives property management fees from an entity in which Stephen L. Green owns an interest. The aggregate amount of fees paid to S.L. Green Management Corp. from such entity was approximately $108,000 and $95,000 for the three months ended March 31, 2010 and 2009, respectively.

Other

Amounts due from related parties at March 31, 2010 and December 31, 2009 consisted of the following (in thousands):

	2010	2009
Due from (to) joint ventures	**$ (319)**	$ 228
Officers and employees	**—**	153
Other	**3,537**	8,189
Related party receivables	**$ 3,218**	$ 8,570

Gramercy Capital Corp.

See Note 6. Investment in Unconsolidated Joint Ventures — Gramercy Capital Corp. for disclosure on related party transactions between Gramercy and us.

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12. Stockholders' Equity

Common Stock

Our authorized capital stock consists of 260,000,000 shares, $.01 par value, of which we have authorized the issuance of up to 160,000,000 shares of common stock, $.01 par value per share, 75,000,000 shares of excess stock, at $.01 par value per share, and 25,000,000 shares of preferred stock, par value $.01 per share. As of March 31, 2010, 77,924,236 shares of common stock and no shares of excess stock were issued and outstanding.

In March 2007, our board of directors approved a stock repurchase plan under which we can buy up to $300.0 million shares of our common stock. This plan expired on December 31, 2008. We repurchased approximately $300.0 million, or 3.3 million shares of our common stock at an average price of $90.49 per share.

Perpetual Preferred Stock

In January 2010, we sold 5,400,000 shares of our Series C preferred stock in an underwritten public offering. Upon completion of this offering, we have 11,700,000 shares of the Series C preferred stock outstanding. The shares of Series C preferred stock have a liquidation preference of $25.00 per share and are redeemable at par, plus accrued and unpaid dividends, at any time at our option. The shares were priced at $23.53 per share including accrued dividends equating to a yield of 8.101%. We used the net offering proceeds of approximately $122.2 million for general corporate and/or working capital purposes, including purchases of the indebtedness of our subsidiaries and investment opportunities.

In December 2003, we sold 6,300,000 shares of our 7.625% Series C preferred stock, (including the underwriters' over-allotment option of 700,000 shares) with a mandatory liquidation preference of $25.00 per share. Net proceeds from this offering (approximately $152.0 million) were used principally to repay amounts outstanding under our secured and unsecured revolving credit facilities. The Series C preferred stockholders receive annual dividends of $1.90625 per share paid on a quarterly basis and dividends are cumulative, subject to certain provisions. Beginning December 12, 2009, we have been entitled to redeem the Series C preferred stock at par for cash at our option. The Series C preferred stock was recorded net of underwriters discount and issuance costs.

In 2004, we sold 4,000,000 shares of our 7.875% Series D cumulative redeemable preferred stock, or the Series D preferred stock, with a mandatory liquidation preference of $25.00 per share. Net proceeds from these offerings (approximately $96.3 million) were used principally to repay amounts outstanding under our secured and unsecured revolving credit facilities. The Series D preferred stockholders receive annual dividends of $1.96875 per share paid on a quarterly basis and dividends are cumulative, subject to certain provisions. Beginning May 27, 2009, we have been entitled to redeem the Series D preferred stock at par for cash at our option. The Series D preferred stock was recorded net of underwriters discount and issuance costs.

Rights Plan

In February 2000, our board of directors authorized a distribution of one preferred share purchase right, or Right, for each outstanding share of common stock under a shareholder rights plan. This distribution was made to all holders of record of the common stock on March 31, 2000. Each Right entitled the registered holder to purchase from us one one-hundredth of a share of Series B junior participating preferred stock, par value $0.01 per share, or Preferred Shares, at a price of $60.00 per one one-hundredth of a Preferred Share, or Purchase Price, subject to adjustment as provided in the rights agreement. The Rights expired on March 5, 2010, and the rights plan was terminated.

Dividend Reinvestment and Stock Purchase Plan

We filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRIP, which was declared effective in March 2009. We registered 2,000,000 shares of our common stock under the DRIP. The DRIP commenced on September 24, 2001.

During the three months ended March 31, 2010 and 2009, approximately 250,816 and no shares were issued and approximately $11.2 million and none of proceeds were received, respectively, from dividend reinvestments and/or stock purchases under the DRIP. DRIP shares may be issued at a discount to the market price.

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Amended and Restated 2005 Stock Option and Incentive Plan

We have a stock option and incentive plan. The amended and restated 2005 Stock Option and Incentive Plan, or the 2005 Plan, was approved by our board of directors in March 2007 and our stockholders in May 2007 at our annual meeting of stockholders. The 2005 Plan, as amended, authorizes the issuance of stock options, stock appreciation rights, unrestricted and restricted stock, phantom shares, dividend equivalent rights and other equity-based awards. Subject to adjustments upon certain corporate transactions or events, up to a maximum of 7,000,000 shares, or the Fungible Pool Limit, may be granted under the 2005 Plan. Currently, different types of awards count against the Fungible Pool Limit differently, with (1) full-value awards (i.e., those that deliver the full value of the award upon vesting, such as restricted stock) counting against the Fungible Pool Limit as 3.0 per share (other than those that vest or were granted based on the achievement of certain performance goals, which count as 2.0 per share), (2) stock options, stock appreciation rights and other awards that do not deliver full value and expire five year from the date of grant counting against the Fungible Pool Limit as 0.70 per share and (3) all other awards (e.g., ten-year stock options) count against the Fungible Pool Limit as 1.0 per share. As a result, depending on the types of awards issued, the 2005 Plan may result in the issuance of more or less than 7,000,000 shares. The 2005 Plan also contains an annual limitation on the number of shares that may be subject to awards granted during any year, which is based on a percentage of our total outstanding shares of common stock. If an option or other award granted under the 2005 Plan expires or terminates, the common stock subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Shares of our common stock distributed under the 2005 Plan may be treasury shares or authorized but unissued shares. Currently, unless the 2005 Plan is previously terminated by the Board, no new awards may be granted under the 2005 Plan after the tenth anniversary of the date that the 2005 Plan was approved by our board of directors. At March 31, 2010, approximately 1.9 million shares of our common stock, calculated on a weighted basis, were available for issuance under the 2005 Plan, or 2.8 million if all shares available under the 2005 Plan were issued as five-year options.

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Options are granted under the plan at the fair market value on the date of grant and, subject to termination of employment, generally expire ten years from the date of grant, are not transferable other than on death, and generally vest in one to five years commencing one year from the date of grant.

A summary of the status of our stock options as of March 31, 2010 and December 31, 2009 and changes during the periods then ended are presented below:

	2010		2009	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Balance at beginning of year	1,324,221	$ 56.74	937,706	$ 61.33
Granted	18,000	$ 50.24	443,850	$ 46.08
Exercised	(41,108)	$ 22.36	(22,000)	$ 28.17
Lapsed or cancelled	(3,000)	$ 93.46	(35,335)	$ 62.75

Balance at end of period	1,298,113	$ 57.65	1,324,221	$ 56.74
Options exercisable at end of period	702,245	$ 66.15	595,851	$ 62.17
Weighted average fair value of options granted during the period	$ 380,871		$ 8,276,500	

The weighted average fair value of restricted stock granted during the three months ended March 31, 2010 was approximately $20.2 million.

All options were granted within a price range of $20.67 to $137.18. The remaining weighted average contractual life of the options outstanding and exercisable was 5.3 years and 5.0 years, respectively.

Stock-based Compensation

Effective January 1, 1999, we implemented a deferred compensation plan, or the Deferred Plan, covering certain of our employees, including our executives. The shares issued under the Deferred Plan were granted to certain employees, including our executives and vesting will occur annually upon the completion of a service period or our meeting established financial performance criteria. Annual vesting occurs at rates ranging from 15% to 35% once performance criteria are reached. A summary of our restricted stock as of March 31, 2010 and charges during the three months then ended are presented below:

Restricted Stock Awards	Three Months Ended March 31, 2010
Balance at beginning of year	2,330,532
Granted	14,722
Cancelled	(2,000)
Balance at end of period	2,343,254
Vested during the period	1,000
Compensation expense recorded	$ 2,555,927

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2003 Long-Term Outperformance Compensation Program

Our board of directors adopted a long-term, seven-year compensation program for certain members of senior management. The program provided for restricted stock awards to be made to plan participants if the holders of our common equity achieved a total return in excess of 40% over a 48-month period commencing April 1, 2003. In April 2007, the compensation committee determined that under the terms of the 2003 Outperformance Plan, as of March 31, 2007, the performance hurdles had been met and the maximum performance pool of $22,825,000, taking into account forfeitures, was established. In connection with this event, approximately 166,312 shares of restricted stock (as adjusted for forfeitures) were allocated under the 2005 Plan. In accordance with the terms of the program, 40% of each award vested on March 31, 2007 and the remainder was scheduled to vest ratably over the subsequent three years based on continued employment. The fair value of the awards under this program on the date of grant was determined to be $3.2 million. This fair value is expensed over the term of the restricted stock award. Forty percent of the value of the award was amortized over four years from the date of grant and the balance was amortized, in equal parts, over five, six and seven years (i.e., 20% of the total value was amortized over five years (20% per year), 20% of the total value was amortized over six years (16.67% per year) and 20% of the total value was amortized over seven years (14.29% per year)). Compensation expense of $23,000 and $29,500 related to this program was recorded during the three months ended March 31, 2010 and 2009, respectively.

2005 Long-Term Outperformance Compensation Program

In December 2005, the compensation committee of our board of directors approved a long-term incentive compensation program, the 2005 Outperformance Plan. Participants in the 2005 Outperformance Plan were entitled to earn LTIP Units in our operating partnership if our total return to stockholders for the three-year period beginning December 1, 2005 exceeded a cumulative total return to stockholders of 30%.; provided that participants were entitled to earn LTIP Units earlier in the event that we achieved maximum performance for 30 consecutive days. The total number of LTIP Units that could be earned was to be a number having an assumed value equal to 10% of the outperformance amount in excess of the 30% benchmark, subject to a maximum dilution cap equal to the lesser of 3% of our outstanding shares and units of limited partnership interest as of December 1, 2005 or $50.0 million. On June 14, 2006, the compensation committee determined that under the terms of the 2005 Outperformance Plan, as of June 8, 2006, the performance period had accelerated and the maximum performance pool of $49,250,000, taking into account forfeitures, had been earned. Under the terms of the 2005 Outperformance Plan, participants also earned additional LTIP Units with a value equal to the distributions that would have been paid with respect to the LTIP Units earned if such LTIP Units had been earned at the beginning of the performance period. The total number of LTIP Units earned under the 2005 Outperformance Plan by all participants as of June 8, 2006 was 490,475. Under the terms of the 2005 Ouperformance Plan, all LTIP Units that were earned remained subject to time-based vesting, with one-third of the LTIP Units earned scheduled to vest on each of November 30, 2009 and the first two anniversaries thereafter based on continued employment. The earned LTIP Units are to receive regular quarterly distributions on a per unit basis equal to the dividends per share paid on our common stock, whether or not they are vested.

The cost of the 2005 Outperformance Plan (approximately $8.0 million, subject to adjustment for forfeitures) will continue to be amortized into earnings through the final vesting period. We recorded approximately $0.4 million and $0.6 million of compensation expense during the three months ended March 31, 2010 and 2009, respectively, in connection with the 2005 Outperformance Plan.

2006 Long-Term Outperformance Compensation Program

On August 14, 2006, the compensation committee of our board of directors approved a long-term incentive compensation program, the 2006 Outperformance Plan. Participants in the 2006 Outperformance Plan were entitled to earn LTIP Units in our operating partnership if our total return to stockholders for the three-year period beginning August 1, 2006 exceeded a cumulative total return to stockholders of 30%.; provided that participants were entitled to earn LTIP Units earlier in the event that we achieved maximum performance for 30 consecutive days. The total number of LTIP Units that could be earned was to be a number having an assumed value of 10% of the outperformance amount in excess of the 30% benchmark, subject to a maximum dilution cap equal to $60.0 million. The 2006 Outperformance Plan provided that if the LTIP Units were earned, each participant would also have been entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period. Those distributions would have been paid in the form of additional LTIP Units. Thereafter, distributions would have been paid currently with respect to all earned LTIP Units, whether vested or unvested. Any LTIP Units earned under the 2006 Outperformance Plan were to remain subject to time-based vesting, with one-third of the awards vesting on each of July 31, 2009 and the first two anniversaries thereafter based on continued employment.

The cost of the 2006 Outperformance Plan (approximately $16.4 million, subject to adjustment for forfeitures) will be amortized into earnings through the final vesting period. We recorded approximately $52,000 and $96,000 of compensation expense during the three months ended March 31, 2010 and 2009, respectively, in connection with the 2006 Outperformance Plan. During the fourth quarter of 2009, we and certain of our employees, including our executive officers, mutually agreed to cancel a portion of the 2006 Outperformance Plan. The performance criteria under the 2006 Outperformance Plan were not met and, accordingly, no LTIP Units have been earned under the 2006 Outperformance Plan.

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SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Plan

In December 2009, the compensation committee of our board of directors approved the general terms of the SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Program, the 2010 Long Term Compensation Plan. The 2010 Long-Term Compensation Plan is a long-term incentive compensation plan pursuant to which award recipients may earn, in the aggregate, from approximately $15 million up to approximately $75 million of LTIP Units in our operating partnership based on our stock price appreciation over three years beginning on December 1, 2009; provided that, if maximum performance has been achieved, approximately $25 million of awards may be earned at any time after the beginning of the second year and an additional approximately $25 million of awards may be earned at any time after the beginning of the third year. The amount of awards earned will range from approximately $15 million if our aggregate stock price appreciation during the performance period is 25% to the maximum amount of approximately $75 million if our aggregate stock price appreciation during the performance period is 50% or greater. No awards will be earned if our aggregate stock price appreciation is less than 25%. After the awards are earned, they will remain subject to vesting, with 50% of any LTIP Units earned vesting on January 1, 2013 and an additional 25% vesting on each of January 1, 2014 and 2015 based, in each case, on continued employment through the vesting date. We will not pay distributions on any LTIP Units until they are earned, at which time we will pay all distributions that would have been paid on the earned LTIP Units since the beginning of the performance period.

Overall, the 2010 Long Term Compensation Plan contemplates maximum potential awards of 1,179,987 LTIP Units and a cap of approximately $75 million when earned. However, as sufficient shares were not available under the 2005 Plan to fund the entire 2010 Long Term Compensation Plan, the awards granted, in the aggregate, were limited to 744,128 LTIP Units, subject to performance-based and time-based vesting, unless and until additional shares become available under the 2005 Plan prior to the end of the performance period for the 2010 Long Term Compensation Plan. The cost of the portion of the 2010 Long Term Compensation Plan granted in December 2009 (approximately $24.8 million, subject to forfeitures) will be amortized into earnings through the final vesting period. We recorded compensation expense of approximately $0.5 million during the three months ended March 31, 2010 related to this program. If and when additional shares become available under the 2005 Plan, a new grant date for the remaining portion of the 2010 Long Term Compensation Plan will be deemed to occur as of which time we will determine the fair value of that additional portion of the 2010 Long Term Compensation Plan and then begin amortizing it into earnings through the final vesting period, which will be in addition to the amounts being amortized into earnings for the portion granted in December 2009 described above.

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Deferred Stock Compensation Plan for Directors

Under our Independent Director’s Deferral Program, which commenced July 2004, our non-employee directors may elect to defer up to 100% of their annual retainer fee, chairman fees and meeting fees. Unless otherwise elected by a participant, fees deferred under the program shall be credited in the form of phantom stock units. The phantom stock units are convertible into an equal number of shares of common stock upon such directors’ termination of service from the Board of Directors or a change in control by us, as defined by the program. Phantom stock units are credited to each non-employee director quarterly using the closing price of our common stock on the applicable dividend record date for the respective quarter. Each participating non-employee director’s account is also credited for an equivalent amount of phantom stock units based on the dividend rate for each quarter.

During the three months ended March 31, 2010, 6,463 phantom stock units were earned. As of March 31, 2010, there were approximately 54,874 phantom stock units outstanding.

Employee Stock Purchase Plan

On September 18, 2007, our board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to increase their efforts to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended, and has been adopted by the board to enable our eligible employees to purchase our shares of common stock through payroll deductions. The ESPP became effective on January 1, 2009 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. We filed a registration statement on Form S-8 with the Securities and Exchange Commission with respect to the ESPP. The common stock will be offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2009. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2009 annual meeting of stockholders. As of March 31, 2010, approximately 39,907 shares of our common stock had been issued under the ESPP.

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Earnings Per Share

Earnings per share for the three months ended March 31, 2010 and 2009 is computed as follows (in thousands):

	Three Months Ended March 31,	
	2010	2009
Numerator (Income)		
Basic Earnings:		
Income attributable to SL Green common stockholders	$ **15,079**	$ **32,768**
Effect of Dilutive Securities:		
Redemption of units to common shares	**291**	**1,320**
Stock options	**—**	**—**
Diluted Earnings:		
Income attributable to SL Green common stockholders	$ **15,370**	$ **34,088**

	Three Months Ended March 31,	
	2010	2009
Denominator (Weighted Average Shares)		
Basic Earnings:		
Shares available to common stockholders	**77,823**	**57,178**
Effect of Dilutive Securities:		
Redemption of units to common shares	**1,502**	**2,339**
3.0% exchangeable senior debentures	**—**	**—**
4.0% exchangeable senior debentures	**—**	**—**
Stock-based compensation plans	**435**	**38**
Diluted Shares	**79,760**	**59,555**

13. Noncontrolling Interests in Operating Partnership

The unit holders represent the noncontrolling interest ownership in our operating partnership. As of March 31, 2010 and December 31, 2009, the noncontrolling interest unit holders owned 1.8% (1,408,104 units) and 2.1% (1,684,283 units) of the operating partnership, respectively. At March 31, 2010, 1,408,104 shares of our common stock were reserved for the conversion of units of limited partnership interest in our operating partnership.

We record the carrying value of the noncontrolling interests in the operating partnership at fair market value based on the closing stock price of our common stock at the end of the reporting period. The carrying value of such noncontrolling interests will not be adjusted below its cost basis.

We have included a rollforward analysis of the activity relating to the noncontrolling interests in the operating partnership below (in thousands):

	Three Months Ended March 31, 2010	Year Ended December 31, 2009
Balance at beginning of period	$ **84,618**	$ 87,330
Distributions	**(141)**	(1,511)
Issuance of units	**—**	—
Redemption of units	**(11,885)**	(28,562)
Net income	**291**	1,221
Accumulated other comprehensive income allocation	**226**	2,923
Fair value adjustment	**7,533**	23,217
Balance at end of period	$ **80,642**	$ 84,618

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14. Commitments and Contingencies

We and our operating partnership are not presently involved in any material litigation nor, to our knowledge, is any material litigation threatened against us or our properties, other than routine litigation arising in the ordinary course of business. Management believes the costs, if any, incurred by us and our operating partnership related to this litigation will not materially affect our financial position, operating results or liquidity.

The following is a schedule of future minimum lease payments under capital leases and noncancellable operating leases with initial terms in excess of one year as of March 31, 2010 (in thousands):

March 31,	Capital lease	Non-cancellable operating leases
2010	$ 1,097	$ 23,474
2011	1,555	28,929
2012	1,555	28,179
2013	1,555	28,179
2014	1,555	28,179
Thereafter	45,649	580,600
Total minimum lease payments	52,966	$ 717,540
Less amount representing interest	(36,036)	
Present value of net minimum lease payments	$ 16,930	

15. Financial Instruments: Derivatives and Hedging

We recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. 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. Reported net income and equity may increase or decrease prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows.

The following table summarizes the notional and fair value of our derivative financial instruments at March 31, 2010 based on Level 2 information pursuant to ASC 810-10. The notional value is an indication of the extent of our involvement in these instruments at that time, but does not represent exposure to credit, interest rate or market risks (in thousands).

	Notional Value	Strike Rate	Effective Date	Expiration Date	Fair Value
Interest Rate Swap	$ 60,000	4.364%	1/2007	5/2010	$ (240)
Interest Rate Cap	$ 128,000	6.000%	2/2010	2/2011	$ —
Interest Rate Cap	$ 139,672	5.000%	1/2010	1/2011	$ —

On March 31, 2010, the derivative instruments were reported as an obligation at their fair value of approximately $0.2 million. This is included in Other Liabilities on the consolidated balance sheet at March 31, 2010. Offsetting adjustments are represented as deferred gains or losses in Accumulated Other Comprehensive Loss which had a balance of $21.9 million, including the remaining balance on net losses of approximately $14.7 million from the settlement of hedges, which are being amortized over the remaining term of the related mortgage obligation and our share of joint venture accumulated other comprehensive loss of approximately $19.9 million. Currently, all of our derivative instruments are designated as effective hedging instruments.

In March 2010, we terminated a forward swap which resulted in a net loss of approximately $19.5 million from the settlement of the hedges. This payment is included in financing activities in the statement of cash flows. This loss will be amortized over the 10-year term of the related financing. This loss is included in the $14.7 million balance noted above.

We are hedging exposure to variability in future cash flows for forecasted transactions in addition to anticipated future interest payments on existing debt.

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16. Environmental Matters

Our management believes that the properties are in compliance in all material respects with applicable Federal, state and local ordinances and regulations regarding environmental issues. Management is not aware of any environmental liability that it believes would have a materially adverse impact on our financial position, results of operations or cash flows. Management is unaware of any instances in which it would incur significant environmental cost if any of our properties were sold.

17. Segment Information

We are a REIT engaged in owning, managing, leasing, acquiring and repositioning commercial office and retail properties in the New York Metro area and have two reportable segments, real estate and structured finance investments. Our investment in Gramercy and its related earnings are included in the structured finance segment. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations.

Our real estate portfolio is primarily located in the geographical markets of the New York Metro area. The primary sources of revenue are generated from tenant rents and escalations and reimbursement revenue. Real estate property operating expenses consist primarily of security, maintenance, utility costs, real estate taxes and ground rent expense (at certain applicable properties). See Note 5 for additional details on our structured finance investments.

Selected results of operations for the three months ended March 31, 2010 and 2009, and selected asset information as of March 31, 2010 and December 31, 2009, regarding our operating segments are as follows (in thousands):

	Real Estate Segment	Structured Finance Segment	Total Company
Total revenues			
Three months ended:			
March 31, 2010	$ 238,254	$ 20,379	$ 258,633
March 31, 2009	245,539	16,898	262,437
Income from continuing operations:			
Three months ended:			
March 31, 2010	$ 14,349	$ 11,785	$ 26,134
March 31, 2009	83,951	(47,703)	36,248
Total assets			
As of:			
March 31, 2010	$ 9,722,813	$ 791,427	$ 10,514,240
December 31, 2009	9,698,430	789,147	10,487,577

Income from continuing operations represents total revenues less total expenses for the real estate segment and total investment income less allocated interest expense for the structured finance segment. Interest costs for the structured finance segment are imputed assuming 100% leverage at our 2007 unsecured revolving credit facility borrowing cost. We do not allocate marketing, general and administrative expenses (approximately $19.5 million and $17.9 million for the three months ended March 31, 2010 and 2009, respectively) to the structured finance segment, since we base performance on the individual segments prior to allocating marketing, general and administrative expenses. All other expenses, except interest, relate entirely to the real estate assets. There were no transactions between the above two segments.

