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

FORM 10-Q

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

For the quarterly period ended March 31, 2006

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 (State or other jurisdiction of incorporation or organization)	**13-3956775** (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 ☒ NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer o Non-accelerated filer o

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

The number of shares outstanding of the registrant's common stock, $0.01 par value, was 43,203,341 as of April 30, 2006.

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, 2006 (Unaudited)	December 31, 2005
Assets		
Commercial real estate properties, at cost:		
Land and land interests	$ **270,351**	$ 288,239
Building and improvements	**1,365,554**	1,440,584
Building leasehold and improvements	**695,601**	481,891
Property under capital lease	**12,208**	12,208
	2,343,714	2,222,922
Less: accumulated depreciation	**(231,561)**	(219,295)
	2,112,153	2,003,627
Cash and cash equivalents	**20,535**	24,104
Restricted cash	**59,489**	60,750
Tenant and other receivables, net of allowance of $9,491 and $9,681 in 2006 and 2005, respectively	**21,011**	23,722
Related party receivables	**6,329**	7,707
Deferred rents receivable, net of allowance of $9,450 and $8,698 in 2006 and 2005, respectively	**80,249**	75,294
Structured finance investments, net of discount of $3,601 and $1,537 in 2006 and 2005, respectively	**466,173**	400,076
Investments in unconsolidated joint ventures	**533,145**	543,189
Deferred costs, net	**77,145**	79,428
Other assets	**106,303**	91,880
Total assets	$ **3,482,532**	$ 3,309,777
Liabilities and Stockholders' Equity		
Mortgage notes payable	$ **912,262**	$ 885,252
Revolving credit facilities	**156,645**	32,000
Term loans	**525,000**	525,000
Accrued interest payable	**7,706**	7,711
Accounts payable and accrued expenses	**69,079**	87,390
Deferred revenue/gain	**30,759**	25,691
Capitalized lease obligation	**16,292**	16,260
Deferred land leases payable	**16,469**	16,312
Dividend and distributions payable	**31,408**	31,103
Security deposits	**28,218**	24,556
Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities	**100,000**	100,000
Total liabilities	**1,893,838**	1,751,275
Commitments and Contingencies		

Minority interest in Operating Partnership	**68,982**	74,049
Minority interests in other partnerships	**34,693**	25,012
Stockholders' Equity		
Series C preferred stock, $0.01 par value, $25.00 liquidation preference, 6,300 issued and outstanding at March 31, 2006 and December 31, 2005, respectively	**151,981**	151,981
Series D preferred stock, $0.01 par value, $25.00 liquidation preference, 4,000 issued and outstanding at March 31, 2006 and December 31, 2005, respectively	**96,321**	96,321
Common stock, $0.01 par value 100,000 shares authorized and 43,133 and 42,456 issued and outstanding at March 31, 2006 and December 31, 2005, respectively	**431**	425
Additional paid-in-capital	**983,144**	959,858
Accumulated other comprehensive income	**19,750**	15,316
Retained earnings	**233,392**	235,540
Total stockholders' equity	**1,485,019**	1,459,441
Total liabilities and stockholders' equity	**$ 3,482,532**	$ 3,309,777

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

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

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Revenues		
Rental revenue, net	$ 86,186	$ 70,555
Escalation and reimbursement	15,637	11,634
Preferred equity and investment income	13,479	11,147
Other income	9,917	6,776
Total revenues	125,219	100,112
Expenses		
Operating expenses including approximately $2,833 (2006) and $1,892 (2005) paid to affiliates	30,890	23,858
Real estate taxes	19,124	14,455
Ground rent	5,008	4,516
Interest	18,850	17,194
Amortization of deferred financing costs	714	793
Depreciation and amortization	16,784	14,041
Marketing, general and administrative	12,986	8,238
Total expenses	104,356	83,095
Income from continuing operations before equity in net income of unconsolidated joint ventures, minority interest and discontinued operations	20,863	17,017
Equity in net income of unconsolidated joint ventures	9,968	12,059
Income from continuing operations before minority interest and discontinued operations	30,831	29,076
Minority interest in other partnerships	(851)	(193)
Minority interest in Operating Partnership attributable to continuing operations	(1,279)	(1,383)
Income from continuing operations	28,701	27,500
Net income from discontinued operations, net of minority interest	—	379
Gain on sale of discontinued operations, net of minority interest	—	—
Net income	28,701	27,879
Preferred stock dividends	(4,969)	(4,969)
Net income available to common stockholders	$ 23,732	$ 22,910
Basic earnings per share:		
Net income from continuing operations before discontinued operations	$ 0.55	$ 0.55
Net income from discontinued operations	—	0.01
Net income available to common stockholders	$ 0.55	$ 0.56
Diluted earnings per share:		
Net income from continuing operations before discontinued operations	$ 0.54	$ 0.53
Net income from discontinued operations	—	0.01
Net income available to common stockholders	$ 0.54	$ 0.54
Dividends per share	$ 0.60	$ 0.54
Basic weighted average common shares outstanding	42,858	41,302
Diluted weighted average common shares and common share equivalents outstanding	46,608	45,160