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The table below reconciles income from continuing operations to net income attributable to SL Green common stockholders for the three months ended March 31, 2010 and 2009 (in thousands):

	Three Months Ended March 31, 2010	2009
Income from continuing operations	**$ 26,134**	**$ 36,248**
Income/ gains from discontinued operations	**—**	**6,286**
Net income	**26,134**	**42,534**
Net income attributable to noncontrolling interests	**(3,939)**	**(4,797)**
Net income attributable to SL Green	**22,195**	**37,737**
Preferred stock dividend	**(7,116)**	**(4,969)**
Net income attributable to SL Green common stockholders	**$ 15,079**	**$ 32,768**

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

A summary of our non-cash investing and financing activities for the three months ended March 31, 2010 and 2009 is presented below (in thousands):

	Three Months Ended March 31, 2010	2009
Issuance of common stock as deferred compensation	**$ 317**	**$ 373**
Derivative instruments at fair value	**(15,056)**	**6,259**
Mortgage assigned upon asset sale	**—**	**95,000**
Tenant improvements and lease commissions payable	**3,486**	**6,538**
Assumption of mortgage loan	**139,672**	**—**

19. Subsequent Events

In April 2010, we closed on a $104.0 million loan secured by our interest in a structured finance investment. The interest only loan bears interest at the rate of 250 basis points above the 30-day LIBOR. The loan matures in April 2012 and has a one-year extension option. The loan is prepayable at any time without penalty.

On May 7, 2010, Green Hill Acquisition LLC ("GHA"), a wholly owned subsidiary of ours, entered into a definitive stock purchase agreement (the "Stock Purchase Agreement") pursuant to which GHA will sell its 45% beneficial interest in the properties known as 1221 Avenue of the Americas located in Manhattan (the "Property") to a wholly owned subsidiary of the Canada Pension Plan Investment Board, a Canadian Crown corporation ("CPPIB"), for total consideration of $576 million, of which approximately $94 million represents the payment for existing reserves and the assumption of our pro-rata share of in-place financing and which is subject to customary working capital adjustments at closing. Subject to the satisfaction of certain conditions that are to be satisfied prior to the closing, the consummation of the sale is expected to occur during the month of May 2010.

In May 2010, we also reported that we have entered into an agreement to acquire 125 Park Avenue, a Manhattan office tower overlooking New York City's Grand Central Terminal, for $330 million. In connection with the acquisition, we will assume $146.25 million of in-place financing. The 5.748% interest-only loan matures in October 2014. Subject to the satisfaction of certain conditions that are to be satisfied prior to the closing, the acquisition of the property at 125 Park Avenue is expected to close during the third quarter of 2010.

In April 2010, we entered into an agreement to acquire the 303,515 square foot property located at 600 Lexington Avenue, Manhattan, for $193.0 million. In connection with the acquisition, we will assume $49.85 million of in-place financing. The 5.74% interest-only loan matures in March 2014. In May 2010, we entered into a joint venture arrangement with CPPIB pursuant to which we have sold a 45% joint venture ownership stake at 600 Lexington Avenue to CPPIB. Subject to the satisfaction of certain conditions that are to be satisfied prior to the closing, the acquisition of the property at 600 Lexington Avenue is expected to close during the month of May 2010.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

SL Green Realty Corp., or the Company, a Maryland corporation, and SL Green Operating Partnership, L.P., or the Operating Partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. We are a self-managed real estate investment trust, or REIT, with in-house capabilities in property management, acquisitions, financing, development, construction and leasing. Unless the context requires otherwise, all references to "we," "our" and "us" means the Company and all entities owned or controlled by the Company, including the Operating Partnership.

Reckson Associates Realty Corp., or Reckson, and Reckson Operating Partnership, L.P., or ROP, are subsidiaries of our operating partnership.

We completed the sale, or Asset Sale, of certain assets of ROP to an asset purchasing venture led by certain of Reckson's former executive management, or the Buyer, for a total consideration of approximately $2.0 billion.

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing in this Quarterly Report on Form 10-Q and in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2009.

As of March 31, 2010, we owned the following interests in commercial office properties in the New York Metro area, primarily in midtown Manhattan, a borough of New York City, or Manhattan. Our investments in the New York Metro area also include investments in Brooklyn, Queens, Long Island, Westchester County, Connecticut and New Jersey, which are collectively known as the Suburban assets:

Location	Ownership	Number of Properties	Square Feet	Weighted Average Occupancy [1]
Manhattan	Consolidated properties	22	14,829,700	90.9%
	Unconsolidated properties	8	9,429,000	93.4%
Suburban	Consolidated properties	25	3,863,000	83.5%
	Unconsolidated properties	6	2,941,700	94.2%
		61	31,063,400	91.0%

[1] The weighted average occupancy represents the total leased square feet divided by total available rentable square feet.

We also own investments in eight retail properties encompassing approximately 374,212 square feet, three development properties encompassing approximately 399,800 square feet and two land interests. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

Critical Accounting Policies

Refer to our 2009 Annual Report on Form 10-K for a discussion of our critical accounting policies, which include rental property, investment in unconsolidated joint ventures, revenue recognition, allowance for doubtful accounts, reserve for possible credit losses and derivative instruments. There have been no changes to these policies in 2010.

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Results of Operations

Comparison of the three months ended March 31, 2010 to the three months ended March 31, 2009

The following comparison for the three months ended March 31, 2010, or 2010, to the three months ended March 31, 2009, or 2009, makes reference to the following: (i) the effect of the "Same-Store Properties," which represents all operating properties owned by us at January 1, 2009 and at March 31, 2010 and total 45 of our 47 consolidated properties, representing approximately 72% of our share of annualized rental revenue, (ii) the effect of the "Acquisitions," which represents all properties or interests in properties acquired in 2009 and all non-Same-Store Properties, including properties deconsolidated during the period, and (iii) "Other," which represents corporate level items not allocable to specific properties, the Service Corporation and eEmerge. Assets classified as held for sale, are excluded from the following discussion.

Rental Revenues (in millions)	2010	2009	$ Change	% Change
Rental revenue	$ 198.6	$ 195.6	$ 3.0	1.5%
Escalation and reimbursement revenue	31.5	33.6	(2.1)	(6.3)
Total	$ 230.1	$ 229.2	$ 0.9	0.4%
Same-Store Properties	$ 224.3	$ 223.3	$ 1.0	0.5%
Acquisitions	4.6	3.0	1.6	53.3
Other	1.2	2.9	(1.7)	(58.6)
Total	$ 230.1	$ 229.2	$ 0.9	0.4%

Occupancy in the Same-Store Properties was 94.9% at March 31, 2009, 93.5% at December 31, 2009 and 93.0% at March 31, 2010. The increase in rental revenue from the Acquisitions is primarily due to owning these properties for a period during the quarter in 2010 compared to a partial period or not being included in 2009.

During the quarter, we signed or commenced 58 leases in the Manhattan portfolio totaling 536,221 square feet, of which 47 leases and 501,321 square feet represented office leases. Average starting Manhattan office rents of $45.00 per rentable square foot on the 501,321 square feet of office leases signed or commenced during the first quarter represented a 5.1% decrease over the previously fully escalated rents. The average lease term was 9.1 years and average tenant concessions were 5.5 months of free rent with a tenant improvement allowance of $28.31 per rentable square foot.

During the quarter, we signed 37 leases in the Suburban portfolio totaling 240,172 square feet, of which 31 leases and 214,931 square feet represented office leases. Average starting Suburban office rents of $28.57 per rentable square foot for the first quarter represented a 10.9% decrease over the previously fully escalated rents.

At March 31, 2010, we estimated that the current market rents on our consolidated Manhattan properties and consolidated Suburban properties were approximately 5.0% and 5.3% higher, respectively, than then existing in-place fully escalated rents. Approximately 7.7% of the space leased at our consolidated properties expires during the remainder of 2010.

The decrease in escalation and reimbursement revenue was due to lower recoveries at the Same-Store Properties ($2.0 million) and the Acquisitions ($0.2 million). The decrease in recoveries at the Same-Store Properties was primarily due to lower operating expense escalations ($1.0 million) and electric reimbursements ($1.0 million).

Investment and Other Income (in millions)	2010	2009	$ Change	% Change
Equity in net income of unconsolidated joint ventures	$ 15.4	$ 13.1	$ 2.3	17.6%
Investment and preferred equity income	20.4	16.9	3.5	20.7
Other income	8.2	16.3	(8.1)	(49.7)
Total	$ 44.0	$ 46.3	$ (2.3)	(5.0)%

The increase in equity in net income of unconsolidated joint ventures was primarily due to higher net income contributions from Jericho Plaza ($0.6 million), 800 Third Avenue ($0.3 million), 100 Park Avenue ($0.9 million), 29 West 34th Street ($0.9 million), 1221 Avenue of the Americas ($0.7 million) and Gramercy ($3.5 million). This was partially offset by lower net income contributions primarily from our investments in 521 Fifth Avenue ($0.8 million), 1515 Broadway ($3.0 million) and 1604 Broadway ($0.4 million). Occupancy at our joint venture properties was 94.6% at March 31, 2009, 95.1% at December 31, 2009 and 93.6% at March 31, 2010. At March 31, 2010, we estimated that current market rents at our Manhattan and Suburban joint venture properties were approximately 12.2% higher and 0.1% lower, respectively, than then existing in-place fully escalated rents. Approximately 2.1% of the space leased at our joint venture properties expires during the remainder of 2010.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Investment and preferred equity income increased during the current quarter primarily due to new investment activity as well as a $2.5 million gain recognized on the disposition of an investment that had previously been reserved. The weighted average investment balance outstanding and weighted average yield were $786.1 million and 7.4%, respectively, for 2010 compared to $689.0 million and 8.5%, respectively, for 2009.

The decrease in other income was primarily due to lower fee and other income earned ($10.2 million) which was partially offset by higher lease buy-out income ($2.1 million).

Property Operating Expenses (in millions)	2010	2009	$ Change	% Change

Operating expenses	$ 58.8	$ 55.1	$ 3.7	6.7%
Real estate taxes	38.4	36.8	1.6	4.4
Ground rent	7.8	8.0	(0.2)	(2.5)
Total	$ 105.0	$ 99.9	$ 5.1	5.1%
Same-Store Properties	$ 96.4	$ 96.3	$ 0.1	0.1%
Acquisitions	3.7	0.8	2.9	362.5
Other	4.9	2.8	2.1	75.0
Total	$ 105.0	$ 99.9	$ 5.1	5.1%

Same-Store Properties operating expenses decreased approximately $0.9 million. There were decreases in utilities ($1.4 million) and ground rent ($0.3 million), respectively. This was partially offset by an increase in payroll costs ($0.5 million), repairs and maintenance ($0.1 million) and insurance costs ($0.5 million).

The increase in real estate taxes was primarily attributable to the Same-Store Properties ($1.0 million) due to higher assessed property values and increased rates.

Other Expenses (in millions)	2010	2009	$ Change	% Change
Interest expense, net of interest income	$ 60.0	$ 61.4	$ (1.4)	(2.3)%
Depreciation and amortization expense	57.1	54.5	2.6	4.8
Loan loss reserves	6.0	62.0	(56.0)	(90.3)
Marketing, general and administrative expense	19.5	17.9	1.6	8.9
Total	$ 142.6	$ 195.8	$ (53.2)	(27.2)%

The decrease in interest expense was primarily attributable to lower LIBOR rates in 2010 compared to 2009 as well as the early repurchase of our exchangeable and non-exchangeable notes. The weighted average interest rate increased from 4.29% for the quarter ended March 31, 2009 to 4.80% for the quarter ended March 31, 2010. The weighted average debt balance decreased from $5.5 billion as of March 31, 2009 to $5.0 billion as of March 31, 2010.

Marketing, general and administrative expense represented 7.5% of total revenues in 2010 compared to 6.8% in 2009. The increase is primarily due a non-recurring expense of approximately $1.1 million for non-recoverable costs incurred in connection with the pursuit of a redevelopment project.

Liquidity and Capital Resources

We are currently experiencing a global economic downturn and credit crunch although positive signs have started to materialize. As a result, many financial industry participants including commercial real estate owners, operators, investors and lenders continue to find it extremely difficult to obtain cost-effective debt capital to finance new investment activity or to refinance maturing debt. When debt is available, it is generally at a cost higher than in the recent past.

We currently expect that our principal sources of working capital and funds for acquisition and redevelopment of properties, tenant improvements and leasing costs and for structured finance investments will include:

(1) Cash flow from operations;
(2) Cash on hand;
(3) Borrowings under our 2007 unsecured revolving credit facility;
(4) Other forms of secured or unsecured financing;
(5) Net proceeds from divestitures of properties and redemptions, participations and dispositions of structured finance investments; and

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(6) Proceeds from common or preferred equity or debt offerings by us, our Operating Partnership (including issuances of limited partnership units in the operating partnership and trust preferred securities) or ROP.

Cash flow from operations is primarily dependent upon the occupancy level of our portfolio, the net effective rental rates achieved on our leases, the collectability of rent and operating escalations and recoveries from our tenants and the level of operating and other costs. Additionally, we believe that our joint venture investment programs will also continue to serve as a source of capital.

Our combined aggregate principal maturities of our property mortgages, corporate obligations and our share of joint venture debt, including as-of-right extension options, as of March 31, 2010 are as follows (in thousands):

	2010	2011	2012	2013	2014	Thereafter	Total
Property mortgages	$ 21,424	$ 269,140	$ 148,574	$ 594,060	$ 30,042	$ 1,659,906	$ 2,723,146
Corporate obligations	94,084	123,607	1,060,827	—	150,000	624,737	2,053,255
Joint venture debt-our share	82,267	206,766	61,767	37,236	334,499	1,124,699	1,847,234
Total	$ 197,775	$ 599,513	$ 1,271,168	$ 631,296	$ 514,541	$ 3,409,342	$ 6,623,635

As of March 31, 2010, we had approximately $245.7 million of cash on hand, inclusive of approximately $78.0 million of marketable securities. We expect to generate positive cash flow from operations for the foreseeable future. We may also seek to access private and public debt and equity capital when the opportunity presents itself, although there is no guarantee that this capital will be made available to us. Management believes that these sources of liquidity if we are able to access them, along with potential refinancing opportunities for secured debt will allow us to satisfy our debt obligations, as described above, upon maturity, if not before.

We also have investments in several real estate joint ventures with various partners who we consider to be financially stable and who have the ability to fund a capital call when needed. Most of our joint ventures are financed with non-recourse debt. We believe that property level cash flows along with unfunded committed indebtedness and proceeds from the refinancing of outstanding secured indebtedness will be sufficient to fund the capital needs of our joint venture properties.

We continue to monitor closely the financial viability of our largest tenant, Citigroup, which accounted for approximately 8.2% of our annualized rent as of March 31, 2010, paying particular attention to the potentially negative effects of its capital position and reductions in its headcount on its tenancy in our portfolio. During 2008 and 2009, Citigroup benefited from substantial U.S. government financial investments, including (i) raising capital through the sale of Citigroup non-voting perpetual, cumulative preferred stock and warrants to purchase common stock issued to the U.S. Department of the Treasury, (ii) entering into a loss-sharing agreement with various U.S. government entities covering certain of Citigroup assets, and (iii) issuing senior unsecured debt guaranteed by the Federal Deposit Insurance Corporation. Most significantly, in December 2009 Citigroup issued approximately $17 billion of common stock and approximately $3.5 billion of tangible equity units representing the largest public equity offering in U.S. capital markets history. The proceeds from this offering were then used to repay the $20 billion Citigroup received from the U.S. government under the Troubled Assets Relief Program, or TARP, and served to significantly improve Citigroup's TIER 1 capital ratio.

We believe that these actions by Citigroup and the U.S. government have served to bolster Citigroup's viability as a tenant and significantly mitigated its short term capital needs. In addition, while Citigroup has reduced its overall employee base, it has relocated personnel from other New York City properties not owned by us into the two properties where we have the largest exposure to Citigroup, 388-390 Greenwich Street, Manhattan and One Court Square in Queens. Both of these properties are held in joint ventures, however, thereby reducing our exposure to Citigroup from what it would have been had we been the sole owner of these properties.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cash Flows

The following summary discussion of our cash flows is based on our condensed consolidated statements of cash flows in "Item 1. Financial Statements" and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below.

Cash and cash equivalents were $167.7 million and $433.7 million at March 31, 2010 and 2009, respectively, representing a decrease of $266.0 million. The decrease was a result of the following increases and decreases in cash flows (in thousands):

	Three months ended March 31,		
	2010	2009	Increase (Decrease)
Net cash provided by operating activities	$ 66,682	$ 55,449	$ 11,233
Net cash used in investing activities	$ (60,243)	$ (3,236)	$ (57,007)
Net cash used in financing activities	$ (182,500)	$ (345,448)	$ 162,948

Our principal source of operating cash flow is related to the leasing and operating of the properties in our portfolio. Our properties provide a relatively consistent stream of cash flow that provides us with resources to pay operating expenses, debt service and fund quarterly dividend and distribution payment requirements. At March 31, 2010 our portfolio was 91.0% occupied. Our structured finance and joint venture investments also provide a steady stream of operating cash flow to us.

Cash is used in investing activities to fund acquisitions, redevelopment projects and recurring and nonrecurring capital expenditures. We selectively invest in new projects that enable us to take advantage of our development, leasing, financing and property management skills and invest in existing buildings that meet our investment criteria. During the three months ended March 31, 2010, when compared to the three months ended March 31, 2009, we used cash primarily for the following investing activities (in thousands):

Acquisitions of and additions to real estate	$ 3,713
Escrow cash-capital improvements/acquisition deposits	(12,543)
Joint venture investments	7,226
Distributions from joint ventures	1,673
Proceeds from sales of real estate	(17,154)
Structured finance and other investments	(39,922)

We generally fund our investment activity through property-level financing, our 2007 unsecured revolving credit facility, senior unsecured notes, construction loans and from time to time we issue common or preferred stock. During the three months ended March 31, 2010, when compared to the three months ended March 31, 2009, we used cash for the following financing activities (in thousands):

Proceeds from our debt obligations	$ 248,888
Repayments under our debt obligations	(195,274)
Noncontrolling interests, contributions in excess of distributions	2,743
Other financing activities	(29,183)
Proceeds from sale of preferred stock	122,168
Dividends paid	13,606

Capitalization

As of March 31, 2010, we had 77,924,236 shares of common stock, 1,408,104 units of limited partnership interest in our operating partnership, 11,700,000 shares of our 7.625% Series C cumulative redeemable preferred stock, or Series C preferred stock, and 4,000,000 shares of our 7.875% Series D cumulative redeemable preferred stock, or Series D preferred stock, outstanding.

In January 2010, we sold 5,400,000 shares of our Series C preferred stock in an underwritten public offering. Following this offering, we have 11,700,000 shares of the Series C preferred stock outstanding. The shares of Series C preferred stock have a liquidation preference of $25.00 per share and are redeemable at par, plus accrued and unpaid dividends, at any time at our option. The shares were priced at $23.53 per share including accrued dividends equating to a yield of 8.101%. We used the net offering proceeds of approximately $122.2 million for general corporate and/or working capital purposes, including purchases of the indebtedness of our subsidiaries and investment opportunities.

In May 2009, we sold 19,550,000 shares of our common stock. The net proceeds from this offering (approximately $387.1 million) was primarily used to repurchase unsecured debt and for other corporate purposes.

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In March 2007, our board of directors approved a stock repurchase plan under which we can buy up to $300.0 million shares of our common stock. This plan expired on December 31, 2008. We repurchased approximately $300.0 million, or 3.3 million shares of our common stock, at an average price of $90.49 per share.

Rights Plan

We adopted a shareholder rights plan which provided, among other things, that when specified events occur, our shareholders would be entitled to purchase from us a new created series of junior preferred shares. This plan expired in March 2010.

Dividend Reinvestment and Stock Purchase Plan

We filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRIP, which was declared effective in March 2009. We registered 2,000,000 shares of common stock under the DRIP. The DRIP commenced on September 24, 2001.

During the three months ended March 31, 2010 and 2009, approximately 250,816 and no shares were issued and approximately $11.2 million and none of proceeds were received, respectively, from dividend reinvestments and/or stock purchases under the DRIP. DRIP shares may be issued at a discount to the market price.

Amended and Restated 2005 Stock Option and Incentive Plan

Subject to adjustments upon certain corporate transactions or events, up to a maximum of 6,000,000 shares, or the Fungible Pool Limit, may be granted as options, restricted stock, phantom shares, dividend equivalent rights and other equity-based awards under the Amended and Restated 2005 Stock Option and Incentive Plan, or the 2005 Plan. At March 31, 2010, approximately 1.9 million shares of our common stock, calculated on a weighted basis, were available for issuance under the 2005 Plan, or 2.8 million shares if all shares available under the 2005 Plan were issued as five-year options.

2003 Long-Term Outperformance Compensation Program

Our board of directors adopted a long-term, seven-year compensation program for certain members of senior management. The program provided for restricted stock awards to be made to plan participants if the holders of our common equity achieved a total return in excess of 40% over a 48-month period commencing April 1, 2003. In April 2007, the compensation committee determined that under the terms of the 2003 Outperformance Plan, as of March 31, 2007, the performance hurdles had been met and the maximum performance pool of $22,825,000, taking into account forfeitures, was established. In connection with this event, approximately 166,312 shares of restricted stock (as adjusted for forfeitures) were allocated under the 2005 Plan. In accordance with the terms of the program, 40% of each award vested on March 31, 2007 and the remainder was scheduled to vest ratably over the subsequent three years based on continued employment. The fair value of the awards under this program on the date of grant was determined to be $3.2 million. This fair value is expensed over the term of the restricted stock award. Forty percent of the value of the award was amortized over four years from the date of grant and the balance was amortized, in equal parts, over five, six and seven years (i.e., 20% of the total value was amortized over five years (20% per year), 20% of the total value was amortized over six years (16.67% per year) and 20% of the total value was amortized over seven years (14.29% per year)). Compensation expense of $23,000 and $29,500 related to this program was recorded during the three months ended March 31, 2010 and 2009, respectively.

2005 Long-Term Outperformance Compensation Program

In December 2005, the compensation committee of our board of directors approved a long-term incentive compensation program, the 2005 Outperformance Plan. Participants in the 2005 Outperformance Plan were entitled to earn LTIP Units in our operating partnership if our total return to stockholders for the three-year period beginning December 1, 2005 exceeded a cumulative total return to stockholders of 30%.; provided that participants were entitled to earn LTIP Units earlier in the event that we achieved maximum performance for 30 consecutive days. The total number of LTIP Units that could be earned was to be a number having an assumed value equal to 10% of the outperformance amount in excess of the 30% benchmark, subject to a maximum dilution cap equal to the lesser of 3% of our outstanding shares and units of limited partnership interest as of December 1, 2005 or $50.0 million. On June 14, 2006, the compensation committee determined that under the terms of the 2005 Outperformance Plan, as of June 8, 2006, the performance period had accelerated and the maximum performance pool of $49,250,000, taking into account forfeitures, had been earned. Under the terms of the 2005 Outperformance Plan, participants also earned additional LTIP Units with a value equal to the distributions that would have been paid with respect to the LTIP Units earned if such LTIP Units had been earned at the beginning of the performance period. The total number of LTIP Units earned under the 2005 Outperformance Plan by all participants as of June 8, 2006 was 490,475. Under the terms of the 2005 Ouperformance Plan, all LTIP Units that were earned remained subject to time-based vesting, with one-third of the LTIP Units earned scheduled to vest on each of November 30, 2009 and the first two anniversaries thereafter based on continued employment. The earned LTIP Units are to receive regular quarterly distributions on a per unit basis equal to the dividends per share paid on our common stock, whether or not they are vested.

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The cost of the 2005 Outperformance Plan (approximately $8.0 million, subject to adjustment for forfeitures) will continue to be amortized into earnings through the final vesting period. We recorded approximately $0.4 million and $0.6 million of compensation expense during the three months ended March 31, 2010 and 2009, respectively, in connection with the 2005 Outperformance Plan.

2006 Long-Term Outperformance Compensation Program

On August 14, 2006, the compensation committee of our board of directors approved a long-term incentive compensation program, the 2006 Outperformance Plan. Participants in the 2006 Outperformance Plan were entitled to earn LTIP Units in our operating partnership if our total return to stockholders for the three-year period beginning August 1, 2006 exceeded a cumulative total return to stockholders of 30%.; provided that participants were entitled to earn LTIP Units earlier in the event that we achieved maximum performance for 30 consecutive days. The total number of LTIP Units that could be earned was to be a number having an assumed value of 10% of the outperformance amount in excess of the 30% benchmark, subject to a maximum dilution cap equal to $60.0 million. The 2006 Outperformance Plan provided that if the LTIP Units were earned, each participant would also have been entitled to the distributions that would have been paid had the number of earned LTIP Units been issued at the beginning of the performance period. Those distributions would have been paid in the form of additional LTIP Units. Thereafter, distributions would have been paid currently with respect to all earned LTIP Units, whether vested or unvested. Any LTIP Units earned under the 2006 Outperformance Plan were to remain subject to time-based vesting, with one-third of the awards vesting on each of July 31, 2009 and the first two anniversaries thereafter based on continued employment.

The cost of the 2006 Outperformance Plan (approximately $16.4 million, subject to adjustment for forfeitures) will be amortized into earnings through the final vesting period. We recorded approximately $52,000 and $96,000 of compensation expense during the three months ended March 31, 2010 and 2009, respectively, in connection with the 2006 Outperformance Plan. During the fourth quarter of 2009, we and certain of our employees, including our executive officers, mutually agreed to cancel a portion of the 2006 Outperformance Plan. The performance criteria under the 2006 Outperformance Plan were not met and, accordingly, no LTIP Units have been earned under the 2006 Outperformance Plan.

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SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Plan

In December 2009, the compensation committee of our board of directors approved the general terms of the SL Green Realty Corp. 2010 Notional Unit Long-Term Compensation Program, the 2010 Long Term Compensation Plan. The 2010 Long-Term Compensation Plan is a long-term incentive compensation plan pursuant to which award recipients may earn, in the aggregate, from approximately $15 million up to approximately $75 million of LTIP Units in our operating partnership based on our stock price appreciation over three years beginning on December 1, 2009; provided that, if maximum performance has been achieved, approximately $25 million of awards may be earned at any time after the beginning of the second year and an additional approximately $25 million of awards may be earned at any time after the beginning of the third year. The amount of awards earned will range from approximately $15 million if our aggregate stock price appreciation during the performance period is 25% to the maximum amount of approximately $75 million if our aggregate stock price appreciation during the performance period is 50% or greater. No awards will be earned if our aggregate stock price appreciation is less than 25%. After the awards are earned, they will remain subject to vesting, with 50% of any LTIP Units earned vesting on January 1, 2013 and an additional 25% vesting on each of January 1, 2014 and 2015 based, in each case, on continued employment through the vesting date. We will not pay distributions on any LTIP Units until they are earned, at which time we will pay all distributions that would have been paid on the earned LTIP Units since the beginning of the performance period.

Overall, the 2010 Long Term Compensation Plan contemplates maximum potential awards of 1,179,987 LTIP Units and a cap of approximately $75 million when earned. However, as sufficient shares were not available under the 2005 Plan to fund the entire 2010 Long Term Compensation Plan, the awards granted, in the aggregate, were limited to 744,128 LTIP Units, subject to performance-based and time-based vesting, unless and until additional shares become available under the 2005 Plan prior to the end of the performance period for the 2010 Long Term Compensation Plan. The cost of the portion of the 2010 Long Term Compensation Plan granted in December 2009 (approximately $24.8 million, subject to forfeitures) will be amortized into earnings through the final vesting period. We recorded compensation expense of approximately $0.5 million during the three months ended March 31, 2010 related to this program. If and when additional shares become available under the 2005 Plan, a new grant date for the remaining portion of the 2010 Long Term Compensation Plan will be deemed to occur as of which time we will determine the fair value of that additional portion of the 2010 Long Term Compensation Plan and then begin amortizing it into earnings through the final vesting period, which will be in addition to the amounts being amortized into earnings for the portion granted in December 2009 described above.

Deferred Stock Compensation Plan for Directors

Under our Independent Director's Deferral Program, which commenced July 2004, our non-employee directors may elect to defer up to 100% of their annual retainer fee, chairman fees and meeting fees. Unless otherwise elected by a participant, fees deferred under the program shall be credited in the form of phantom stock units. The phantom stock units are convertible into an equal number of shares of common stock upon such directors' termination of service from the Board of Directors or a change in control by us, as defined by the program. Phantom stock units are credited to each non-employee director quarterly using the closing price of our common stock on the applicable dividend record date for the respective quarter. Each participating non-employee director's account is also credited for an equivalent amount of phantom stock units based on the dividend rate for each quarter.

During the three months ended March 31, 2010, approximately 6,463 phantom stock units were earned. As of March 31, 2010, there were approximately 54,874 phantom stock units outstanding.

Employee Stock Purchase Plan

On September 18, 2007, our board of directors adopted the 2008 Employee Stock Purchase Plan, or ESPP, to encourage our employees to increase their efforts to make our business more successful by providing equity-based incentives to eligible employees. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended, and has been adopted by the board to enable our eligible

employees to purchase our shares of common stock through payroll deductions. The ESPP became effective on January 1, 2009 with a maximum of 500,000 shares of the common stock available for issuance, subject to adjustment upon a merger, reorganization, stock split or other similar corporate change. We filed a registration statement on Form S-8 with the Securities and Exchange Commission with respect to the ESPP. The common stock will be offered for purchase through a series of successive offering periods. Each offering period will be three months in duration and will begin on the first day of each calendar quarter, with the first offering period having commenced on January 1, 2009. The ESPP provides for eligible employees to purchase the common stock at a purchase price equal to 85% of the lesser of (1) the market value of the common stock on the first day of the offering period or (2) the market value of the common stock on the last day of the offering period. The ESPP was approved by our stockholders at our 2009 annual meeting of stockholders. As of March 31, 2010, approximately 39,907 shares of our common stock had been issued under the ESPP.

Market Capitalization

At March 31, 2010, borrowings under our mortgage loans, 2007 unsecured revolving credit facility, senior unsecured notes and trust preferred securities (including our share of joint venture debt of approximately $1.8 billion) represented 57.3% of our combined market capitalization of approximately $11.6 billion (based on a common stock price of $57.27 per share, the closing price of our common stock on the New York Stock Exchange on March 31, 2010). Market capitalization includes our consolidated debt, common and preferred stock and the conversion of all units of limited partnership interest in our Operating Partnership, and our share of joint venture debt.

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Indebtedness

The table below summarizes our consolidated mortgage debt, 2007 unsecured revolving credit facility, senior unsecured notes and trust preferred securities outstanding at March 31, 2010 and December 31, 2009, respectively (dollars in thousands):

Debt Summary:	March 31, 2010	December 31, 2009
Balance		
Fixed rate	**$ 3,475,954**	$ 3,256,081
Variable rate — hedged	**60,000**	60,000
Total fixed rate	**3,535,954**	3,316,081
Variable rate	**779,502**	1,110,391
Variable rate—supporting variable rate assets	**460,945**	466,216
Total variable rate	**1,240,447**	1,576,607
Total	**$ 4,776,401**	$ 4,892,688
Percent of Total Debt:		
Total fixed rate	**74.0%**	67.8%
Variable rate	**26.0%**	32.2%
Total	**100.0%**	100.0%
Effective Interest Rate for the Quarter:		
Fixed rate	**5.88%**	5.60%
Variable rate	**1.74%**	1.45%
Effective interest rate	**4.80%**	4.30%

The variable rate debt shown above bears interest at an interest rate based on 30-day LIBOR (0.25% and 0.50% at March 31, 2010 and 2009, respectively). Our consolidated debt at March 31, 2010 had a weighted average term to maturity of approximately 5.0 years.

Certain of our structured finance investments, with a carrying value of approximately $460.9 million, are variable rate investments which mitigate our exposure to interest rate changes on our unhedged variable rate debt at March 31, 2010.

Mortgage Financing

As of March 31, 2010, our total mortgage debt (excluding our share of joint venture debt of approximately $1.8 billion) consisted of approximately $2.3 billion of fixed rate debt, including hedged variable rate debt, with an effective weighted average interest rate of approximately 6.01% and $400.4 million of variable rate debt with an effective weighted average interest rate of approximately 3.17%.

Corporate Indebtedness

2007 Unsecured Revolving Credit Facility

We have a $1.5 billion unsecured revolving credit facility. The 2007 unsecured revolving credit facility bears interest at a spread ranging from 70 basis points to 110 basis points over the 30-day LIBOR which, based on our leverage ratio, is currently 90 basis points. This facility matures in June 2011 and has a one-year as-of-right extension option. The 2007 unsecured revolving credit facility also requires a 12.5 to 20 basis point fee on the unused balance payable annually in arrears. The 2007 unsecured revolving credit facility had approximately $0.9 billion outstanding at March 31, 2010. Availability under the 2007 unsecured revolving credit facility was further reduced at March 31, 2010 by the issuance of approximately $26.2 million in letters of credit. The 2007 unsecured revolving credit facility includes certain restrictions and covenants (see restrictive covenants below).

In August 2009, we amended our 2007 unsecured revolving credit facility to provide us with the ability to acquire a portion of the loans outstanding under our 2007 unsecured revolving credit facility. Such repurchases reduce our availability under the 2007 unsecured revolving credit facility. In August 2009, a

subsidiary of ours repurchased approximately $48.0 million of the total commitment, and we realized gains on early extinguishment of debt of approximately $7.1 million.

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Senior Unsecured Notes

The following table sets forth our senior unsecured notes and other related disclosures by scheduled maturity date as of March 31, 2010 (in thousands):

Issuance	Accreted Balance	Coupon Rate[4]	Term (in Years)	Maturity
January 22, 2004[1]	$ 123,607	5.15%	7	January 15, 2011
August 13, 2004[1]	150,000	5.875%	10	August 15, 2014
March 31, 2006[1]	274,737	6.00%	10	March 31, 2016
March 16, 2010	250,000	7.75%	10	March 15, 2020
June 27, 2005[1][2]	94,084	4.00%	20	June 15, 2025
March 26, 2007[3]	160,827	3.00%	20	March 30, 2027
	$ 1,053,255			

(1) Assumed as part of the Reckson Merger.

(2) Exchangeable senior debentures which are callable after June 17, 2010 at 100% of par. In addition, the debentures can be put to us, at the option of the holder at par plus accrued and unpaid interest, on June 15, 2010, 2015 and 2020 and upon the occurrence of certain change of control transactions. As a result of the Reckson Merger, the adjusted exchange rate for the debentures is 7.7461 shares of our common stock per $1,000 of principal amount of debentures and the adjusted reference dividend for the debentures is $1.3491. During the three months ended March 31, 2010, we repurchased approximately $21.4 million of these bonds and realized a net loss on early extinguishment of debt of approximately $0.1 million. On the date of the Reckson Merger, $13.1 million was recorded in equity. As of March 31, 2010, approximately $0.5 million remained unamortized.

(3) In March 2007, we issued $750.0 million of these convertible bonds. Interest on these notes is payable semi-annually on March 30 and September 30. The notes have an initial exchange rate representing an exchange price that is at a 25.0% premium to the last reported sale price of our common stock on March 20, 2007, or $173.30. The initial exchange rate is subject to adjustment under certain circumstances. The notes are senior unsecured obligations of our operating partnership and are exchangeable upon the occurrence of specified events, and during the period beginning on the twenty-second scheduled trading day prior to the maturity date and ending on the second business day prior to the maturity date, into cash or a combination of cash and shares of our common stock, if any, at our option. The notes are redeemable, at our option, on and after April 15, 2012. We may be required to repurchase the notes on March 30, 2012, 2017 and 2022, and upon the occurrence of certain designated events. The net proceeds from the offering were approximately $736.0 million, after deducting estimated fees and expenses. The proceeds of the offering were used to repay certain of our existing indebtedness, make investments in additional properties, and make open market purchases of our common stock and for general corporate purposes. On the issuance date, $66.6 million was recorded in equity. As of March 31, 2010, approximately $7.8 million remained unamortized.

(4) Interest on the senior unsecured notes is payable semi-annually with principal and unpaid interest due on the scheduled maturity dates.

In March 2010, we commenced a cash tender offer, or Tender Offer, to purchase up to $250.0 million aggregate principal amount of the outstanding 3.000% Exchangeable Senior Notes due 2027 issued by our operating partnership, and the outstanding 4.000% Exchangeable Senior Debentures due 2025, 5.150% Notes due 2011 and 5.875% Notes due 2014 issued by Reckson. The Tender Offer expired at 12:00 midnight, New York City time, on April 7, 2010.

In April 2010, we completed the Tender Offer and purchased $13.0 million of the outstanding 3.000% Exchangeable Senior Notes due 2027 issued by the operating partnership, and $13.2 million of the outstanding 4.000% Exchangeable Senior Debentures due 2025, $38.8 million of the 5.150% Notes due 2011 and $50.0 million of the 5.875% Notes due 2014 issued by Reckson.

In March 2009, the $200.0 million, 7.75% unsecured notes scheduled to mature in March 2009, issued by Reckson were redeemed at par.

Junior Subordinate Deferrable Interest Debentures

In June 2005, we issued $100.0 million of Trust Preferred Securities, which are reflected on the balance sheet as Junior Subordinate Deferrable Interest Debentures. The proceeds were used to repay our unsecured revolving credit facility. The $100.0 million of junior subordinate deferred interest debentures have a 30-year term ending July 2035. They bear interest at a fixed rate of 5.61% for the first 10 years ending July 2015. Thereafter, the rate will float at three month LIBOR plus 1.25%. The securities are redeemable at par beginning in July 2010.

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Restrictive Covenants

The terms of our 2007 unsecured revolving credit facility and certain of our senior unsecured notes include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage and fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage

and certain investment limitations. The dividend restriction referred to above provides that, except to enable us to continue to qualify as a REIT for Federal income tax purposes, we will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of funds from operations for such period, subject to certain other adjustments. As of March 31, 2010 and December 31, 2009, we were in compliance with all such covenants.

Market Rate Risk

We are exposed to changes in interest rates primarily from our floating rate borrowing arrangements. We use interest rate derivative instruments to manage exposure to interest rate changes. A hypothetical 100 basis point increase in interest rates along the entire interest rate curve for 2010 would increase our annual interest cost by approximately $12.1 million and would increase our share of joint venture annual interest cost by approximately $6.5 million, respectively.

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

Approximately $3.5 billion of our long-term debt bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. The interest rate on our variable rate debt and joint venture debt as of March 31, 2010 ranged from LIBOR plus 75 basis points to LIBOR plus 400 basis points.

Contractual Obligations

Combined aggregate principal maturities of mortgages and notes payable, 2007 unsecured revolving credit facility, senior unsecured notes (net of discount), trust preferred securities, our share of joint venture debt, including as-of-right extension options, estimated interest expense, and our obligations under our capital lease and ground leases, as of March 31, 2010 are as follows (in thousands):

	2010	2011	2012	2013	2014	Thereafter	Total
Property Mortgages	$ 21,424	$ 269,140	$ 148,574	$ 594,060	$ 30,042	$ 1,659,906	$ 2,723,146
Revolving Credit Facility	—	—	900,000	—	—	—	900,000
Trust Preferred Securities	—	—	—	—	—	100,000	100,000
Senior Unsecured Notes	94,084	123,607	160,827	—	150,000	524,737	1,053,255
Capital lease	1,097	1,555	1,555	1,555	1,555	45,649	52,966
Ground leases	23,474	28,929	28,179	28,179	28,179	580,600	717,540
Estimated interest expense	173,839	209,369	185,096	165,618	146,158	415,714	1,295,794
Joint venture debt	82,267	206,766	61,767	37,236	334,499	1,124,699	1,847,234
Total	$ 396,185	$ 839,366	$ 1,485,998	$ 826,648	$ 690,433	$ 4,451,305	$ 8,689,935

Off-Balance Sheet Arrangements

We have a number of off-balance sheet investments, including joint ventures and structured finance investments. These investments all have varying ownership structures. Substantially all of our joint venture arrangements are accounted for under the equity method of accounting as we have the ability to exercise significant influence, but not control over the operating and financial decisions of these joint venture arrangements. Our off-balance sheet arrangements are discussed in Note 5, "Structured Finance Investments" and Note 6, "Investments in Unconsolidated Joint Ventures" in the accompanying financial statements.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Capital Expenditures

We estimate that for the nine months ending December 31, 2010, we will incur approximately $92.4 million of capital expenditures, net of loan reserves, (including tenant improvements and leasing commissions) on existing wholly-owned properties and our share of capital expenditures at our joint venture properties, net of loan reserves, will be approximately $26.6 million. We expect to fund these capital expenditures with operating cash flow, additional property level mortgage financings, and cash on hand. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect that these financing requirements will be met in a similar fashion. We believe that we will have sufficient resources to satisfy our capital needs during the next 12-month period. Thereafter, we expect that our capital needs will be met through a combination of cash on hand, net cash provided by operations, borrowings, potential asset sales or additional equity or debt issuances.

Dividends

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

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our REIT taxable income, determined before taking into consideration the dividends paid deduction and net capital gains. We intend to continue to pay regular quarterly dividends to our stockholders on an annual basis. Based on our current annual dividend rate of $0.40 per share, we would pay approximately $31.2 million in dividends. Before we pay any dividend, whether for Federal income tax purposes or otherwise, which would only be paid out of available cash to the extent permitted under our unsecured

and secured credit facilities, and our term loans, we must first meet both our operating requirements and scheduled debt service on our mortgages and loans payable.

Related Party Transactions

Cleaning/ Security/ Messenger and Restoration Services

Through Alliance Building Services, or Alliance, First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services, Classic Security LLC provides security services, Bright Star Couriers LLC provides messenger services, and Onyx Restoration Works provides restoration services with respect to certain properties owned by us. Alliance is owned by Gary Green, a son of Stephen L. Green, the chairman of our board of directors. In addition, First Quality has the non-exclusive opportunity to provide cleaning and related services to individual tenants at our properties on a basis separately negotiated with any tenant seeking such additional services. The Service Corporation has entered into an arrangement with Alliance whereby it will receive a profit participation above a certain threshold for services provided by Alliance to certain tenants at certain buildings above the base services specified in their lease agreements. Alliance paid the Service Corporation approximately $0.6 million and $0.3 million for the three months ended March 31, 2010, and 2009, respectively. We paid Alliance approximately $3.1 million and $3.4 million for the three months ended March 31, 2010 and 2009, respectively, for these services (excluding services provided directly to tenants).

Leases

Nancy Peck and Company leases 1,003 square feet of space at 420 Lexington Avenue under a lease that ends in August 2015. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due under the lease is $35,516 per year.

Management Fees

S.L. Green Management Corp. receives property management fees from an entity in which Stephen L. Green owns an interest. The aggregate amount of fees paid to S.L. Green Management Corp. from such entity was approximately $108,000 and $95,000 for the three months ended March 31, 2010 and 2009, respectively.

Gramercy Capital Corp.

Our related party transactions with Gramercy are discussed in Note 11, “Related Party Transactions” in the accompanying financial statements.

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ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Insurance

We maintain “all-risk” property and rental value coverage (including coverage regarding the perils of flood, earthquake and terrorism) within two property insurance portfolios and liability insurance. The first property portfolio maintains a blanket limit of $600.0 million per occurrence for the majority of the New York City properties in our portfolio with a sub-limit of $450.0 million for acts of terrorism. This policy expires in December 31, 2010. The second portfolio maintains a limit of $600.0 million per occurrence, including terrorism, for a few New York City properties and the majority of the Suburban properties. The second property policy expires on December 31, 2010. Additional coverage may be purchased on a stand-alone basis for certain assets. The liability policies cover all our properties and provide limits of $200.0 million per property. The liability policies expire on October 31, 2010.

In October 2006, we formed a wholly-owned taxable REIT subsidiary, Belmont Insurance Company, or Belmont, to act as a captive insurance company and be one of the elements of our overall insurance program. Belmont was formed in an effort to, among other reasons; stabilize to some extent the fluctuations of insurance market conditions. Belmont is licensed in New York to write Terrorism,

NBCR (nuclear, biological, chemical, and radiological), General Liability, Environmental Liability and D&O coverage.

- Terrorism: Belmont acts as a direct property insurer with respect to a portion of our terrorism coverage for the New York City properties. Effective September 1, 2009, Belmont increased its terrorism coverage from $250 million to $400 million in an upper layer. In addition Belmont purchased reinsurance to reinsure the retained insurable risk not otherwise covered under Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007, or TRIPRA, as detailed below.

- NBCR: Belmont acts as a direct insurer of NBCR coverage up to $250 million on the entire property portfolio.

- General Liability: Belmont insures a deductible on the general liability insurance with a $150,000 deductible per occurrence and a $2.2 million annual aggregate stop loss limit. We have secured an excess insurer to protect against catastrophic liability losses above the $150,000 deductible per occurrence and a stop loss if aggregate claims exceed $2.2 million. Belmont has retained a third party administrator to manage all claims within the deductible and we anticipate that direct management of liability claims will improve loss experience and ultimately lower the cost of liability insurance in future years. In addition, we have an umbrella liability policy of $200.0 million.

- Environmental Liability: Belmont insures a deductible of $1 million per occurrence on a $30 million environmental liability policy covering the entire portfolio.

As long as we own Belmont, we are responsible for its liquidity and capital resources, and the accounts of Belmont are part of our consolidated financial statements. If we experience a loss and Belmont is required to pay under its insurance policy, we would ultimately record the loss to the extent of Belmont’s required payment. Therefore, insurance coverage provided by Belmont should not be considered as the equivalent of third-party insurance, but rather as a modified form of self-insurance.