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

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

	Series C Preferred Stock	Series D Preferred Stock	Common Stock Shares	Common Stock Par Value	Additional Paid-In-Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total	Comprehensive Income
Balance at December 31, 2005	**$ 151,981**	**$ 96,321**	**42,456**	**$ 425**	**$ 959,858**	**$ 15,316**	**$ 235,540**	**$ 1,459,441**	
Comprehensive Income:									
Net income							28,701	28,701	$ 28,701
Net unrealized gain on derivative instruments						4,434		4,434	4,434
SL Green's share of joint venture net unrealized gain on derivative instruments									675
Preferred dividends							(4,969)	(4,969)	
Redemption of units and DRIP proceeds			206	1	8,408			8,409	
Deferred compensation plan & stock award, net			103	1	269			270	
Amortization of deferred compensation plan					2,297			2,297	
Proceeds from stock options exercised			368	4	11,573			11,577	
Stock-based compensation – fair value					739			739	
Cash distribution declared ($0.60 per common share of which none represented a return of capital for federal income tax purposes)							(25,880)	(25,880)	
Balance at March 31, 2006	$ 151,981	$ 96,321	43,133	$ 431	$ 983,144	$ 19,750	$ 233,392	$ 1,485,019	$ 33,810

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

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

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Operating Activities		
Net income	$ 28,701	$ 27,879
Adjustment to reconcile net income to net cash provided by operating activities:		
Non-cash adjustments related to income from discontinued operations	—	133
Depreciation and amortization	16,784	14,834
Equity in net income from unconsolidated joint ventures	(9,968)	(12,059)
Distributions of cumulative earnings from unconsolidated joint ventures	11,396	10,557
Minority interest	2,130	1,576
Deferred rents receivable	(4,353)	(4,425)
Other non-cash adjustments	2,030	1,226
Changes in operating assets and liabilities:		
Restricted cash – operations	(1,409)	(3,779)
Tenant and other receivables	2,901	(1,436)
Related party receivables	1,378	508
Deferred lease costs	(7,907)	(4,283)
Other assets	2,392	4,694
Accounts payable, accrued expenses and other liabilities	(15,901)	(8,978)
Deferred revenue and land lease payable	5,225	1,070
Net cash provided by operating activities	33,399	27,517
Investing Activities		
Acquisitions of real estate property	(242,456)	(106,608)
Additions to land, buildings and improvements	(13,537)	(6,176)
Escrowed cash – capital improvements/acquisition deposits	2,670	(34,213)
Proceeds from sale of partial interest in property	8,847	—
Investments in unconsolidated joint ventures	(17,413)	(22,774)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	33,986	1,441
Other investments	(12,580)	—
Structured finance and other investments net of repayments/participations	(66,020)	(24,805)
Net cash used in investing activities	(306,503)	(193,135)
Financing Activities		
Proceeds from mortgage notes payable	148,894	—
Repayments of mortgage notes payable	(1,025)	(14,161)
Proceeds from revolving credit facilities, and term loans	241,645	264,000
Repayments of revolving credit facilities and term loans	(117,000)	(84,900)
Proceeds from stock options exercised	11,577	13,928
Other financing activities	14,765	—
Dividends and distributions paid	(28,520)	(27,264)
Deferred loan costs and capitalized lease obligation	(801)	(4,991)
Net cash provided by financing activities	269,535	146,612
Net decrease in cash and cash equivalents	(3,569)	(19,006)
Cash and cash equivalents at beginning of period	24,104	35,795
Cash and cash equivalents at end of period	$ 20,535	$ 16,789