TRIA, which was enacted in November 2002, was renewed on December 31, 2007. Congress extended TRIA, now called TRIPRA (Terrorism Risk Insurance Program Reauthorization and Extension Act of 2007) until December 31, 2014. The law extends the federal Terrorism Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of foreign and domestic terrorism. Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases and our 2007 unsecured revolving credit facility, contain customary covenants requiring us to maintain insurance. There can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from "all-risk" insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments that allows the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders insist on full coverage for these risks and prevail in asserting that we are required to maintain such coverage, it could result in substantially higher insurance premiums.

We have a 45% interest in the property at 1221 Avenue of the Americas, where we participate with The Rockefeller Group Inc., which carries a blanket policy providing $1.0 billion of "all-risk" property insurance, including terrorism coverage, and a 49.9% interest in the property at 100 Park Avenue, where we participate with Prudential, which carries a blanket policy of $500.0 million of "all-risk" property insurance, including terrorism coverage. We own One Madison Avenue, which is under a triple net lease with insurance provided by the tenant, Credit Suisse Securities (USA) LLC, or CS. We monitor the coverage provided by CS to make sure that our asset is adequately protected. We have a 50.6% interest in the property at 388 and 390 Greenwich Street, where we participate with SITQ, which is leased on a triple net basis to Citigroup, N.A., which provides insurance coverage directly. We monitor all triple net leases to ensure that tenants are providing adequate coverage. Although we consider our insurance coverage to be appropriate, in the event of a major catastrophe, such as an act of terrorism, we may not have sufficient coverage to replace certain properties.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Funds from Operations

Funds from Operations, or FFO, is a widely recognized measure of REIT performance. We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do. The revised White Paper on FFO approved by the Board of Governors of NAREIT in April 2002 defines FFO as net income (loss) (computed in accordance with Generally Accepted Accounting Principles, or GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, particularly those that own and operate commercial office properties.

We also use FFO as one of several criteria to determine performance-based bonuses for members of our senior management. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs, providing perspective not immediately apparent from net income. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), as an indication of our financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

FFO for the three months ended March 31, 2010 and 2009 is as follows (in thousands):

	Three Months Ended March 31,	
	2010	**2009**
Net income attributable to SL Green common stockholders	**$ 15,079**	$ 32,768
Add:		
Depreciation and amortization	**57,052**	54,465
Discontinued operations depreciation adjustments	**—**	333
Unconsolidated joint ventures depreciation and noncontrolling interest adjustments	**8,770**	11,265
Net income attributable to noncontrolling interests	**3,939**	4,797
Loss on equity investment in marketable securities	**285**	807
Less:		
Gain on sale of discontinued operations	**—**	(6,572)
Equity in net gain on sale of joint venture property/ real estate	**—**	(9,541)
Depreciation on non-rental real estate assets	**172**	(204)
Funds from Operations	**$ 84,953**	$ 88,118
Cash flows provided by operating activities	**$ 66,682**	$ 55,449
Cash flows used in investing activities	**$ (60,243)**	$ (3,236)
Cash flows used in financing activities	**$ (182,500)**	$ (345,448)

Inflation

Substantially all of the office leases provide for separate real estate tax and operating expense escalations as well as operating expense recoveries based on increases in the Consumer Price Index or other measures such as porters' wage. In addition, many of the leases provide for fixed base rent increases. We believe that inflationary increases may be at least partially offset by the contractual rent increases and expense escalations described above.

Accounting Standards Updates

The Accounting Standards Updates Accounting Standards Updates are discussed in Note 2, “Significant Accounting Policies- Accounting Standards Updates” in the accompanying consolidated financial statements.

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ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Information

This report includes certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Such forward-looking statements relate to, without limitation, our future capital expenditures, dividends and acquisitions (including the amount and nature thereof) and other development trends of the real estate industry and the Manhattan, Westchester County, Connecticut, Long Island and New Jersey office markets, business strategies, and the expansion and growth of our operations. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Act and Section 21E of the Exchange Act. Such statements are subject to a number of assumptions, risks and uncertainties which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements are generally identifiable by the use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “project,” “continue,” or the negative of these words, or other similar words or terms. Readers are cautioned not to place undue reliance on these forward-looking statements. Among the factors about which we have made assumptions are:

- general economic or business (particularly real estate) conditions, either nationally or in the New York Metro area being less favorable than expected if the credit crisis continues;
- reduced demand for office space;
- risks of real estate acquisitions;
- risks of structured finance investments and borrowers;
- availability and creditworthiness of prospective tenants and borrowers;
- tenant bankruptcies;
- adverse changes in the real estate markets, including increasing vacancy, increasing availability of sublease space, decreasing rental revenue and increasing insurance costs;
- availability, terms and deployment of capital (debt and equity);
- unanticipated increases in financing and other costs, including a rise in interest rates;
- our ability to comply with financial covenants in our debt instruments;
- declining real estate valuations and impairment charges;
- market interest rates could adversely affect the market price of our common stock, as well as our performance and cash flows;
- our ability to satisfy complex rules in order for us to qualify as a REIT, for federal income tax purposes, our Operating Partnership’s ability to satisfy the rules in order for it to qualify as a partnership for federal income tax purposes, the ability of certain of our subsidiaries to qualify as REITs and certain of our subsidiaries to qualify as taxable REIT subsidiaries for federal income tax purposes and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules;
- accounting principles and policies and guidelines applicable to REITs;
- competition with other companies;
- availability of and our ability to attract and retain qualified personnel;
- the continuing threat of terrorist attacks on the national, regional and local economies including, in particular, the New York City area and our tenants;
- legislative or regulatory changes adversely affecting REITs and the real estate business; and
- environmental, regulatory and/or safety requirements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of future events, new information or otherwise.

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

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ITEM 3. Quantitative and Qualitative Disclosure About Market Risk

For quantitative and qualitative disclosures about market risk, see Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” of our Annual Report on Form 10-K for the year ended December 31, 2009. Our exposures to market risk have not changed materially since December 31, 2009.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding

required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports. Also, we have investments in certain unconsolidated entities. As we do not control these entities, our disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

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

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting during the quarter ended March 31, 2010, that has materially affected, or is reasonably likely to material affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As of March 31, 2010, we were not involved in any material litigation nor, to management's knowledge, is any material litigation threatened against us or our portfolio other than routine litigation arising in the ordinary course of business or litigation that is adequately covered by insurance.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in "Item 1A-Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

Entry into a Material Definitive Agreement

On May 7, 2010, Green Hill Acquisition LLC ("GHA"), a wholly owned subsidiary of ours, entered into a definitive stock purchase agreement (the "Stock Purchase Agreement") pursuant to which GHA will sell its 45% beneficial interest in the properties known as 1221 Avenue of the Americas located in Manhattan (the "Property") to a wholly owned subsidiary of the Canada Pension Plan Investment Board, a Canadian Crown corporation ("CPPIB"), for total consideration of $576 million, of which approximately $94 million represents the payment for existing reserves and the assumption of our pro-rata share of in-place financing and which is subject to customary working capital adjustments at closing.

Subject to the satisfaction of certain conditions that are to be satisfied prior to the closing, the consummation of the sale is expected to occur during the month of May 2010.

We and CPPIB have entered into a joint venture arrangement in connection with our previously announced pending acquisition of the property known as 600 Lexington Avenue located in Manhattan, pursuant to which we have sold a 45% joint venture ownership stake at 600 Lexington Avenue to CPPIB. Subject to satisfaction of certain conditions that are to be satisfied prior to the closing, the acquisition of the property at 600 Lexington Avenue is expected to close during the month of May 2010.

The foregoing description of the Stock Purchase Agreement is qualified in its entirety by reference to the Stock Purchase Agreement, a copy of which is filed herewith as Exhibit 10.2 and incorporated herein by this reference.

ITEM 6. EXHIBITS

(a) Exhibits:

1.1 Underwriting Agreement dated January 14, 2010 by and among the Company, SL Green Operating Partnership, L.P., and Banc of America Securities LLC and Wells Fargo Securities, LLC, as representatives of the several underwriters named therein, incorporated by reference to the

Company's Form 8-K dated January 20, 2010, filed with the Commission on January 20, 2010.

3.1 Articles Supplementary reclassifying and designating an additional 5,400,000 shares of preferred stock as 7.625% Series C Cumulative Redeemable Preferred Stock, par value $.01 per share, incorporated by reference to the Company's Form 8-K dated January 20, 2010, filed with the Commission on January 20, 2010.

4.1 Indenture, dated as of March 16, 2010, among Reckson Operating Partnership, L.P., as Issuer, SL Green Realty Corp. and SL Green Operating Partnership, L.P., as Co-Obligors, and The Bank of New York Mellon, as Trustee, incorporated by reference to the Company's Form 8-K dated March 16, 2010, filed with the Commission on March 17, 2010.

4.2 Form of 7.75% Senior Note due 2020 of Reckson Operating Partnership, L.P., the Company and SL Green OP, incorporated by reference to the Company's Form 8-K dated March 16, 2010, filed with the Commission on March 17, 2010.

4.3 Registration Rights Agreement, dated as of March 16, 2010, among Reckson Operating Partnership, L.P., and SL Green Realty Corp. and SL Green Operating Partnership, L.P., as Co-Obligors, and Banc of America Securities LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc., incorporated by reference to the Company's Form 8-K dated March 16, 2010, filed with the Commission on March 17, 2010.

10.1 Eighth Amendment to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., incorporated by reference to the Company's Form 8-K dated January 20, 2010, filed with the Commission on January 20, 2010.

10.2. Stock Purchase Agreement, dated as of May 7, 2010, by and between CPPIB REI US RE-5, Inc., an Ontario corporation, and Green Hill Acquisition LLC, a Delaware limited liability company.

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

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

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

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

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, 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/ Gregory F. Hughes

Gregory F. Hughes
Chief Operating Officer and Chief Financial Officer

Date: May 10, 2010

Exhibit 10.2

Execution Version

STOCK PURCHASE AGREEMENT

by and among

CPPIB REI US RE-5, INC.

as Buyer

and

GREEN HILL ACQUISITION LLC

as Seller

Dated: May 6, 2010

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Exhibit B-l - Description of 151 West 48th Street Property
Exhibit B-2 - Description of 166 West 48th Street Property
Exhibit C - Permitted Encumbrances
Exhibit D-1 - Form of Required Amendment (By-Laws)
Exhibit D-2 - Form of Required Amendment (Cert. of Incorporation)

Exhibit E	-	Form of Escrow Agreement
Exhibit F	-	1221 Property Monthly Reports
Exhibit G	-	Forms of Tenant Estoppel Certificates
Exhibit H	-	Form of Lender Estoppel Certificate
Exhibit I	-	Form of Title Affidavit

Schedule 2.3(b)	-	Closing Date Statement
Schedule 3.4(e)	-	Organizational Chart
Schedule 3.4(f)	-	List of Organizational Documents
Schedule 3.8(a)	-	List of Leases
Schedule 3.8(b)	-	List of Security Deposits
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Schedule 3.9(b)	-	List of Loan Documents
Schedule 3.10	-	List of Board of Directors
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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of May 6, 2010, by and among CPPIB REI US RE-5, Inc., an Ontario corporation ("Buyer"), and Green Hill Acquisition LLC, a Delaware limited liability company ("Seller").

RECITALS

WHEREAS, Seller owns beneficially and of record forty-five percent (45%) of the issued and outstanding common stock of Rock-Green, Inc., a New York corporation (the "Company"), par value $2.00 per share (the "Total Common Stock", and Seller's share of the Total Common Stock, "Seller's Common Stock");

WHEREAS, Rockefeller Group International, Inc., a New York corporation ("RGI"), owns beneficially and of record fifty-five percent (55%) of the issued and outstanding Total Common Stock;

WHEREAS, RGI and Seller have entered into that certain Shareholders' Agreement, dated as of December 29, 2003 (the "Shareholders' Agreement"), which sets forth the rights and obligations of RGI and Seller to each other and to the Company;

WHEREAS, the Company is the (i) sole equity member of 1221 Avenue Holdings LLC, a Delaware limited liability company ("1221 Property Owner"), which is the owner of certain real property located in New York, New York known more particularly as 1221 Avenue of the Americas and more particularly described on Exhibit A attached hereto and made a part hereof (such real property, together with all improvements situated thereon being hereinafter referred to as the "1221 Property") and (ii) owner of all of the outstanding shares of Brumas Pembroke Inc. and Night Watch Realty Corp., each a New York corporation (collectively, the "Other Owners;" and together with the 1221 Property Owner, individually, each a "Property Owner" and collectively, the "Property Owners"), each of which owns real property located in New York, New York known more particularly as 166 West 48th Street, New York, New York (the "166 Property") and 151 West 48th Street, New York, New York (the "151 Property" and together with the 166 Property, the "Other Property", and together with the 1221 Property, the "Property"), respectively, and more particularly described on Exhibits B-1 and B-2 attached hereto and made a part hereof;

WHEREAS, it is a condition precedent to the obligation of the parties to consummate the Contemplated Transactions (hereinafter defined) that RGI has either (i) affirmatively waived its right of first refusal with respect to the Contemplated Transactions pursuant to the Shareholders' Agreement (the "Affirmative Waiver") or (ii) has not delivered the Acceptance (as defined in the Shareholders' Agreement) on the terms and conditions set forth in the Shareholders' Agreement within thirty (30) days after the date the Sale Notice (as defined in the Shareholders' Agreement) was received by RGI (the "Deemed Waiver", and together with the Affirmative Waiver, the "ROFR Waiver");

WHEREAS, it is a condition precedent to the obligation of the parties to consummate the Contemplated Transactions that, pursuant to that certain Amended and Restated Credit Agreement, dated as of March 31, 2004, by and among the lenders therein (together with the

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administrative agent, the "Senior Lender") and 1221 Property Owner (as amended from time to time, the "Loan Agreement"), Seller has obtained Lender Approval (hereinafter defined) for the Contemplated Transactions; and

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, all of Seller's right, title and interest in and to Seller's Common Stock, upon the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained in this Agreement, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I
Definitions and Rules of Construction

1.1. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

"151 Property" has the meaning set forth in the Recitals.

"166 Property" has the meaning set forth in the Recitals.

"1221 Property" has the meaning set forth in the Recitals.

"1221 Property Owner" has the meaning set forth in the Recitals.

"Accounting Arbitrator" has the meaning set forth in Section 2.4(d).

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Affirmative Waiver" has the meaning set forth in the Recitals.

"Agreement" means this Stock Purchase Agreement, as it may be amended from time to time.

"Ancillary Documents" means the documents being executed and delivered in connection with this Agreement and the transactions contemplated hereby.

"Asbestos" has the meaning set forth in Section 3.14.

"Base Net Working Capital" has the meaning set forth in Section 2.3(c).

"Basic Company Agreements" means the certificate of incorporation of the Company, the by-laws of the Company, and the Shareholders' Agreement, each as may be amended from time to time subject to any restrictions set forth in this Agreement.

"Business Day" means any day other than a Saturday, Sunday or day on which banks are closed in New York, New York. If any period expires on a day which is not a Business Day or any event or condition is required by the terms of this Agreement to occur or be fulfilled on a day which is not a Business Day, such period shall expire or such event or condition shall occur or be fulfilled, as the case may be, on the next succeeding Business Day.

"Business Records" means all data and records of the respective businesses of the Company and its Subsidiaries on whatever media and wherever located.

"Buyer" has the meaning set forth in the Preamble.

"Buyer Indemnitees" has the meaning set forth in Section 9.2(b).

"Buyer Material Adverse Effect" means (i) a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby and fulfill its obligations hereunder or (ii) any fact, event or circumstance that would be reasonably likely to delay in any material respect the consummation of the transactions contemplated hereby.

"Buyer Objection Notice" has the meaning set forth in Section 6.3(d).

"Casualty Election Date" means (x) the tenth (10^{th}) Business Day following Seller's delivery of the estimates as described in Section 5.8(b) or, (y) if Buyer timely delivered a Dispute Notice, the tenth (10^{th}) Business Day following final resolution of such dispute by arbitration determination or agreement of the parties.

"Closing" has the meaning set forth in Section 2.1.

"Closing Consideration Amount" has the meaning set forth in Section 2.3.

"Closing Date" has the meaning set forth in Section 2.1.

"Closing Date Net Working Capital" means (I) (a) the sum of the total current assets and other assets of the Company set forth on the Closing Date Statement as of 11:59 P.M. on the date immediately prior to the Closing Date (calculated in accordance with GAAP) minus (b) (i) the sum of the total current liabilities of the Company (other than liabilities attributable to the Senior Loan) set forth on the Closing Date Statement as of 11:59 P.M. on the date immediately prior to the Closing Date (calculated in accordance with GAAP) and (ii) the outstanding or unpaid tenant improvement allowances and outstanding or unpaid leasing commissions set forth on the Closing Date Statement (without duplication of any amounts set forth in clause (b)(i) of this definition), and (II) any additional adjustments that appropriately reflect cash activity as agreed to by Buyer and Seller as of 11:59 P.M. on the date immediately prior to the Closing Date (calculated in accordance with GAAP).

"Closing Date Statement" has the meaning given to it in Section 2.3(b).

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or corresponding provisions of subsequent superseding federal revenue Laws.

"Company" has the meaning set forth in the Recitals.

"Company Material Adverse Effect" means any material adverse effect on the business, operations or financial condition of the Company, its Subsidiaries and the 1221 Property taken as a whole; provided, that none of the following events, changes, developments, effects, conditions, circumstances, matters, occurrences or state of facts shall be taken into account in determining whether there has been or may be a Company Material Adverse Effect: (i) any change or development in United States financial or securities markets, general economic or business conditions, or political or regulatory conditions, (ii) subject to Section 5.8, any act of war, armed hostilities or terrorism, (iii) any change or development in the real estate industry, (iv) any change in GAAP or the interpretation or enforcement of GAAP, (v) any termination or failure to renew by any Governmental Authority of any non-material permit or license of the Company or its Subsidiaries, (vi) the negotiation, execution, delivery, performance or public announcement of this Agreement (including, without limitation, any litigation related thereto and/or any adverse change in customer, employee, supplier, financing source, licensor, licensee, stockholder, joint venture partner or any other similar relationships) and (vii) any change resulting from the failure of Buyer to consent to any acts or actions requiring Buyer's consent under Section 5.1 of this Agreement and for which Seller has sought such consent.

"Condemnation Election Date" means (x) the tenth (10^{th}) Business Day following Seller's delivery of an independent architect's determination as described in Section 5.9(a)(ii) or, (y) if Buyer timely delivered a notice disputing such independent architect's determination, the tenth (10^{th}) Business Day following final resolution of such dispute by arbitration determination or agreement of the parties.

"Confidentiality Agreement" means the Confidentiality Agreement between Seller and Buyer dated March 10, 2010.

"Consultant" means all Persons who are or have been engaged as consultants by the Company or its Subsidiaries or who otherwise provide services to the Company or its Subsidiaries under a contractual arrangement.

"Contemplated Transactions" means the transfer of Seller's Common Stock to Buyer contemplated by this Agreement.

"Contract" means any written agreement, license, contract, arrangement, understanding, obligation or commitment to which a party is bound.

"CPPIB" means Canada Pension Plan Investment Board, a Canadian Crown corporation.

"Deemed Waiver" has the meaning set forth in the Recitals.

"Deductible" has the meaning set forth in Section 9.2(c)(i).

"Deposit" has the meaning set forth in Section 2.3(a).

"Dispute Notice" has the meaning set forth in Section 5.8(b).

"Environmental Laws" has the meaning set forth in Section 3.14.

"Escrow Account" has the meaning set forth in Section 2.3(a).

"Escrow Agent" has the meaning set forth in Section 2.3(a).

"Escrow Agreement" has the meaning set forth in Section 2.3(a).

"Estimated Closing Consideration Amount" has the meaning set forth in Section 2.3(c).

"Estimated Closing Date Net Working Capital" has the meaning set forth in Section 2.3(c).

"Existing Certificates" has the meaning set forth in Section 7.3.

"GAAP" means generally accepted accounting principles as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States.

"Governmental Authority" means any nation or government, any foreign or domestic federal, state, county, municipal or other political instrumentality or subdivision thereof and any foreign or domestic entity or body exercising executive, legislative, judicial, regulatory, administrative or taxing functions of or pertaining to government, including any court.

"Governmental Consents" has the meaning set forth in Section 3.3(b).

"Hazardous Materials" has the meaning set forth in Section 3.14.

"Identified Tenants" means the Tenants set forth on Schedule 5.7.

"Indemnitee" has the meaning set forth in Section 9.2(d)(i).

"Indemnitor" has the meaning set forth in Section 9.2(d)(i).

"Knowledge of Buyer" means the actual conscious knowledge of any of the following personnel of Buyer within the scope of their employment responsibilities and without independent inquiry or investigation: Peter Ballon and Zachary Vaughan.

"Knowledge of Seller" means the actual conscious knowledge of any of the following personnel of Seller within the scope of their employment responsibilities and without independent inquiry or investigation: Isaac Zion, Andrew S. Levine and Andrew W. Mathias.

"Laws" means all laws, Orders, statutes, codes, regulations, ordinances, orders, decrees, rules, or other requirements with similar effect of any Governmental Authority.

"Leases" means all leases, licenses and other occupancy agreements demising space at the 1221 Property, together with all amendments and modifications thereof and supplements relating thereto, which are in effect on the date hereof; provided that Leases shall not include subleases, licenses and occupancy agreements entered into by Tenants under the Leases.

"Lender Approval" means (i) the written authorization, consent and approval of Senior Lender with respect to the Contemplated Transactions and (ii) reasonable acceptance by Seller and Buyer, as applicable, of such authorization, consent and approval if, and only if, Senior Lender imposes material conditions on Seller or Buyer with respect to such authorization, consent and approval; provided that neither Buyer nor Seller shall have any right to accept or refuse such authorization, consent and approval if Senior Lender has not imposed any conditions or has imposed non-material, ministerial or other conditions on Buyer or Seller that are customarily imposed by lenders in connection with the sale, transfer or assignment of loans similar to the Senior Loan.

"Lender Rejection" means written notice by the Senior Lender not authorizing, consenting or approving the Contemplated Transactions pursuant to the Loan Agreement.

"Lien" means any lien, security interest, pledge or other similar encumbrance.

"Lists" has the meaning set forth in Section 3.12.

"Litigation" has the meaning set forth in Section 3.6(a).

"Loan Agreement" has the meaning set forth in the Recitals.

"Loss" or "Losses" means all claims, losses, liabilities, damages, costs and expenses, including, without limitation, reasonable attorneys' fees, provided, that (i) Losses shall not include consequential damages, special damages, punitive damages, or lost profits, and (ii) for purposes of computing Losses incurred by an Indemnitee, there shall be deducted an amount equal to the amount of any insurance proceeds, indemnification payments, contribution payments or reimbursements, and any Tax benefits, received by such Indemnitee or any of such Indemnitee's Affiliates in connection with such Losses or the circumstances giving rise thereto, and the Indemnitee shall use reasonable efforts to seek such insurance or other third party recoveries.

"Mandatory Title Matters" has the meaning set forth in Section 6.3(d).

"Manager" means Rockefeller Group Development Corporation, a New York corporation.

"Management Agreement" means, that certain Management Agreement, dated as of December 1, 1982, between 1221 Property Owner (successor-in-interest to Rock-McGraw, Inc., a New York corporation) and Manager, as amended pursuant to that certain First Amendment to Management Agreement, dated as of December 29, 2003, by and between 1221 Property Owner and Manager and that certain Letter Agreement, dated as of July 1, 2002, delivered by the Company to Manager, as may be amended from time to time subject to any restrictions set forth in this Agreement.

"Objection Cut-Off Date" has the meaning set forth in Section 6.3(d).

"Objection Disputes" has the meaning set forth in Section 2.4(c).

"OFAC" has the meaning set forth in Section 3.12.

"OFAC Order(s)" has the meaning set forth in Section 3.12.

"Orders" means all judgments, orders, writs, injunctions, decisions, rulings, decrees and awards of any Governmental Authority.

"Organizational Documents" means, as to any Person, (i) in the case of a partnership, the certificate of formation, if required, and partnership agreement and any other agreement among partners or other similar instrument governing the ownership, management or affairs of such partnership, (ii) in the case of a limited liability company, the certificate of formation and limited liability company agreement and any other agreement among members or other similar instrument governing the ownership, management or affairs of such company, (iii) in the case of a corporation, the certificate or articles of incorporation, bylaws and any agreement among shareholders or other similar instrument governing the ownership, management or affairs of such corporation, and, (iv) in the case of any other entity, the comparable organizational documents of such entity.

"Other Owners" has the meaning set forth in the Recitals.

"Other Property" has the meaning set forth in the Recitals.

"Outside Date" means the earlier to occur of (a) thirty (30) days from the later of (1) April 30, 2010 or (2) the date hereof, (b) the date RGI exercises its right of first refusal by delivering the Acceptance (as defined in the Shareholders' Agreement) on the terms and conditions set forth the Shareholders' Agreement, and (c) the date Senior Lender delivers a Lender Rejection to Seller or the Company.

"PCBs" has the meaning set forth in Section 3.14.

"Permitted Encumbrances" means, collectively, (i) those matters set forth on Exhibit C attached hereto (other than those matters, if any, deleted or indicated a "Title Objection" thereon (ii) any Laws imposed by any Governmental Authority having jurisdiction over the Property including, without

limitation, all zoning, entitlement, land use, building and environmental laws, rules, regulations, statutes, ordinances, orders or other legal requirements, including landmark designations and all zoning variance and special exceptions, if any, (iii) any Lien existing on any real property, covenants, conditions, zoning restrictions, easements, rights-of-way, encumbrances, encroachments, restrictions on use of real property and other matters affecting title which do not materially impair the occupancy or use of the Property for the purposes for which it is currently used, (iv) matters disclosed on the Survey, (v) the rights and interests held by Tenants under the Leases in effect at Closing and others claiming by, through or under such Leases (and any non-disturbance agreements and memoranda of lease relating thereto), (vi) possible encroachments and/or projections of stoop areas, roof cornices, window trims, vent pipes, cellar doors, steps, flue pipes, signs, piers, lintels, window sills, protective netting,

sidewalk sheds, coping walls (including retaining walls and yard walls) and the like, if any, on, under, or above any street or highway, the Property or any adjoining property, (vii) any Violations now or hereafter issued or noted, (viii) the standard printed exclusions from coverage contained in the ALTA form of owner's title policy currently in use in New York, with the standard New York endorsement, (ix) any Lien in respect of Taxes, (including, without limitation, real estate taxes, sewer rents and taxes, water rates and charges, vault charges and taxes, business improvement district taxes and assessments) not yet due and payable, or if due, the validity of which is being contested in good faith by appropriate proceedings, (x) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business or that are not yet due and payable or that are being contested in good faith, (xii) those matters which will be extinguished upon transfer of Seller's Common Stock, and (xii) minor variations between the tax lot lines and the description of the Property set forth on Exhibit A, Exhibit B-1 and Exhibit B-2 attached hereto.

"Person" means any individual, person, entity, general partnership, limited partnership, limited liability partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust or foreign business organization.

"Preferred Stock" has the meaning set forth in the Basic Company Agreements.

"Preliminary Title Commitment" means the title insurance commitment, dated March 1, 2010 issued by the Title Company, Title NO. 10-7406-22319-NYM.

"Property" has the meaning set forth in the Recitals.

"Property Owners" has the meaning set forth in the Recitals.

"Purchase Price Adjustment" means the adjustment to the Closing Consideration Amount made in accordance with Section 2.4(a).

"Purchase Price Adjustment Statement" has the meaning set forth in Section 2.4(a).

"Qualified REIT" means an entity qualifying as a "real estate investment trust" under Section 856 of the Code.

"Reclassified Certificates" has the meaning set forth in Section 5.10.

"Remedy" has the meaning set forth in Section 6.3(d)(ii).

"Required Amendments" means those certain amendments to the Basic Company Agreements (other than the Shareholders' Agreement) in the forms annexed hereto as Exhibit D-1 and Exhibit D-2.

"Responsible Party" has the meaning set forth in Section 11.1.

"Restraints" has the meaning set forth in Section 6.1(a).

"RGI" has the meaning set forth in the Recitals.

"ROFR Waiver" has the meaning set forth in the Recitals.

"Shareholders' Agreement" has the meaning set forth in the Recitals.

"Seller" has the meaning set forth in the Preamble.

"Seller's Common Stock" has the meaning set forth in the Recitals.

"Seller Indemnitees" has the meaning set forth in Section 9.2(a).

"Senior Lender" has the meaning set forth in the Recitals.

"Senior Loan" means the loan made pursuant to the Loan Agreement.

"SLG" means SL Green Realty Corp., a Maryland corporation.

"Subsidiary" means, with respect to any Person, any corporation or other organization, whether incorporated or unincorporated, (a) of which such Person or any other Subsidiary of such Person is a general partner (excluding partnerships, the general partnership interests of which held by such Person or any Subsidiary of such Person do not have a majority of the voting interests in such partnership), or (b) at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions with respect to such

corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

"Survey" means, collectively, (i) that survey made by Earl B. Lovell — S.P. Belcher, Inc., dated August 10, 1972 and last revised and brought to date by visual examination on April 27, 2010, (ii) that survey made by Early B. Lovell — S.P. Belcher, Inc., dated September 26, 1968 and last revised and brought to date by visual examination on April 27, 2010, (iii) that survey made by Early B. Lovell — S.P. Belcher, Inc., dated October 17, 1941 and last revised and brought to date April 27, 2010 (iv) that survey made by J. George Hollerith, dated March 27, 1935 and last revised and brought to date April 27, 2010, and (v) that survey made by Earl B. Lovell — S.P. Belcher, Inc., dated November 13, 1952, updated by visual examination on April 26, 2010.

"Taking" has the meaning set forth in Section 5.9(a).

"Tax" or "Taxes" means all federal, state, local and foreign income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severances, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise production, value added, occupancy, Transfer Taxes, and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties or additions to tax attributable to such taxes.

"Tax Return" means any report, return, statement or other written information (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied by the Company or any of its Subsidiaries to a Taxing Authority in connection with any Taxes and any amendment thereto.

"Taxing Authority" means any government or any subdivision, agency, commission or authority thereof, or any quasi-governmental or private body, having jurisdiction over the assessment, determination, collection or other imposition of Taxes.

"Tenants" has the meaning set forth in Section 3.8(a).

"Title Affidavit" has the meaning set forth in Section 7.7.

"Title Company" means Fidelity National Insurance Title Company.

"Title Objections" has the meaning set forth in Section 6.3(d).

"Title Policy" has the meaning set forth in Section 6.3(d).

"Third Party Claim" has the meaning set forth in Section 9.2(d)(ii)(A).

"Total Common Stock" has the meaning set forth in the Recitals.

"Transfer Taxes" means all transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest).

"Treasury Regulations" means the regulations promulgated under the Code, as amended from time to time (including any successor regulations).

"Violations" means any and all notes or notices of violations of Law regarding the Property noted in or issued by any Governmental Authority, or any condition or state of repair or disrepair or other matter or thing, whether or not noted, which, if noted, would result in a violation being placed on the Property.

1.2. Rules of Construction. Unless the context otherwise requires:

(a) A capitalized term has the meaning assigned to it;

(b) An accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) References in the singular or to "him," "her," "it," "itself," or other like references, and references in the plural or the feminine or masculine reference, as the case may be, shall also, when the context so requires, be deemed to include the plural or singular, or the masculine or feminine reference, as the case may be;

(d) References to Articles, Sections and Exhibits shall refer to articles, sections and exhibits of this Agreement, unless otherwise specified;

(e) The headings in this Agreement are for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision thereof;

(f) This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party that drafted and caused this Agreement to be drafted;

(g) All monetary figures shall be in United States dollars unless otherwise specified; and

(h) References to "including" in this Agreement shall mean "including, without limitation," whether or not so specified.

ARTICLE II

2.1. Closing. The closing of the Contemplated Transactions (the "Closing") will take place at the offices of Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, NY 10004, at 10:00 A.M. local time on the tenth Business Day, which may be extended for up to five (5) additional Business Days by the Buyer, immediately following the day on which the last of the conditions set forth in Sections 6.1(b) and 6.1(c) are satisfied in accordance with this Agreement, or on such other date as Buyer and Seller may otherwise agree. The day on which the Closing actually occurs is referred to herein as the "Closing Date."

2.2. Purchase and Sale. Subject to the terms and conditions set forth in this Agreement, at the Closing, Buyer shall purchase from Seller, and Seller shall sell, transfer and assign to Buyer, all of Seller's Common Stock, free and clear of all Liens, subject only to the terms of the Basic Company Agreements.

2.3. Payments at the Closing; Deposit. The purchase price to be paid by Buyer for Seller's Common Stock shall be Four Hundred Eighty-One Million Five Hundred Thousand Dollars ($481,500,000) (as may be adjusted pursuant to this Section 2.3 and Section 2.4, the "Closing Consideration Amount"), payable as follows:

(a) Simultaneous with the execution of this Agreement by Buyer and Seller, a portion of the Closing Consideration Amount in the amount of $50,000,000 (the "Deposit") shall be delivered by Buyer to Title Company (the "Escrow Agent"), pursuant to an escrow agreement in the form of Exhibit E attached hereto (the "Escrow Agreement"), by wire transfer of immediately available funds to an account (the "Escrow Account") to be designated and administered by the Escrow Agent on the terms set forth in the Escrow Agreement.

(b) At least three (3) Business Days prior to the Closing, Seller shall deliver to Buyer a closing date statement substantially in the form attached hereto as Schedule 2.3(b) (the "Closing Date Statement"), which Closing Date Statement shall set forth Buyer's good faith estimate of Closing Date Net Working Capital.

(c) If Closing Date Net Working Capital as shown on the Closing Date Statement (the "Estimated Closing Date Net Working Capital") is greater than zero (the "Base Net Working Capital"), then the Closing Consideration Amount shall be increased by forty-five percent (45%) of the amount of such excess. If Estimated Closing Date Net Working Capital is

less than Base Net Working Capital (which calculation shall include negative numbers), then the Closing Consideration Amount shall be decreased by forty-five percent (45%) of such shortfall. The Closing Consideration Amount, as so adjusted, is referred to as the "Estimated Closing Consideration Amount."

(d) At the Closing, Seller shall be entitled to receive the Deposit (together with all interest accrued thereon) from Escrow Agent and Buyer shall pay to Seller an amount equal to the balance of the Estimated Closing Consideration Amount (*i.e.*, the Estimated Closing Consideration Amount less the Deposit and any interest accrued thereon), by wire transfer of immediately available funds to an account designated by Seller.

2.4. Purchase Price Adjustment.

(a) Within sixty (60) days after the Closing Date, Buyer shall prepare and deliver to Seller a statement identifying the Closing Date Net Working Capital (the "Purchase Price Adjustment Statement"). If the Closing Date Net Working Capital is greater than the Estimated Closing Date Net Working Capital, Buyer shall pay Seller an amount equal to forty-five percent (45%) of the difference between the Closing Date Net Working Capital and the Estimated Closing Date Net Working Capital in accordance with Section 2.4(e) hereof. If the Estimated Closing Date Working Capital is greater than the Closing Date Net Working Capital, Seller shall pay Buyer an amount equal to forty-five percent (45%) of the difference between the Estimated Closing Date Working Capital and the Closing Date Net Working Capital in accordance with Section 2.4(e) hereof. Additionally the Purchase Price Adjustment shall contain an additional adjustment (either a credit or debit) equal to 45% of the difference between (x) the actual outstanding balance of the Senior Loan on the Closing Date and (y) $170,000,000.

(b) Each party shall provide the other party and its representatives with reasonable access to the Business Records and relevant personnel and properties during the preparation of the Purchase Price Adjustment Statement and the resolution of any disputes that may arise under this Section 2.4.

(c) If Seller disagrees with the determination of the Purchase Price Adjustment or the composition of assets or liabilities contained in the Purchase Price Adjustment Statement, Seller shall notify Buyer in writing of such disagreement within thirty (30) days after delivery of the Purchase Price Adjustment Statement to Seller (the "Objection Disputes"). During the thirty (30) day period of its review, Seller shall have reasonable access to any documents, schedules or work papers used in the preparation of the Purchase Price Adjustment Statement. The failure of Seller to deliver written notice of an Objection Dispute to Buyer within thirty (30) days after delivery of the Purchase Price Adjustment Statement to Seller shall be deemed acceptance of the Purchase Price Adjustment Statement and agreement to the Purchase Price Adjustment amount by Seller.

(d) Buyer and Seller shall negotiate in good faith to resolve any Objection Dispute and any resolution agreed to in writing by Buyer and Seller shall be final and binding upon the parties. If Buyer and Seller are unable to resolve all Objection Disputes within twenty (20) days of delivery of written notice of such Objection Disputes by Seller to Buyer, then the disputed matters shall be referred for final determination to The Schonbraun McCann Group (the

"Accounting Arbitrator") within fifteen (15) days thereafter. If such firm is unable to serve, Buyer and Seller shall jointly select an Accounting Arbitrator from an accounting firm of national standing that is not the independent auditor of (and does not otherwise serve as a Consultant to) Buyer, Seller or the Company (or their respective Affiliates). If Buyer and Seller are unable to agree upon an Accounting Arbitrator within such time period, then the Accounting Arbitrator shall be an accounting firm of national standing designated by the American Arbitration Association in New York, New York; provided, that such firm shall not be the independent auditor of (or otherwise serve as a Consultant to) Buyer, Seller or the Company (or their respective Affiliates). The

Accounting Arbitrator shall only consider those items and amounts set forth on the Purchase Price Adjustment Statement as to which Buyer and Seller have disagreed within the time periods and amounts and on the terms specified in Section 2.4(c) and Section 2.4(d) and must resolve all unresolved Objection Disputes in accordance with the terms and provisions of this Agreement. The Accounting Arbitrator shall deliver to Buyer and Seller, as promptly as practicable and in any event within sixty (60) days after its appointment, a written report setting forth the resolution of any unresolved Objection Disputes determined in accordance with the terms herein. The Accounting Arbitrator shall select as a resolution the position of either Buyer or Seller for each Objection Dispute (based solely on presentations and supporting material provided by the parties and not pursuant to any independent review) and may not impose an alternative resolution. Such report shall be final and binding upon all of the parties to this Agreement. Upon the agreement of Buyer and Seller or the decision of the Accounting Arbitrator, or if Seller fails to deliver written notice of disagreement to Buyer within the thirty (30) day period provided in Section 2.4(c), the Purchase Price Adjustment Statement, as adjusted if necessary pursuant to the terms of this Agreement, shall be deemed to be the Purchase Price Adjustment Statement for purposes of calculating the Purchase Price Adjustment pursuant to this Section 2.4. The fees, expenses and costs of the Accounting Arbitrator shall be borne equally by Buyer and Seller.

(e) Any Purchase Price Adjustment shall be paid by Buyer or Seller, as applicable, by wire transfer of immediately available funds to an account designated by the party receiving such payment within five (5) Business Days after the final determination of the Purchase Price Adjustment. SLG hereby guarantees the obligations of Seller to pay the Purchase Price Adjustment to Buyer pursuant to this Section 2.4 and CPPIB hereby guarantees the obligations of Buyer to pay the Purchase Price Adjustment to Seller pursuant to this Section 2.4, as applicable. The provisions of this Section 2.4 shall survive the Closing.

ARTICLE III
Representations and Warranties of the Seller

Seller represents and warrants to the Buyer as of the date hereof and as of the Closing:

3.1. Organization and Power. Seller is a limited liability company duly formed, validly existing and in good standing under the Laws of the state of Delaware and qualified to do business in the State of New York. Seller has the full power and authority to execute and deliver this Agreement and the Ancillary Documents to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Contemplated Transactions.

3.2. Authorization and Enforceability. The execution and delivery of this Agreement and the Ancillary Documents to which Seller is a party and the performance by Seller of the Contemplated Transactions have been duly authorized by Seller and, to the extent required, the Persons Controlling Seller and no other corporate proceedings on the part of Seller (including, without limitation, any shareholder vote or approval) are necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Documents to which Seller is a party or the consummation of the Contemplated Transactions. This Agreement is, and each of the Ancillary Documents to be executed and delivered at the Closing by Seller will be at the Closing, duly authorized, executed and delivered by Seller and constitute, or as of the Closing Date will constitute, valid and legally binding agreements of Seller enforceable against Seller, in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.3. No Violation; Consents.

(a) The execution and delivery by Seller of this Agreement and the Ancillary Documents to which Seller is a party, consummation of the Contemplated Transactions and compliance with the terms of this Agreement and the Ancillary Documents to which Seller is a party will not, subject to obtaining the ROFR Waiver and Lender Approval, (i) conflict with or violate any provision of the Organizational Documents of Seller, or to the Knowledge of Seller, the Company or the 1221 Property Owner, (ii) violate or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give the other parties thereto any rights of termination, amendment, acceleration or cancellation of, any loan or credit agreement, instrument, permit, concession, franchise or license applicable to Seller, or to the Knowledge of Seller, the Company or the 1221 Property Owner, which would materially restrict Seller's ability to consummate the Contemplated Transactions or result in liability to Buyer, (iii) conflict with or violate in any material respect any Law applicable to Seller or by which the Company or the 1221 Property are bound or affected, or (iv) result in the creation of, or require the creation of, any material Lien upon Seller's Common Stock, or to the Knowledge of Seller, any other shares of capital stock of the Company.

(b) Other than those consents, approvals, orders or authorizations of, or registrations, declarations or filings with any Governmental Authority (collectively, "Governmental Consents") which have been obtained by Seller, no Governmental Consents are required by or with respect to Seller or, to the Knowledge of Seller, the Company, in connection with the execution, delivery and performance of this Agreement and the Ancillary Documents to which Seller is a party or the consummation of the Contemplated Transactions where the failure to obtain such Governmental Consents would have a Company Material Adverse Effect or would materially restrict Seller's ability to consummate the Contemplated Transactions or result in liability to Buyer.

(c) Subject to obtaining the ROFR Waiver and the Lender Approval, and except for any Governmental Consents and any other consents, approvals or waivers that have been obtained by Seller, the execution and delivery by Seller of this Agreement and the consummation of the Contemplated Transactions do not and will not require any consent, approval or waiver by any third party (including, without limitation, the consent of any direct or indirect partner of Seller) where the failure to obtain such consent, approval or waiver would

have a Company Material Adverse Effect or would materially restrict Seller's ability to consummate the Contemplated Transactions or result in liability to Buyer.

3.4. Capitalization and Organization of the Company.

(a) The authorized capital stock of the Company consists of 2,000 shares of common stock, par value $2.00 per share and 2,000 shares of common stock are issued and outstanding. To the Knowledge of Seller, no shares of common stock of the Company are owned by any Person other than Seller and RGI. All of Seller's Common Stock is duly authorized, validly issued, fully paid and non-assessable, and to the Knowledge of Seller, all of the Total Common Stock (other than Seller's Common Stock) is duly authorized, validly issued, fully paid and non-assessable.

(b) Seller is the record and beneficial owner of 900 shares of the Total Common Stock and, to the Knowledge of Seller, RGI is the record and beneficial owner of 1100 shares of the Total Common Stock.

(c) Except as set forth in the Basic Company Agreements, (i) there are no existing options, warrants, calls, pre-emptive rights, rights of first refusal, subscriptions or other rights, agreements, arrangements or commitments of any character, relating to Seller's Common Stock or securities convertible into or exercisable or exchangeable for Seller's Common Stock, and (ii) to the Knowledge of Seller, there are no existing options, warrants, calls, pre-emptive rights, rights of first refusal, subscriptions or other rights, agreements, arrangements or commitments of any character, relating to any other shares of capital stock of the Company or the 1221 Property Owner or securities convertible into or exercisable or exchangeable for any other shares of capital stock or membership interests, as applicable, of the Company or the 1221 Property Owner.

(d) Seller has good and marketable title to one hundred percent (100%) of Seller's Common Stock. The transfer and delivery of Seller's Common Stock by Seller to Buyer as contemplated by this Agreement and the Ancillary Documents will transfer good and valid title to all of Seller's Common Stock free and clear of all Liens, claims or other encumbrances, subject only to the terms of the Basic Company Agreements.

(e) To the Knowledge of Seller, (i) Schedule 3.4(e) accurately and completely describes the ownership structure of the Company, each of its constituent owners and each of its subsidiaries and (ii) since December 24, 2003, the Company has not owned, and does not own, directly or indirectly, beneficially or otherwise, capital stock, limited liability company interests, partnership interests or any other beneficial or equity interest in any Person other than the Property Owners.

(f) Schedule 3.4(f) contains a true, correct and complete list of (i) all Organizational Documents of the Company and, to the Knowledge of Seller, the 1221 Property Owner and (ii) any other material agreements, to the Knowledge of Seller, that relate to the ownership and corporate governance of the Company and the 1221 Property Owner. Seller has delivered to Buyer true and correct copies of each of the Organizational Documents listed on Schedule 3.4(f) in the possession of Seller and there have been no amendments, modifications or

supplements to such Organizational Documents except as set forth on Schedule 3.4(f) or after the date of this Agreement with Buyer's approval in accordance with Section 5.1.

(g) Neither Seller, nor to the Knowledge of Seller, the Company or the 1221 Property Owner is in breach of, or in default under, its respective Organizational Documents and no event has occurred that, with the giving of notice or passage of time, or both, would constitute a default under the Organizational Documents of Seller, or to the Knowledge of Seller, the Company or the 1221 Property Owner. Seller has not received any communication from any Governmental Authority asserting that the Company or the 1221 Property Owner are not in compliance with any Organizational Documents or requirement of Law applicable to it.

3.5. Financial Statements and Books and Records; Absence of Certain Changes or Events.

(a) Seller has delivered to Buyer, or made available to Buyer for review (i) true and complete copies of all financial statements, general ledgers and books of account related to the operations of the Company and the 1221 Property Owner that are in Seller's possession or control and that have been requested by Buyer for the years ended December 31, 2007, 2008 and 2009, and (ii) true and complete copies of the 12 most recent monthly reports that have been provided to Seller by the Company in connection with the 1221 Property, substantially in the form of Exhibit F attached hereto.

(b) Since December 31, 2009, there have not been any occurrences or circumstances affecting Seller, or to the Knowledge of Seller, the Company or the 1221 Property Owner that would have, or that with the passage of time would reasonably be expected to have a material adverse effect on the operations, assets, businesses, affairs, properties or financial condition of the Company or the 1221 Property Owner or materially restrict Seller's ability to consummate the Contemplated Transactions. To the Knowledge of Seller, since December 31, 2009, the Company and the 1221 Property Owner have conducted its business in the ordinary course consistent with past practices and there has not been any change in the accounting, tax or reserve methods, principles or practices of the Company or the 1221 Property Owner, except insofar as required by a change in GAAP.

3.6. Litigation.

(a) There is no litigation, legal action, arbitration, mediation, proceeding, demand, investigation or claim ("Litigation") pending as to which Seller has received written notice or, to the Knowledge of Seller, threatened, against or involving the Company or the 1221 Property Owner at Law or in equity or before any Governmental Authority that is not or would not be covered by insurance. To the Knowledge of Seller, neither the Company nor the 1221 Property Owner is subject to any Order arising from any Litigation.

(b) There is no Litigation as to which Seller has received written notice or, to the Knowledge of Seller, is threatened against or involving Seller which questions the validity of this Agreement or any of the Ancillary Documents to which it is a party or seeks to prohibit, enjoin or otherwise challenge Seller's ability to consummate the Contemplated Transactions.

3.7. Taxes and Tax Matters.

(a) To the Knowledge of Seller, all material Tax Returns required to be filed by the Company and 1221 Property Owner have been duly and timely filed (taking into account applicable extensions) and all such Tax Returns are true, correct and complete in all material respects. To the Knowledge of Seller, the Company and 1221 Property Owner have paid (or caused to be paid) all Taxes shown to be payable on such Tax Returns (other than Taxes that are being contested in good faith).

(b) To the Knowledge of Seller, there is no material action, suit, proceeding, audit, investigation or claim pending or threatened in respect of any Taxes for which the Company or 1221 Property Owner is liable. To the Knowledge of Seller, no material deficiency or claim for any such

Taxes has been asserted in writing by a Taxing Authority.

(c) To the Knowledge of Seller, the Company is a Qualified REIT.

(d) Assuming that Buyer owns no other interest directly or indirectly in any of the Properties, no Transfer Taxes will be imposed on the Contemplated Transactions either (i) solely as a result of the Contemplated Transactions or (ii) as a result of the aggregation of the Contemplated Transactions with any other transfers prior to the Closing with respect to Seller's Common Stock.

3.8. Real Estate.

(a) Schedule 3.8(a) is a true, correct and complete list of all Leases that have been provided to Seller by the Company in connection with the 1221 Property, and Seller has delivered to Buyer, or made available to Buyer for review, true and complete copies of all such Leases as received. To the Knowledge of Seller, the 1221 Property Owner has neither received nor delivered any written notices from or to any of the tenants under the Leases (the "Tenants") asserting that either the 1221 Property Owner or any such Tenant is in default in any material respect under any of the respective Leases (other than defaults that have been cured in all material respects). To the Knowledge of Seller, except as set forth on Schedule 3.8(a), (i) all of the Leases set forth on Schedule 3.8(a) are in full force and effect and there is no default by the Tenants or the 1221 Property Owner under such Leases and (ii) neither the 1221 Property Owner nor any Tenant has waived any material term or condition of any such Lease and all material covenants thereunder to be performed by the 1221 Property Owner or any Tenant have been performed in all material respects.

(b) Schedule 3.8(b) is a true, correct and complete list of the security deposits held by the 1221 Property Owner under the Leases as of the date set forth thereon to the extent that Seller has received such information from the Company.

(c) Schedule 3.8(c) is a true, correct and complete list as of the date set forth thereon of the tenant arrearage schedule to the extent such information has been provided to Seller by the Company in connection with the 1221 Property.

(d) To the Knowledge of Seller, (i) the Management Agreement is in full force and effect in accordance with its terms and (ii) there have been no amendments,

modifications or supplements to the Management Agreement. Without limiting the foregoing, (x) Seller has not consented to, and neither Manager nor the Company has requested the consent of Seller to, either (A) any amendment, modification or supplement to the Management Agreement that would increase or alter the fee payable to the manager thereunder, or which would alter the material economic terms of the Management Agreement, or (B) the assignment by Manager of its rights and obligations as manager under the Management Agreement to any Person other than RGI or RGI's parent or parents (or its or their successors), or any of their respective Affiliates and (y) Seller has not delivered a notice of default or termination notice to Manager under the Management Agreement and, to the Knowledge of Seller, no breach or default exists (or condition exists which with the passage of time would constitute a breach or default) on the part of Manager that would permit Seller to deliver a notice of default or termination notice under the Management Agreement in accordance with the terms thereof.

(e) There is no Litigation as to which Seller has received written notice, or, to the Knowledge of Seller, is threatened with respect to all or any portion of the 1221 Property, in each case which is not or would not be covered by insurance and which would have a material adverse effect on the use or operation of the 1221 Property.

(f) There are no condemnation or eminent domain proceedings as to which Seller has received written notice, or to the Knowledge of Seller, is threatened against the 1221 Property.

(g) Seller has delivered to Buyer a true, correct and complete copy of Seller's Title Policy and copies of all other title policies and surveys in Seller's possession or control relating to the 1221 Property. Seller has not received written notice of any cancellation or termination of Seller's Title Policy and no claims have been made and no claims have been paid under Seller's Title Policy.

3.9. Debt.

(a) Except for the indebtedness pursuant to the Loan Agreement, to the Knowledge of Seller, neither the Company nor the 1221 Property Owner has any outstanding indebtedness for borrowed money (including but not limited to any shareholder loans) and neither the Company nor the 1221 Property Owner has guaranteed the payment or performance of the obligations of any Person other than pursuant to the Loan Agreement and other Loan Documents.

(b) Schedule 3.9(b) contains a true, correct and complete list of the Loan Documents that have been provided to Seller by the Company and true and correct copies of the Loan Documents that have been provided to Seller by the Company have been delivered or made available to Buyer for review. To the Knowledge of Seller, (i) there have been no amendments, modifications or supplements to the Loan Documents set forth on Schedule 3.9(b) except as set forth on Schedule 3.9(b), and except for amendments, modifications or supplements permitted pursuant to Section 5.1, (ii) the Loan Agreement and all other Loan Documents are in full, force and effect and (iii) Seller, and to the Knowledge of Seller, the 1221 Property Owner and the Company, have not received written notice alleging that the 1221 Property Owner or the

Company has defaulted in the performance of any of their respective obligations under the Loan Agreement or the other Loan Documents.

3.10. Board of Directors. The individuals identified on Schedule 3.10 are Seller's sole representatives on the Board (as defined in the Basic Company Agreements) and Seller has not appointed any alternative representatives to the Board.

3.11. Company Investments. To the Knowledge of Seller, since December 24, 2003, the Company has not conducted and currently does not conduct any business, and has not owned and does not own any real estate or other assets, other than the business of owning the ownership interests in the Property Owners.

3.12. OFAC. Seller is in compliance with the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 23, 2001) (the "OFAC Order") and other similar requirements contained in the rules and regulations of the office of Foreign Assets Control, Department of the Treasury ("OFAC") and in any enabling legislation or other Executive Orders or regulations in respect thereof (the OFAC Order and such other rules, regulations, legislation, or orders are collectively called the "OFAC Orders"). Further, Seller covenants and agrees to make its policies, procedures and practices regarding compliance with the OFAC Orders, if any, available to Buyer for its review and inspection during normal business hours and upon reasonable prior notice. Neither Seller nor any beneficial owner of Seller:

(a) is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the OFAC Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable OFAC Orders (such lists are collectively referred to as the "Lists")

(b) is a person who has been determined by competent authority to be subject to the prohibitions contained in the OFAC Orders; or

(c) is owned or controlled by, or acts for or on behalf of, any person on the Lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in the OFAC Orders.

3.13. No Brokers. Neither Seller nor or any of its Affiliates has employed or incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees, commissions or other amounts with respect to this Agreement, the Ancillary Documents or the Contemplated Transactions.

3.14. Environmental. Seller has not, and to the Knowledge of Seller, neither the Company nor the 1221 Property Owner has received any written notice from any Governmental Authority asserting that a condition exists at the 1221 Property that constitutes or has resulted in a violation of any Environmental Laws, or that any claim is being asserted against Seller, the Company or the 1221 Property Owner (or in a manner by which the Company could be financially responsible) by reason of any such violation, which notice or violation remains uncured. The term "Environmental Laws" means all federal, state and local laws, statutes, ordinances and regulations, now or hereafter in effect, in each case as amended or supplemented

from time to time, including, without limitation, all applicable judicial or administrative orders, applicable consent decrees and binding judgments relating to the regulation and protection of human health, safety, the environment and natural resources (including, without limitation, ambient air, surface, water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.), the Hazardous Material Transportation Act, as amended (49 U.S.C. §§ 1801 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. §§ 136 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S. §§ 6901 et seq.), the Toxic Substance Control Act, as amended (15 U.S.C. §§ 2601 et seq.), the Clean Air Act, as amended (42 U.S.C. §§ 7401 et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. §§ 1251 et seq.), the Occupational Safety and Health Act, as amended (29 U.S.C. §§ 651 et seq.), the Safe Drinking Water Act, as amended (42 U.S.C. §§ 300f et seq.), Environmental Protection Agency regulations pertaining to Asbestos (including, without limitation, 40 C.F.R. Part 61, Subpart M, the United States Environmental Protection Agency Guidelines on Mold Remediation in Schools and Commercial Buildings, the United States Occupational Safety and Health Administration regulations pertaining to Asbestos including, without limitation, 29 C.F.R. Sections 1910.1001 and 1926.58), applicable New York State and New York City statutes and the rules and regulations promulgated pursuant thereto regulating the storage, use and disposal of Hazardous Materials, the New York City Department of Health Guidelines on Assessment and Remediation of Fungi in Indoor Environments and any state or local counterpart or equivalent of any of the foregoing, and any related federal, state or local transfer of ownership notification or approval statutes. The term "Hazardous Materials" means (a) those substances included within the definitions of any one or more of the terms "hazardous materials," "hazardous wastes," "hazardous substances," "industrial wastes," and "toxic pollutants," as such terms are defined under the Environmental Laws, or any of them, (b) petroleum and petroleum products, including, without limitation, crude oil and any fractions thereof, (c) natural gas, synthetic gas and any mixtures thereof, (d) asbestos and or any material which contains any hydrated mineral silicate, including, without limitation, chrysotile, amosite, crocidolite, tremolite, anthophylite and/or actinolite, whether friable or non-friable (collectively, "Asbestos"), (e) polychlorinated biphenyl ("PCBs") or PCB-containing materials or fluids, (f) radon, (g) any other hazardous or radioactive substance, material, pollutant, contaminant or waste, and (h) any other substance with respect to which any Environmental Law or Governmental Authority requires environmental investigation, monitoring or remediation.

3.15. Disclaimer.

(a) Notwithstanding anything to the contrary contained in this Agreement, neither the Seller nor any Person acting on behalf of Seller has made, or shall be deemed to have made, to Buyer or any other Person any representations or warranty other than those expressly made by Seller in this Article III. Buyer hereby acknowledges that, except as expressly set forth in this Agreement, neither Seller nor any Person acting on behalf of Seller, nor any person or entity which prepared or provided any of the materials reviewed by Buyer in conducting its due diligence, nor any successor or assign of any of the foregoing parties, has made or shall be deemed to have made any oral or written representations or warranties, whether expressed or implied, by operation of law or otherwise (including, without limitation, warranties of habitability, merchantability or fitness for a particular purpose), with respect to the Property,

including, without limitation, the permitted use thereof or the zoning and other Laws applicable thereto or the compliance by the Property therewith, the revenues and expenses generated by or associated with the Property, or otherwise relating to the Property or the transactions contemplated herein. Except as expressly set forth in this Agreement, Buyer further acknowledges that all materials which have been provided by Seller have been provided without any warranty or representation, expressed or implied as to their content, suitability for any purpose, accuracy, truthfulness or completeness and except as expressly set forth in this Agreement, Buyer shall not have any recourse against Seller in the event of any errors therein or omissions therefrom. Buyer is acquiring Seller's Common Stock based solely on its own independent investigation and inspection of Seller's Common Stock and the Property, and not in reliance on any information provided by Seller, except for the representations expressly set forth herein. Without limiting the generality of the foregoing, no representation or warranty has been made or is being made herein to Buyer or any other Person (i) as to merchantability, suitability or fitness for a particular

purpose, or quality, with respect to any tangible assets (including the Property) or as to the condition or workmanship thereof or the absence of any defects therein, whether latent or patent (or any other representation or warranty referred to in section 2-312 of the uniform commercial code of any applicable jurisdiction), (ii) with respect to any projections, forecasts, business plans, estimates or budgets delivered to or made available to Buyer or any other Person, or (iii) with respect to any other information or documents made available at any time to Buyer or any other Person.

(b) Buyer acknowledges and agrees that it is purchasing Seller's Common Stock subject to the Property being in "as is" and "with all faults" condition, based upon the condition (physical or otherwise) of the Property as of the date of this Agreement, reasonable wear and tear and, subject to the provisions of Sections 5.8 and 5.9 of this Agreement, loss by condemnation or fire or other casualty excepted.

ARTICLE IV
Representations and Warranties of Buyer

Buyer represents and warrants to the Seller as of the date hereof and as of the Closing:

4.1. Organization and Power. Buyer is a corporation duly formed, validly existing and in good standing under the Laws of the province of Ontario, Canada and has full power and authority to execute and deliver this Agreement and the Ancillary Documents to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Contemplated Transactions.

4.2. Authorization and Enforceability. The execution and delivery of this Agreement and the Ancillary Documents to which Buyer is a party and the performance by Buyer of the Contemplated Transactions have been duly authorized by Buyer and no other corporate proceedings on the part of Buyer (including, without limitation, any shareholder vote or approval) are necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Documents to which Buyer is a party or the consummation of the Contemplated Transactions. This Agreement is, and each of the Ancillary Documents to be executed and delivered at the Closing by Buyer will be at the Closing, duly authorized, executed and delivered by Buyer and constitute, or as of the Closing Date will constitute, valid and legally

binding agreements of Buyer enforceable against Buyer, in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.3. No Violation. The execution and delivery by Buyer of this Agreement and the Ancillary Documents to which Buyer is a party, consummation of the Contemplated Transactions and compliance with the terms of this Agreement and the Ancillary Documents to which Buyer is a party will not (a) conflict with or violate any provision of the certificate of incorporation, bylaws or similar organizational documents of Buyer, or (b) conflict with or violate in any material respect any Law applicable to Buyer. Neither Buyer nor its Affiliates are subject to any Contract that would materially restrict Buyer's ability to consummate the Contemplated Transactions.

4.4. Litigation. There is no Litigation pending or, to the Knowledge of Buyer, threatened against or involving Buyer which questions the validity of this Agreement or any of the Ancillary Documents to which it is a party or seeks to prohibit, enjoin or otherwise challenge Buyer's ability to consummate the Contemplated Transactions.

4.5. Financial Capacity. Buyer has, or has access to, and will have available on the Closing Date, capital in an amount that is sufficient to pay the Estimated Closing Consideration Amount as required by and in accordance with this Agreement.

4.6. No Brokers. Neither Buyer nor or any of its Affiliates has employed or incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees, commissions or other amounts with respect to this Agreement, the Ancillary Documents or the Contemplated Transactions.

4.7. Investment Intent. Buyer is acquiring the shares of Seller's Common Stock to be purchased under this Agreement for its own account for investment, without a view to resale or distribution thereof in violation of federal or state securities Laws and with no present intention of distributing or reselling any part thereof.

4.8. Non-Controlling Interest. Buyer acknowledges that Seller owns a non-controlling interest in the Company and has no right to direct or cause the direction of the management or policies of the Company or to otherwise Control the Company other than for those limited rights set forth in the Basic Company Agreements. To the extent Seller covenants or otherwise agrees in this Agreement to cause RGI, the Company or any of the Subsidiaries to take any action or make any decision, such covenant or agreement shall in all cases be qualified by Seller's ability to cause the taking of any such action or making of any such decision under the Basic Company Agreements.

4.9. Investigation. Buyer is knowledgeable about the real estate industry in which the Company operates and the Laws and regulations applicable to the Company's business and operations, and is experienced in the acquisition and management of businesses. Buyer has inspected the 1221 Property and the Other Property and has been afforded reasonable access to the books and records of the Company for purposes of conducting a due diligence investigation of the 1221 Property, the Other Property and the Company. Buyer has conducted a reasonable

due diligence investigation of the 1221 Property, the Other Property and the Company, which process and the results thereof are satisfactory to Buyer. Buyer does not have any knowledge of any inaccuracy or failure to be true of any of the representations or warranties of the Seller in Article III or in any of the Ancillary Documents.

4.10. OFAC. Buyer is in compliance with the requirements of the OFAC Orders. Further, Buyer covenants and agrees to make its policies, procedures and practices regarding compliance with the OFAC Orders, if any, available to Seller for its review and inspection during normal business hours and upon reasonable prior notice. Neither Buyer nor any beneficial owner of Buyer:

(a) is listed on any Lists;

(b) is a person who has been determined by competent authority to be subject to the prohibitions contained in the OFAC Orders; or

(c) is owned or controlled by, or acts for or on behalf of, any person on the Lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in the OFAC Orders.

4.11. Taxes. Buyer's ownership interest in the Company as of and after the Closing Date will not cause the Company to fail to satisfy any requirements to be a Qualified REIT for the taxable year of the Company that includes the Closing Date.

ARTICLE V
Covenants

5.1. Conduct of the Company. Except (i) to the extent compelled or required by applicable Law or (ii) as consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), during the period from the date hereof to the Closing Date, to the extent Seller has any rights to Control such activity or matter, Seller shall, and shall cause its representatives to:

(a) Use its reasonable efforts (only to the extent that the Seller has any rights with respect to any such activities or matters) to cause the Company and 1221 Property Owner to conduct its business and operations in the ordinary course, consistent with past practice;

(b) Not approve of, consent, vote its shares or otherwise act (only to the extent that the Seller has any rights with respect to any such activities or matters) to permit the Company or 1221 Property Owner to amend, modify or repeal the Organizational Documents of the Company or 1221 Property Owner other than the Required Amendments;

(c) Not approve of, consent, vote its shares or otherwise act (only to the extent that the Seller has any rights with respect to any such activities or matters) to authorize or permit the Company or 1221 Property Owner to (i) issue, grant, sell or encumber any capital stock (including Preferred Stock), membership interests or other securities, options, warrants, puts, calls, subscriptions or other rights of any kind, fixed or contingent, that directly or indirectly call for the acquisition, issuance, sale, pledge or other disposition of any shares of capital stock

(including Preferred Stock), membership interests or other securities in the Company or 1221 Property Owner, (ii) amend or modify the dividend rate for the Preferred Stock, provide any option on the part of the Company to redeem the Preferred Stock (other than the redemption rights granted at issuance of the Preferred Stock) or permit the exchange or conversion of the Preferred Stock into other capital stock or indebtedness of the Company or (iii) make any other changes in the equity capital structure of the Company and 1221 Property Owner;

(d) Not approve of, consent, vote its shares or otherwise act (only to the extent that the Seller has any rights with respect to any such activities or matters) to authorize or permit the Company or 1221 Property Owner to voluntarily create or assume any Lien with respect to any of the assets of the Company or 1221 Property Owner;

(e) Use its reasonable efforts (only to the extent that the Seller has any rights with respect to any of such activities or matters) to cause the Company to maintain the 1221 Property in accordance with its normal and customary business practice;

(f) Not approve of, consent, vote its shares or otherwise act (only to the extent that the Seller has any rights with respect to any such activities or matters) to authorize or permit the Company or 1221 Property Owner to (i) incur or assume any indebtedness for borrowed money other than the Senior Loan, (ii) repay, prepay, refinance or modify the Senior Loan or other liability except as provided in the Shareholders' Agreement; provided, that, Buyer's consent (not to be unreasonably withheld or delayed) shall be required prior to Seller taking any action in accordance with Section 4.1 and 4.2 of the Shareholders' Agreement or (iii) assume or guarantee the indebtedness or other obligations of any other Person;

(g) Use its reasonable efforts (only to the extent that the Seller has any rights with respect to any such activities or matters) to cause the Company to not take any action that could reasonably be expected to result in any material adverse change in the operations or financial situation of the Company;

(h) Not approve of, consent or otherwise act (only to the extent that the Seller has any rights with respect to any such activities or matters) to authorize or permit the Company or 1221 Property Owner to merge or consolidate with any other entity;

(i) Not approve of, consent or otherwise act (only to the extent that the Seller has any rights with respect to any such activities or matters) to authorize or permit the Company to make or change any material tax election, change any annual tax accounting period, or adopt or change any method of tax accounting, file any amended Tax Return, enter into any closing agreement, or settle any material claim or assessment for Taxes; and

(j) Not file any voluntary, or consent to the filing of any involuntary, petition for relief under Title 11 of the United States Code or any successor statute or under any reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law.

5.2. Certain Tax Matters. Buyer covenants and agrees that following the Closing, Buyer will not take any action or fail to take any action that will cause the Company to fail to satisfy any requirements to be a Qualified REIT for the taxable year of the Company that begins

on or before the Closing Date and ends after the Closing, which taxable year may be less than twelve (12) months.

5.3. Non-Solicitation. Between the date hereof and the earlier of the Closing or the termination of this Agreement, Buyer shall not, and shall cause its Affiliates not to solicit any employees of Seller or its Affiliates (including the Company) to leave the employ of Seller or its Affiliates, as applicable, or violate the terms of their contracts, or any employment arrangements, with Seller or its Affiliates, as applicable; provided, that nothing in this Section 5.3

shall prohibit Buyer or any of its Affiliates from employing any such employee as a result of a general solicitation to the public or general advertising, or the solicitation of any individual whose employment with Seller and its Affiliates has been terminated for at least six (6) months.

5.4. Public Announcements.

(a) Except as provided in Section 5.4(b), the initial press release regarding this Agreement and the Contemplated Transactions shall be made at such time and in such form as Buyer and Seller agree, provided that in the event that the parties cannot agree, either party shall be permitted to make any disclosure required by Law.

(b) Buyer recognizes that SLG, who indirectly owns interests in Seller, is a public company. Accordingly, Buyer acknowledges and agrees that Seller or SLG may disclose in press releases, filings with Governmental Authorities, financial statements and/or other communications such information regarding the transactions contemplated hereby as may be necessary or advisable under securities laws, rules or regulations, GAAP or other accounting rules or procedures or SLG's prior custom, practice or procedure.

5.5. Commercially Reasonable Efforts. Subject to the terms and conditions set forth herein and to applicable legal requirements, each of the parties shall cooperate and use their respective commercially reasonable efforts to take, or cause to be taken, all appropriate action, and do, or cause to be done, and assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Contemplated Transactions, including the satisfaction of the respective conditions set forth in Article VI.

5.6. [INTENTIONALLY OMITTED]

5.7. Estoppels. Prior to the Closing, (i) Seller will request that RGI complete an estoppel certificate substantially on the terms set forth in Section 2.2(f) of the Shareholders' Agreement, with such changes as have been agreed to by RGI and Buyer, and (ii) Seller has requested that the Company obtain, and endeavor to obtain from the Company, (a) completed tenant estoppel certificates from each of the Identified Tenants, substantially in the forms attached hereto as Exhibit G, and (b) a completed lender estoppel certificate from the Senior Lender, substantially in the form attached hereto as Exhibit H. Seller shall deliver any such estoppel certificates to Buyer promptly upon receipt by Seller and Seller shall use its reasonable efforts to cause to be delivered to Buyer prior to the Closing completed estoppel certificates from each of the Identified Tenants. The form estoppel certificates shall be subject to (i) non-material modifications thereof, (ii) modifications thereof to conform the same to the applicable Lease or

other information delivered to the Company prior to the date hereof and (iii) limiting its statements "to Tenant's knowledge", "Senior Lender's knowledge" or "RGI's knowledge", as applicable (or words of similar import)). The failure or inability of Seller to obtain such completed estoppel certificates shall not be a condition to Buyer's obligation to consummate the Contemplated Transactions or otherwise affect Buyer's obligations under this Agreement, and Seller shall not be required to expend any money, provide any financial or other accommodations or commence any litigation in connection with obtaining any estoppel certificates.

5.8. Damage and Destruction.

(a) If all or any part of the 1221 Property is damaged by fire or other casualty occurring on or after the date hereof and prior to the Closing Date, whether or not such damage affects a material part of the 1221 Property, then:

(i) if (A) the estimated cost of repair or restoration is less than or equal to $75,000,000, and (B) the fire or other casualty does not permit Tenants comprising 25% or greater of the gross rental income of the 1221 Property the right to terminate their leases and (C) if the estimated time to substantially complete such repair or restoration is twenty-four (24) months or less, neither party shall have the right to terminate this Agreement and the parties shall nonetheless consummate this transaction in accordance with this Agreement, without any abatement of the Closing Consideration Amount or any liability or obligation on the part of Seller by reason of such destruction or damage.

(ii) if (A) the estimated cost of repair or restoration exceeds $75,000,000, (B) the fire or other casualty permits Tenants comprising 25% or greater of the gross rental income of the 1221 Property the right to terminate their leases or (C) the estimated time to substantially complete such repair or restoration exceeds twenty-four (24) months, each party shall have the option, exercisable on or prior to the Casualty Election Date, time being of the essence, to terminate this Agreement by delivering notice of such termination to the other party, whereupon the Deposit (together with any interest accrued thereon) shall be returned to Buyer and this Agreement shall be deemed canceled and of no further force or effect, and neither party shall have any further rights or liabilities against or to the other except for such provisions which are expressly provided in this Agreement to survive the termination hereof. If a fire or other casualty described in this Section 5.8(a)(ii) shall occur and neither party shall timely elect to terminate this Agreement, then Buyer and Seller shall consummate this transaction in accordance with this Agreement, without any abatement of the Closing Consideration Amount or any liability or obligation on the part of Seller by reason of such destruction or damage.

(b) The estimated cost and time to repair and/or restore the 1221 Property contemplated in Section 5.8(a) shall be established by estimates obtained by Seller from independent contractors. Buyer shall have the right to dispute any such estimates delivered by Seller by giving Seller notice thereof and describing the basis of such dispute in reasonable detail (a "Dispute Notice") within ten (10) Business Days following Seller's delivery of such estimates, time being of the essence. If Buyer fails to timely deliver such a Dispute Notice, then Buyer shall be deemed to have waived its right to dispute the same. If Buyer shall timely deliver such

a Dispute Notice, then such dispute shall be resolved as provided in Section 5.8(c) below. Seller and Buyer shall cooperate and exercise due diligence to obtain damage estimation and insurance proceeds.

(c) The provisions of this Section 5.8 supersede any Law applicable to the 1221 Property governing the effect of fire or other casualty in contracts for real property. Any disputes under this Section 5.8 as to (i) the cost of repair or restoration, (ii) the time for completion of such repair or restoration or (iii) whether such fire or other casualty permits Tenants comprising 25% or greater of the gross rental income of the 1221 Property the right to

terminate their leases shall be resolved by expedited arbitration before a single arbitrator in New York, New York acceptable to both Seller and Buyer in their reasonable judgment in accordance with the rules of the American Arbitration Association; provided that if Seller and Buyer fail to agree on an arbitrator within five (5) Business Days after a dispute arises, then either party may request the office of the American Arbitration Association located in New York, New York to designate an arbitrator. Such arbitrator shall be an independent architect or engineer who is impartial and has no existing or historical personal professional relationship with Seller, Buyer or their respective Affiliates, having at least ten (10) years of experience in the construction of office buildings in New York, New York. The determination of the arbitrator shall be conclusive and binding upon the parties. The costs and expenses of such Arbitrator shall be borne equally by Seller and Buyer.

(d) In the event of any fire or other casualty with respect to the 1221 Property, the Closing Date shall be extended to the tenth (10) Business Day following the Casualty Election Date; provided, however, the Closing Date shall not be extended if the damage caused by such fire or other casualty has been substantially restored prior to the Closing Date.

(e) The damage by fire or other casualty of all or any part of the Other Property shall not be cause for either party to terminate this Agreement, and in such event the parties shall nonetheless consummate the Contemplated Transactions in accordance with this Agreement and the Ancillary Documents, without abatement of the Closing Consideration Amount, provided, that, Buyer will be entitled to a credit against the Closing Consideration Amount in an amount equal to the sum of (i) forty-five percent (45%) of the deductible amount applicable to such fire or other casualty under the Company's insurance policies therefor, plus (ii) all insurance proceeds, if any, received by Seller in respect of such fire or other casualty and, to the extent such insurance proceeds are not received by Seller prior to Closing, at Closing Seller shall assign to Buyer its right (if any) to collect, and Buyer shall be entitled to collect and retain, such proceeds.

5.9. Condemnation.

(a) If, prior to the Closing Date, any part of the 1221 Property is taken (other than a temporary taking), or if Seller shall receive an official notice from any Governmental Authority having eminent domain power over the 1221 Property of its intention to take, by eminent domain proceeding, any part of the 1221 Property (a "Taking"), then:

(i) if such Taking (A) involves twenty-five percent (25%) or less of the rentable area of the 1221 Property as determined by an independent architect chosen by

Seller (subject to Buyer's review and reasonable approval of such determination and the provisions of Section 5.9(b)) and (B) does not permit Tenants comprising 25% or greater of the gross rental income of the 1221 Property the right to terminate their leases, then neither party shall have any right to terminate this Agreement, and the parties shall nonetheless consummate this transaction in accordance with this Agreement, without any abatement of the Closing Consideration Amount or any liability or obligation on the part of Seller by reason of such Taking.

(ii) if such Taking (A) involves more than twenty-five percent (25%) of the rentable area of the 1221 Property as determined by an independent architect chosen by Seller or (B) permits Tenants comprising 25% or greater of the gross rental income of the 1221 Property the right to terminate their leases, then each party shall have the option, exercisable on or prior to the Condemnation Election Date, time being of the essence, to terminate this Agreement by delivering notice of such termination to the other party, whereupon the Deposit (together with any interest earned thereon) shall be returned to Buyer and this Agreement shall be deemed canceled and of no further force or effect, and neither party shall have any further rights or liabilities against or to the other except pursuant to the provisions of this Agreement which are expressly provided to survive the termination hereof. Buyer shall have the right to dispute any such determination by an independent architect by giving Seller a notice thereof and describing the basis of such dispute in reasonable detail within ten (10) Business Days following Seller's delivery of such independent architect's determination, time being of the essence. If Buyer fails to timely deliver such a notice, then Buyer shall be deemed to have waived its right to dispute the same. If Buyer shall timely deliver such a notice, then such dispute shall be resolved as provided in Section 5.9(b). If a Taking described in this Section 5.9(a)(ii) shall occur and neither party shall timely elect to terminate this Agreement, then Buyer and Seller shall consummate this transaction in accordance with this Agreement, without any abatement of the Closing Consideration Amount, provided, that, Buyer will be entitled to a credit against the Closing Consideration Amount in an amount equal to the Taking proceeds, if any, received by Seller prior to Closing, and to the extent the Taking Proceeds are not received by Seller prior to Closing, at Closing Seller shall assign to Buyer its right (if any) to collect, and Buyer shall be entitled to collect and retain such proceeds.

(b) The provisions of this Section 5.9 supersede any law applicable to the 1221 Property governing the affect of condemnation in contracts for real property. Any disputes under this Section 5.9 as to whether the Taking (i) involves more than twenty-five percent (25%) of the rentable area of the 1221 Property or (ii) permits Tenants comprising 25% or greater of the gross rental income of the 1221 Property the right to terminate their leases shall be resolved by expedited arbitration before a single arbitrator in New York, New York acceptable to both Seller and Buyer in their reasonable judgment in accordance with the rules of the American Arbitration Association; provided that if Seller and Buyer fail to agree on an arbitrator within five (5) Business Days after a dispute arises, then either party may request the office of the American Arbitration Association located in New York, New York to designate an arbitrator. Such arbitrator shall be an independent architect having at least ten (10) years of experience in the construction of office buildings in New York, New York. The costs and expenses of such Arbitrator shall be borne equally by Seller and Buyer.

(c) In the event of any Taking with respect to the 1221 Property, the Closing Date shall be extended to the tenth (10^{th}) Business Day following the Condemnation Election Date.

(d) The Taking of all or any part of the Other Property shall not be cause for either party to terminate this Agreement, and in such event the parties shall nonetheless consummate the Contemplated Transactions in accordance with this Agreement and the Ancillary Documents, without abatement of the Closing Consideration Amount, provided, that, Buyer will be entitled to a credit against the Closing Consideration Amount in an amount equal to the Taking proceeds, if any, received by Seller prior to Closing, and to the extent the Taking Proceeds are not received by Seller prior to Closing, at Closing Seller shall assign to Buyer its right (if any) to collect, and Buyer shall be entitled to collect and retain such proceeds.

5.10. Required Amendments. At the Closing, simultaneous with the payment by Buyer to Seller of the Estimated Closing Consideration Amount, Seller agrees to: (i) consent in writing (and to cause each director of the Company appointed by Seller to consent and approve in writing) to the execution and delivery of the Required Amendments by the Company and any resolutions or consents authorizing the execution and delivery of the Required Amendments by the Company, (ii) request the Company to reclassify Seller's Common Stock into a certificate or certificates representing 429 shares of non-voting Total Common Stock and 471 shares of voting Total Common Stock pursuant to the terms of the Required Amendments (the "Reclassified Certificates") and deliver same to Seller, (iii) provided that the Company tenders for delivery the Reclassified Certificates to Seller, surrender the existing certificate or certificates representing all of the shares of Seller's Common Stock to the Company, simultaneous with the Company's tender for delivery of the Reclassified Certificates to Seller, and (iv) provided that the Company delivers the Reclassified Certificates to Seller, immediately deliver to Buyer the Reclassified Certificates, endorsed to Buyer and accompanied by a duly executed and witnessed stock power transferring Seller's Common Stock to Buyer.

ARTICLE VI
Conditions to Closing

6.1. Conditions to All Parties' Obligations. The obligations of the parties to consummate the Contemplated Transactions are subject to the fulfillment prior to or at the Closing of each of the following conditions:

(a) No Injunction. No Governmental Authority or federal or state court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, Order or other notice (whether temporary, preliminary or permanent) (collectively, the "Restraints"), in any case which is in effect and which prevents or prohibits consummation of the Contemplated Transactions; provided, that each of Buyer and Seller shall use its commercially reasonable efforts to cause any such Restraint to be vacated or lifted.

(b) Waiver of Right of First Refusal. The ROFR Waiver has been received or deemed to have been received by Seller in accordance with the Shareholders' Agreement, and the ROFR Waiver has not been terminated or canceled and remains in full force and effect.

(c) Lender Approval. Seller has received the Lender Approval and the Lender Approval has not been terminated or canceled and remains in full force and effect.

6.2. Conditions to Seller's Obligations. The obligations of Seller to consummate the Contemplated Transactions are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by Seller):

(a) Representations and Warranties. The representations and warranties of Buyer contained in Article IV hereof shall be true and correct as of the Closing Date as though made as of the Closing Date (except for representations and warranties which address matters only as of a specific date, which representations and warranties shall continue as of the Closing Date to be true and correct as of such specific date), except to the extent that the failure to be so true and correct would not have a Buyer Material Adverse Effect.

(b) Performance. Buyer shall have performed and complied in all material respects with all agreements and covenants required by this Agreement to be so performed or complied with by Buyer at or prior to the Closing.

(c) Deliveries. Seller shall have received the deliveries contemplated by Article VIII.

6.3. Conditions to Buyer's Obligations. The obligations of Buyer to consummate the Contemplated Transactions are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by Buyer):

(a) Representations and Warranties. The representations and warranties of Seller contained in Article III hereof shall be true and correct as of the Closing Date as though made as of the Closing Date (except for representations and warranties which address matters only as of a specific date, which representations and warranties shall continue as of the Closing Date to be true and correct as of such specific date), except to the extent that the failure to be so true and correct would not have a Company Material Adverse Effect.

(b) Performance. Seller shall have performed and complied in all material respects with all agreements and covenants required by this Agreement to be so performed or complied with by Seller at or prior to the Closing.

(c) Deliveries. Buyer shall have received the deliveries contemplated by Article VII.

(d) Status of Title.

(i) The Company shall own one hundred percent of the equity in each Property Owner and each Property Owner shall own the entire fee simple estate in and to the respective Property owned by such Property Owner. Additionally, either the Seller shall have delivered the following to the Title Company or the Title Company shall have waived the requirement that any item not so delivered be provided in order to issue title insurance coverage to Buyer (the "Title Insurance Policy"); provided such waiver results in no increased cost to Buyer:

(A) the Title Affidavit (as hereinafter defined);

(B) a copy of the Certificate of Formation, Certificate of Good Standing and Limited Liability Company Operating Agreement of the Seller; and

(C) a copy of the Secretary's Certificate of SLG confirming that the Contemplated Transactions have been duly authorized on behalf of SLG and its Affiliates pursuant to the Limited Liability Company Operating Agreement of the Seller and an incumbency certificate of SLG certifying that such officer has the authority to execute such Secretary's Certificate.

(ii) If, prior to the Closing Date, any revision or update of any Preliminary Title Commitment or Survey discloses exceptions to title other than Permitted Encumbrances (the foregoing, collectively, the "Title Objections"), Buyer shall so notify Seller ("Buyer Objection Notice") (x) on or before the fifth (5th) Business Day after receipt of same if received by Buyer on or before the fifth (5th) Business Day before the Closing, (y) on or before one (1) Business Day after receipt of same by Buyer if received less than five (5) Business Days before the Closing Date (but prior to the Closing Date) or (z) on the Closing Date if Buyer becomes aware of same on the Closing Date (such dates, the "Objection Cut-Off Date"), time being of the essence, and Seller shall have until the Closing Date (and may adjourn the Closing for such reasonable periods not to exceed ninety (90) days in the aggregate) to have each such Title Objection cleared in accordance with Section 6.3(d)(iii), hereof (a "Remedy"); provided, however, nothing herein shall require Seller to bring any action or proceeding or take any action or otherwise incur any costs or expenses in order to remove any Title Objection (except that Seller shall be obligated to remove any and all liens voluntarily placed by Seller against the Property after the date of the Preliminary Title Commitment ("Mandatory Title Matters")). Seller agrees to notify Buyer within ten (10) Business Days of Seller's receipt of Buyer's Objection Notice (but in no event later than the date that is scheduled for the Closing, as the same may be adjourned pursuant to this Section 6.3(d)(ii)) whether Seller elects to (i) Remedy all or any of the Title Objections or (ii) grant a credit against the Closing Consideration Amount in the amount equal to the cost of removal of any or all such Title Objections (a "Title Objection Credit"). Other than the Mandatory Title Matters, any exception to title which Buyer does not raise pursuant to the terms hereof on or before the Objection Cut-Off Date shall be deemed a Permitted Encumbrance and not a Title Objection. If Seller does not elect to Remedy a Title Objection or grant a Title Objection Credit with respect thereto at or prior to the Closing Date (as the same may be adjourned), Buyer may at its sole and exclusive option on the Closing Date (as the same may be adjourned) either (i) terminate this Agreement and receive a return of its Deposit and all interest accrued thereon (and the parties shall jointly instruct Escrow Agent to promptly return the Deposit and all interest accrued thereon to Buyer) and Seller shall not have any further liability or obligation to Buyer hereunder nor shall Buyer have any further liability or obligation to Seller hereunder, except for such obligations and liabilities as are specifically stated in this Agreement to survive the termination of this Agreement, or (ii) elect to accept title to the Property as it then is without any reduction in, abatement of, or credit against the Closing Consideration Amount (other than a credit for the cost of removal of a Mandatory Title Matter) and such exceptions shall be deemed

a Permitted Encumbrance; if Buyer fails to make either such election, Buyer shall be deemed to have elected option (ii).

(iii) Notwithstanding anything herein to the contrary, Seller shall be deemed to have removed or corrected each exception that is not a Permitted Encumbrance if, in Seller's discretion and at its sole cost and expense and in a manner reasonably acceptable to Buyer, Seller either (A) takes such actions as are necessary to eliminate (of record or otherwise, as appropriate) such Title Objection, or (B) delivers its own funds (or directs that a portion of the Closing Consideration Amount be delivered) in an amount needed to fully discharge any such exception to the Escrow Agent with instructions for the Escrow Agent to apply such funds to fully discharge any such exception, together with such instruments, in recordable form, as are necessary to enable the discharge of such exception of record or (C) causes the Title Company to insure over and omit, and remove such exception that is not a Permitted Encumbrance as an exception to title in the Title Policy or affirmatively insure against the same, in each case without any additional cost to Buyer, whether such insurance is made available in consideration of payment, bonding, indemnity of Seller or otherwise.

ARTICLE VII
Deliveries by Seller at Closing

On the Closing Date, Seller shall deliver or cause to be delivered to Buyer:

7.1. Officer's Certificate. An officer's certificate signed by a senior officer of the Seller to the effect set forth in Sections 6.3(a) and 6.3(b) and attaching copies of the resolutions and consents adopted by the Seller authorizing the execution and delivery of this Agreement and the Ancillary Documents to which Seller is a party.

7.2. Resignations. Resignations of each director and officer, if any, of the Company appointed by Seller.

7.3. Share Certificates and Stock Power. Reclassified Certificates, if and only if received by Seller pursuant to Section 5.10, endorsed to Buyer and accompanied by a duly executed and witnessed stock power transferring Seller's Common Stock to Buyer or, if the Reclassified Certificates are not received by Seller, the existing certificate or certificates (the "Existing Certificates") representing all of the shares of Seller's Common Stock accompanied by a duly executed and witnessed stock power transferring Seller's Common Stock to Buyer or to a Person designated by Buyer so long as the transfer to such Person designated by Buyer is (i) permitted under the Shareholders' Agreement, (ii) does not require a new Sale Notice (as defined in the Shareholders' Agreement) to be delivered to RGI pursuant to the Shareholders' Agreement, and (iii) does not require any authorization, consent or approval from Lender which has not already been obtained. The parties acknowledge and agree that the reclassification of Seller's Common Stock and delivery of the Reclassified Certificates by the Company to the Seller shall not be a condition to Buyer's obligation to consummate the Contemplated Transactions or otherwise affect Buyer's obligations under this Agreement; provided, however, the foregoing acknowledgment and agreement shall not modify the obligations of Seller under Section 5.10.

7.4. ROFR Waiver and Lender Approval. Copies of the fully executed ROFR Waiver and the Lender Approval.

7.5. Receipt. A receipt for the Estimated Closing Consideration Amount.

7.6. Books and Records. Any books and records of the Company in possession of the Seller.

7.7. Title Affidavit. A title affidavit in connection with the Title Policy in the form attached hereto as Exhibit I (the "Title Affidavit").

7.8. FIRPTA Certificate. A certificate signed under penalties of perjury and in form and substance required under Section 1445 of the Code and Treasury Regulations thereunder stating that Seller's owner is not a "foreign person" as defined under Section 1445 of the Code and the Treasury Regulations

thereunder.

7.9. Required Amendments. A copy of the fully executed written consent of Seller authorizing the execution and delivery of the Required Amendments by the Company.

7.10. Further Instruments. Such documents of further assurance reasonably necessary and typical for transactions similar to the Contemplated Transactions in order to complete the Contemplated Transactions.

ARTICLE VIII
Deliveries by Buyer at Closing

On the Closing Date, Buyer shall deliver or cause to be delivered to Seller:

8.1. Officer's Certificate. A certificate signed by an authorized signatory of Buyer to the effect set forth in Sections 6.2(a) and 6.2(b) and attaching copies of the resolutions and consents adopted by Buyer authorizing the execution and delivery of this Agreement and the Ancillary Documents to which Buyer is a party.

8.2. Closing Consideration Amount. An amount equal to the balance of the Estimated Closing Consideration Amount (*i.e.*, the Estimated Closing Consideration Amount less the Deposit and less any interest accrued thereon), by wire transfer of immediately available funds, to the account designated by Seller.

8.3. Further Instruments. Such documents of further assurance reasonably necessary and typical for transactions similar to the Contemplated Transactions in order to complete the Contemplated Transactions.

ARTICLE IX
Indemnification; Survival

9.1. Expiration of Representations and Warranties. All of the representations and warranties of the parties set forth in this Agreement shall terminate and expire, and shall cease to

be of any force or effect, at 5:00 P.M. (Eastern time) on the date that is the nine (9) month anniversary of the Closing Date provided, however, that the representations and warranties set forth in Section 3.1, 3.2, 3.4(a), 3.4(b), 3.4(c)(i), 3.4(d), 4.1, 4.2 and 4.3 shall each survive for the period of their respective statute of limitations and all liability and indemnification obligations with respect to such representations and warranties shall thereupon be extinguished.

9.2. Indemnification.

(a) By Buyer. Subject to the provisions of Section 9.1, from and after the Closing, Buyer agrees to indemnify, defend and hold harmless Seller, its Affiliates, and their respective officers, directors, employees, shareholders, members, partners, agents, representatives, successors and assigns (collectively, "Seller Indemnitees") from and against all Losses incurred by any of the Seller Indemnitees arising out of or relating to: (i) any breach of any representation or warranty made by Buyer in this Agreement or (ii) any breach of any covenant or agreement of Buyer contained in this Agreement or any Ancillary Document.

(b) By Seller. Subject to the provisions of Sections 9.1 and 11.1, from and after the Closing, Seller agrees to indemnify, defend and hold harmless Buyer, its Affiliates, and their respective officers, directors, employees, shareholders, members, partners, agents, representatives, successors and assigns (collectively, "Buyer Indemnitees") from and against all Losses incurred by any of Buyer Indemnitees arising out of or relating to: (i) any breach of any representation or warranty made by Seller in this Agreement or (ii) any breach of any covenant or agreement of Seller contained in this Agreement or any Ancillary Document.

(c) Limitations on Rights of Buyer Indemnitees.

(i) Seller shall not be required to indemnify Buyer Indemnitees with respect to any claim for indemnification arising out of or relating to matters described in Section 9.2(b) unless and until the aggregate amount of all such claims for such matters exceeds Two Hundred Fifty Thousand Dollars ($250,000), in which event Buyer Indemnitees will be entitled to recover Losses arising out of or relating to such matters only to the extent in excess thereof (the "Deductible"). Seller's maximum liability to Buyer Indemnitees with respect to any claim for indemnification arising out of or relating to matters described in Section 9.2(b) shall not exceed Six Million ($6,000,000) in the aggregate. No Losses shall be included in determining whether the Deductible has been reached unless a notice seeking indemnification for such Losses has been given by Buyer Indemnitees to Seller in accordance with Sections 9.2(d)(i) and 9.2(d)(ii)(A).

(ii) Seller shall not be required to indemnify Buyer Indemnitees with respect to any claim for indemnification arising out of or relating to matters described in Section 9.2(b) made by any Buyer Indemnitee after Closing if the facts and circumstances giving rise to such claim are known to the Buyer Indemnitee prior to the Closing.

(d) Procedure.

(i) Direct Claims. If either a Buyer Indemnitee, on the one hand, or a Seller Indemnitee, on the other hand, shall have a claim for indemnification hereunder (the "Indemnitee") for any claim other than a claim asserted by a third party, the Indemnitee

shall, as promptly as is practicable, give written notice to the party from whom indemnification is sought (the "Indemnitor") of the nature and, to the extent practicable, a good faith estimate of the amount, of the claim. The failure to make prompt delivery of such written notice by the Indemnitee to the Indemnitor (so long as a notice pursuant to this Section 9.2(d)(i), including the requisite certification, is given before the expiration of the applicable period set forth in Section 9.1) shall not relieve the Indemnitor from any liability under this Section 9.2 with respect to such matter, except to the extent the Indemnitor is actually prejudiced by failure to give such notice.

(ii) Third-Party Actions.

(A) If an Indemnitee receives notice or otherwise obtains knowledge of any matter or any threatened matter that may give rise to an indemnification claim against the Indemnitor (the "Third Party Claim"), then the Indemnitee shall as promptly as practicable, and in any event within thirty (30) days of the receipt of written notice of the Third Party Claim by the Indemnitee, deliver to the Indemnitor a written notice describing, to the extent practicable, such matter in reasonable detail and such notice must be accompanied by a copy of any written notice of the third party claimant to the Indemnitee asserting the Third Party Claim. The failure to make prompt delivery of such written notice or of the copy of the written notice of the third party claimant by the Indemnitee to the Indemnitor (so long as a notice pursuant to this Section 9.2(d)(ii)(A) that includes any written notice of the third party claimant is given before the expiration of the applicable period set forth in Section 9.1) shall not relieve the Indemnitor from any liability under this Section 9.2 with respect to such matter, except to the extent the Indemnitor is actually prejudiced by failure to give such notice. The Indemnitee shall deliver to the Indemnitor copies of all other notices and documents (including court papers) received by the Indemnitee relating to the Third Party Claim. The Indemnitor shall have the right, at its option, to assume the defense of any such matter with its own counsel, provided, however, that such counsel is reasonably satisfactory to the Indemnitee.

(B) If the Indemnitor elects to assume the defense of and indemnification for any such matter, then the Indemnitor shall proceed diligently to defend such matter and:

(1) notwithstanding anything to the contrary contained in this Agreement, the Indemnitor shall not be required to pay or otherwise indemnify the Indemnitee against any attorneys' fees or other expenses incurred on behalf of the Indemnitee in connection with such matter following the Indemnitor's election to assume the defense of such matter, unless (x) the Indemnitor fails to defend diligently the action or proceeding within ten (10) days after receiving notice of such failure from the Indemnitee, (y) the Indemnitee reasonably shall have concluded

(upon advice of its counsel) that there may be one or more legal defenses available to such Indemnitee or other Indemnitees that are not available to the Indemnitor, or (z) the Indemnitee reasonably shall have concluded (upon advice of its counsel) that, with respect to such claims, the Indemnitee and the Indemnitor may have different, conflicting, or adverse legal positions or interests. In addition, the Indemnitee shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnitor, it being understood that the Indemnitor shall control such defense;

(2) the Indemnitee shall, at its own expense, make available to the Indemnitor all books, records and other documents and materials that are under the direct or indirect control of the Indemnitee or any of the Indemnitee's agents and that the Indemnitor considers reasonably necessary or desirable for the defense of such matter, and cooperate in all reasonable ways with, and make its employees and advisors available or otherwise render reasonable assistance to, the Indemnitor and its agents at such times and places as may be reasonably necessary to defend against such Third Party Claim; and

(3) the Indemnitor shall not, without the written consent of the Indemnitee, which shall not be unreasonably withheld or delayed, settle, adjust or compromise any pending or threatened Litigation in respect of which indemnification may be sought hereunder (whether or not the Indemnitee is an actual or potential party to such Litigation) or consent to the entry of any judgment which (i) does not involve any finding or admission of any violation of applicable Laws or any violation of the rights of any Indemnitee, (ii) does not involve any relief affecting the Indemnitee other than monetary damages that are paid in full by the Indemnitor (other than the Deductible) and (iii) does not, to the extent that the Indemnitee may have any liability with respect to such Litigation, include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnitee of a complete and final written release of the Indemnitee from all liability in respect of such Litigation.

(C) If the Indemnitor elects not to assume the defense of and indemnification for such matter, then the Indemnitee shall proceed diligently to defend such matter with the assistance of counsel reasonably satisfactory to the Indemnitor; provided, that the Indemnitee shall not settle, adjust or compromise such matter, or admit any liability with respect to such matter, without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld or delayed.

(e) Subrogation. To the extent that the Indemnitor makes or is required to make any indemnification payment to the Indemnitee, the Indemnitor shall be entitled to exercise, and shall be subrogated to, any rights and remedies (including rights of indemnity, rights of contribution and other rights of recovery) that the Indemnitee or any of the Indemnitee's Affiliates may have against any other Person with respect to any Losses to which such indemnification payment is directly related, so long as the Indemnitee is not adversely affected thereby.

(f) Exclusive Remedies Following the Closing Date. Following the Closing Date, except as otherwise expressly provided herein, the indemnification provisions of this Section 9.2 shall be the sole and exclusive remedy of the Indemnitees, whether in contract, tort or otherwise, for all matters arising under or in connection with this Agreement and the Contemplated Transactions, including, without limitation, for any inaccuracy or breach of any representation, warranty, covenant or agreement set forth herein (other than claims of, and causes of action arising out of, fraud in the inducement in entering into this Agreement and the Ancillary Documents).

(g) Environmental Remedies. Notwithstanding the foregoing or anything to the contrary in this Agreement, Buyer and its successors and assigns understand and agree that the indemnification obligations of Seller under this Section 9.2 shall constitute the sole and exclusive remedy of Buyer Indemnitees with respect to any matters or claims arising under Environmental Laws, and Buyer and its successors and assigns hereby waive, and unconditionally release Seller from, any rights and remedies that Buyer and its successors and assigns may otherwise have against Seller under any Environmental Law, including, without limitation, any claims for contribution under CERCLA or common law.

(h) Purchase Price Adjustment. Any indemnification payment pursuant to this Section 9.2 shall be treated as an adjustment to the purchase price for tax purposes to the extent permitted by Law.

(i) ROFR Waiver/Lender Approval. Notwithstanding anything to the contrary contained in this Agreement or any of the Ancillary Documents, Seller's sole obligation with respect to obtaining the ROFR Waiver and the Lender Approval shall be to, (x) with respect to obtaining the ROFR Waiver, execute and deliver the Sale Notice (as defined in the Shareholders' Agreement) to RGI, which obligation the parties hereto agree has been satisfied, and (y) with respect to obtaining the Lender Approval, (1) deliver to Lender any information or material (A) prepared or procured by Buyer and (B) regarding Seller or the Contemplated Transaction that is in Seller's possession, each as reasonably requested by Lender in connection with the Lender Approval, and (2) take any other actions reasonably requested by Buyer to facilitate obtaining Lender Approval, and Seller shall have no other obligation or liability to Buyer arising out of or relating to obtaining the Lender Approval and the ROFR Waiver. If Buyer shall determine that Seller is not in compliance with this Section 9.2(i), Buyer shall, as promptly as is practicable after becoming aware of Seller's non-compliance, give written notice to Seller of the nature and manner in which Seller has failed to comply and provide Seller with a reasonable period to cure such non-compliance, subject in all respects to Section 10.1(c). The failure to make prompt delivery of such written notice by Buyer shall relieve Seller from any liability or obligation under this Agreement or any of the Ancillary Documents (including Seller's obligation to close the transactions contemplated hereunder) solely with respect to Seller's failure to comply with the terms of this Section 9.2(i); provided, that the failure to make prompt delivery of such written notice by Buyer shall not impair or otherwise prejudice Buyer's remedy to terminate this Agreement pursuant to the terms hereof.

ARTICLE X
Termination; Default

10.1. Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned:

(a) by Buyer in accordance with 6.3(d)(ii); or

(b) by written notice from either Seller or Buyer in accordance with Section 5.8(a)(ii) or 5.9(a)(ii); or

(c) by written notice from either Seller or Buyer to the other party, at any time (i) prior to the Outside Date if either (A) RGI exercises its right of first refusal by delivering the Acceptance on the terms and conditions set forth in the Shareholders' Agreement or (B) Senior Lender delivers a Lender Rejection to Seller or the Company or (ii) after the Outside Date if either Lender Approval or the ROFR Waiver have not been obtained, or have been obtained but are subsequently terminated, canceled or of no further force and effect.

10.2. Procedure and Effect of Termination. In the event of the termination of this Agreement and the abandonment of the Contemplated Transactions, written notice thereof shall be given by a terminating party to the other parties, and this Agreement shall terminate and the Contemplated Transactions shall be abandoned without further action by any of the parties. If this Agreement is terminated pursuant to Section 10.1:

(a) Buyer shall promptly cause to be returned to the Company or destroy all documents and information obtained in connection with this Agreement and the Contemplated Transactions and all documents and information obtained in connection with Buyer's investigation of the Company from the Company or its representatives, including any copies made by or supplied to Buyer or any of Buyer's agents of any such documents or information, provided, Buyer may retain one copy of all such documents and information in order to comply with internal document retention and corporate governance policies and shall not be obligated to purge any information stored in an electronic back-up archive.

(b) In the event of the termination of this Agreement pursuant to Section 10.1, Buyer shall be entitled to a return of the Deposit, together with all interest accrued thereon.

(c) No party hereto shall have any obligation or liability to the other parties hereto, except that the parties hereto shall remain bound by the provisions of this Section 10.2 and Section 5.3 and Article XI and by the provisions of the Confidentiality Agreement; provided, that nothing herein shall relieve a defaulting or breaching party from any liability or damages pursuant to Section 10.3 arising out of its breach of any covenant or agreement of this Agreement.

10.3. Default.

(a) If Seller shall perform all of its obligations hereunder in full compliance with the terms hereof and if all conditions to Buyer's obligation to close have been satisfied, and if Buyer shall be in default in the performance of any material obligation hereunder (including,

without limitation, its failure or refusal to consummate the transaction contemplated by this Agreement as required by the terms hereof), or if the failure of any of the conditions precedent to Seller's obligation to close under Sections 6.1 and 6.2 is caused by or is a result of a breach by Buyer of any material representation, warranty, covenant, term, provision, agreement or obligation of Buyer hereunder, then Seller's sole remedy shall be to elect to terminate this Agreement and retain the Deposit (including any interest accrued thereon), as and for liquidated damages, it being understood and agreed that Seller's actual damages in such circumstances would be extremely difficult, if not impossible, to ascertain, and, upon such payment, this Agreement shall terminate and neither party hereto shall have any further rights or obligations hereunder.

(b) If Buyer shall perform all of its obligations hereunder in full compliance with the terms hereof and if all conditions to Seller's obligation to close have been satisfied (provided Buyer shall not be required to tender the Estimated Closing Consideration Amount to Seller), and if Seller shall be in default in the performance of its obligations to close the transactions contemplated hereunder, then Buyer's sole remedy shall be to terminate this Agreement by giving written notice thereof to Seller and Escrow Agent, in which case, (i) the Deposit, together with all interest accrued thereon, shall be returned to Buyer, and (ii) this Agreement shall terminate and neither party hereto shall have any further rights or obligations hereunder; provided, however, that if Seller shall be in willful default in the performance of its obligations to close the transactions contemplated hereunder, then Buyer's sole remedy shall be to either (x) terminate this Agreement pursuant to this Section 10.3(b) or (y) file an action to obtain specific performance of Seller's obligations hereunder, it being acknowledged and agreed that the subject matter of this transaction is unique.

ARTICLE XI
Miscellaneous

11.1. Expenses. All fees and expenses incurred in connection with the Contemplated Transactions shall be paid by the party incurring such expenses, whether or not the Contemplated Transactions are consummated; provided that (i) Buyer and Seller shall each pay 50% of all fees and expenses, up to an aggregate amount equal to $20,000, associated with obtaining the Lender Approval, and Buyer shall pay all fees and expenses in excess of $20,000 associated with obtaining the Lender Approval and (ii) Buyer and Seller shall each pay 50% of all fees and expenses associated with the Escrow Agent and the Escrow Agreement. The parties acknowledge that they believe that there are no Transfer Taxes arising in connection with the Contemplated Transactions and accordingly agree that they will not file Tax Returns with respect to Transfer Taxes upon consummation of the Contemplated Transactions. In the event Transfer Taxes are imposed as a result of aggregation of the Contemplated Transactions with any subsequent transfers or any prior Transfers unrelated to Seller's Common Stock, Buyer shall pay all associated Transfer Taxes and shall timely file all related Tax Returns with the applicable Taxing Authority. Seller agrees to cooperate with Buyer in filing any Tax Returns pursuant to the previous sentence (including having the appropriate officers of Seller execute such Tax Returns). In the event that, as a result of an audit by a Taxing Authority, it is determined, after the Closing, that Transfer Taxes are imposed solely as a result of aggregation of the Contemplated Transactions with any other prior direct or indirect transfers made by either Seller or the owners of the direct or indirect equity interests in Seller, then Seller shall pay all

associated Transfer Taxes. Buyer or Seller, as the case may be, shall (i) timely notify the other party in writing of any inquiry from or audit by any Taxing Authority involving Transfer Taxes with respect to the Contemplated Transactions for which the other party (the "Responsible Party") is liable pursuant to this Section 11.1 and (ii) promptly provide to the Responsible Party copies of any information or document requests, notices of proposed adjustment or similar reports or notices of deficiencies related to such inquiry or audit; provided that failure to comply with this provision shall not affect the Responsible Party's liability under this Section 11.1 except to the extent such failure materially impairs the Responsible Party's ability to contest any such Tax Transfer Taxes. The Buyer or Seller, as the case may be, shall have the sole right to control any audit or administrative or court proceeding relating to Transfer Taxes for which it is the Responsible Party and the other party shall cooperate in such audit or proceeding as reasonably requested by the Responsible Party (including, but not limited to, providing the Responsible Party with a power of attorney (or other documentation) required to authorize the Responsible Party to represent the parties in such audit or proceeding); provided that the other party shall be permitted, at its own expense, to be present at, and participate in, any such audit or proceeding. Neither Buyer nor Seller shall settle or compromise a claim or consent to the entry of any judgment arising out of any such inquiry or audit with respect to a Transfer Tax for which it is not the Responsible Party without the prior written consent of the Responsible Party, which consent shall not be unreasonably withheld, conditioned or delayed. The provisions of this Section 11.1 shall survive the Closing or termination of this Agreement.

11.2. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made (a) as of the date delivered, if delivered personally, (b) on the date the delivering party receives confirmation, if delivered by facsimile, (c) three (3) Business Days after being mailed by registered or certified mail (postage prepaid, return receipt requested) or (d) one (1) Business Day after being sent by overnight courier (providing proof of delivery), to the parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.2):

If to Seller:

c/o SL Green Realty Corp.
420 Lexington Avenue, 19th Floor
New York, NY 10170
Attn: Marc Holliday
Attn: Andrew S. Levine
Fax: (646) 293-1356

With a copy (which shall not constitute notice) to:

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, NY 10004-1980
Attn: Lee S. Parks, Esq.
Fax: (212) 859-4000

If to Buyer:

c/o Canada Pension Plan Investment Board
One Queen Street East
Toronto, Ontario
Canada
M5C 2W5
Attn: Zachary Vaughan
Fax: (416) 868-5046

With a copy (which shall not constitute notice) to:

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
Attn: Alan S. Weil, Esq.
Fax: (212) 839-5599

11.3. Governing Law. This Agreement shall in all respects be governed by, and construed in accordance with, the Laws (excluding conflict of laws rules and principles) of the State of New York applicable to agreements made and to be performed entirely within such State, including all matters of construction, validity and performance.

11.4. Entire Agreement. This Agreement, together with the Schedules and Exhibits hereto, the Ancillary Documents and the Confidentiality Agreement, constitute the entire agreement of the parties relating to the subject matter hereof and supersede all prior Contracts or agreements, whether oral or written.

11.5. Severability. Should any provision of this Agreement or the application thereof to any Person or circumstance be held invalid or unenforceable to any extent: (a) such provision shall be ineffective to the extent, and only to the extent, of such unenforceability or prohibition and shall be enforced to the greatest extent permitted by Law, (b) such unenforceability or prohibition in any jurisdiction shall not invalidate or render unenforceable such provision as applied (i) to other Persons or circumstances or (ii) in any other jurisdiction, and (c) such unenforceability or prohibition shall not affect or invalidate any other provision of this Agreement.

11.6. Amendment. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented or modified orally, but only by an instrument in writing signed by Buyer and Seller; provided that the observance of any provision of this Agreement may be waived in writing by the party that will lose the benefit of such provision as a result of such waiver.

11.7. Effect of Waiver or Consent. No waiver or consent, express or implied, by any party to or of any breach or default by any party in the performance by such party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such party of the same or any other obligations of such party hereunder. No single or partial exercise of any right or power, or any abandonment or discontinuance of steps to enforce any right or power, shall preclude any other or further exercise

thereof or the exercise of any other right or power. Failure on the part of a party to complain of any act of any party or to declare any party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder until the applicable statute of limitation period has run.

11.8. Parties in Interest; Limitation on Rights of Others. The terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective legal representatives, successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any Person (other than the parties hereto and their respective legal representatives, successors and assigns and as expressly provided herein) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein, as a third party beneficiary or otherwise.

11.9. Assignability/Sale Restrictions.

(a) This Agreement shall not be assigned by either Seller or Buyer without the prior written consent of the other party, provided, that Buyer may, without limiting Section 11.9(b), (i) assign this Agreement and the rights and obligations hereunder, without the consent of Seller, to an Affiliate of Buyer that is controlled by CPPIB or (ii) designate a Person to accept delivery of the Seller's Existing Certificates subject to and in accordance with Section 7.3, so long as such assignment or designation, as the case may be, is (A) permitted under the Shareholders' Agreement, (B) does not require a new Sale Notice (as defined in the Shareholders' Agreement) to be delivered to RGI pursuant to the Shareholders' Agreement, and (C) does not require any authorization, consent or approval from Lender which has not already been obtained, and all references to Buyer contained in this Agreement shall thereafter include such Affiliate of Buyer. For purposes of this Section 11.9, the term "control" means the ownership, directly or indirectly, of more than 50% of the interests in a Person, together with the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

(b) Notwithstanding anything to the contrary contained herein, from the period beginning on the date hereof and ending eighteen (18) months after the Closing Date, without the prior written consent of Seller, Buyer shall not sell, transfer or assign any of Seller's Common Stock or any of Buyer's interest in this Agreement if such transaction would yield Buyer, on a pro-rata basis based on the amount of Seller's Common Stock or interest sold, transferred or assigned, an amount in excess of the Closing Consideration Amount plus all fees and expenses incurred in connection with the Contemplated Transactions. The provisions of this Section 11.9(b) shall survive the Closing for a period of eighteen (18) months.

11.10. Jurisdiction; Court Proceedings; Waiver of Jury Trial. Any Litigation against any party to this Agreement arising out of or in any way relating to this Agreement shall be brought in any federal or state court located in the State of New York in New York County and each of the parties hereby submits to the exclusive jurisdiction of such courts for the purpose of any such Litigation; provided, that a final judgment in any such Litigation shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. **Each party irrevocably and unconditionally agrees not to assert (a) any objection which it may ever have to the laying of venue of any such Litigation in any federal or state court**

located in the State of New York in New York County, (b) any claim that any such Litigation brought in any such court has been brought in an inconvenient forum and (c) any claim that such court does not have jurisdiction with respect to such Litigation. To the extent that service of process

by mail is permitted by applicable Law, each party irrevocably consents to the service of process in any such Litigation in such courts by the mailing of such process by registered or certified mail, postage prepaid, at its address for notices provided for herein. **Each party irrevocably and unconditionally waives any right to a trial by jury and agrees that any of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary and bargained-for agreement among the parties irrevocably to waive its right to trial by jury in any Litigation.**

11.11. No Other Duties. The only duties and obligations of the parties under this Agreement are as specifically set forth in this Agreement, and no other duties or obligations shall be implied in fact, Law or equity, or under any principle of fiduciary obligation.

11.12. Reliance on Counsel and Other Advisors. Each party has consulted such legal, financial, technical or other expert as it deems necessary or desirable before entering into this Agreement. Each party represents and warrants that it has read, knows, understands and agrees with the terms and conditions of this Agreement.

11.13. Counterparts. This Agreement may be executed by facsimile signatures and in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

11.14. Further Assurance. If at any time after the Closing any further action is necessary or desirable to fully effect the transactions contemplated by this Agreement or any other of the Ancillary Documents, each of the parties shall take such further action (including the execution and delivery of such further instruments and documents) as any other party reasonably may request.

(signature pages follow)

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

CPPIB REI US RE-5, INC.

By: _____
Name:
Title:

GREEN HILL ACQUISITION LLC

By: _____
Name:
Title:

The undersigned hereby acknowledges and consents to the provisions of Sections 2.4(e) only:

CANADA PENSION PLAN INVESTMENT BOARD

By: _____
Name:
Title:

SL GREEN REALTY CORP.

By: _____
Name:
Title:

Exhibit 31.1

CERTIFICATION

I, Marc Holliday, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SL Green Realty Corp. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2010

/s/ Marc Holliday

Name: Marc Holliday
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Gregory F. Hughes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SL Green Realty Corp. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2010

/s/ Gregory F. Hughes

Name: Gregory F. Hughes
Title: Chief Operating Officer and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SL Green Realty Corp. (the "Company") on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marc Holliday, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marc Holliday
Name: Marc Holliday
Title: Chief Executive Officer

May 10, 2010

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SL Green Realty Corp. (the "Company") on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory F. Hughes, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory F. Hughes
Name: Gregory F. Hughes
Title: Chief Operating Officer and Chief Financial Officer

May 10, 2010