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

SL Green Realty Corp.
Notes to Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2006

1. Organization and Basis of Presentation

SL Green Realty Corp., also referred to as the Company or SL Green, a Maryland corporation, and SL Green Operating Partnership, L.P., or the Operating Partnership, a Delaware limited partnership, were formed in June 1997 for the purpose of combining the commercial real estate business of S.L. Green Properties, Inc. and its affiliated partnerships and entities. The Operating Partnership received a contribution of interest in the real estate properties, as well as 95% of the economic interest in the management, leasing and construction companies which are referred to as the Service Corporation. The Company has qualified, and expects to qualify in the current fiscal year, as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code, and operates as a self-administered, self-managed REIT. A REIT is a legal entity that holds real estate interests and, through payments of dividends to 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, 2006, minority investors held, in the aggregate, a 5.0% limited partnership interest in our Operating Partnership.

As of March 31, 2006, our wholly-owned properties consisted of 22 commercial office properties encompassing approximately 9.8 million rentable square feet located primarily in midtown Manhattan, a borough of New York City, or Manhattan. As of March 31, 2006, the weighted average occupancy (total leased square feet divided by total available square feet) of the wholly-owned properties was 96.2%. Our portfolio also includes ownership interests in unconsolidated joint ventures, which own seven commercial office properties in Manhattan, encompassing approximately 8.8 million rentable square feet, and which had a weighted average occupancy of 94.1% as of March 31, 2006. We also own 439,300 square feet of retail and development properties. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

We also own an approximate 25% interest in Gramercy Capital Corp. (NYSE: GKK), or Gramercy. See Note 6.

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 will have the right to redeem units of limited partnership interest for cash, or if we so elect, shares of our common stock on a one-for-one basis. In addition, we are prohibited from selling 673 First Avenue and 470 Park Avenue South before August 2009.

Basis of Quarterly Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. The 2006 operating results for the period presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2006. 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, 2005.

The balance sheet at December 31, 2005 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 or entities which are variable interest entities in which we are the primary beneficiary under the Financial Accounting Standards Board, or FASB, Interpretation No. 46, or FIN 46, "Consolidation of Variable Interest Entities - an Interpretation of ARB No. 51," and FIN 46, "Interpretation No. 46R." See Note 5, Note 6 and Note 7. Entities which we do not control and entities which are variable interest

entities, but where we are not the primary beneficiary are accounted for under the equity method. We consolidate variable interest entities in which we are determined to be the primary beneficiary. All significant intercompany balances and transactions have been eliminated.

Investment in Commercial Real Estate Properties

In June 2005, the FASB ratified the consensus in EITF Issue No. 04-5, or EITF 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights," which provides guidance in determining whether a general partner controls a limited partnership. EITF 04-5 states that the general partner in a limited partnership is presumed to control that limited partnership. The presumption may be overcome if the limited partners have either (1) the substantive ability to dissolve the limited partnership or otherwise remove the general partner without cause or (2) substantive participating rights, which provide the limited partners with the ability to effectively participate in significant decisions that would be expected to be made in the ordinary course of the limited partnership's business and thereby preclude the general partner from exercising unilateral control over the partnership. If the criteria in EITF 04-5 are met, the consolidation of existing joint ventures accounted for under the equity method may be required. Our adoption of EITF 04-5 did not have any effect on net income or stockholders' equity.

In accordance with SFAS No. 141, "Business Combinations," 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. The values of the above and below market leases are amortized and recorded as either an increase (in the case of below market leases) or a decrease (in the case of above market leases) to rental income over the remaining term of the associated lease. The value associated with in-place leases and tenant relationships are amortized over the expected term of the relationship, which includes an estimated probability of the lease renewal, and its estimated term. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off. The tenant improvements and origination costs are amortized as an expense over the remaining life of the lease (or charged against earnings if the lease is terminated prior to its contractual expiration date). 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.

As a result of our evaluations, under SFAS No. 141, of acquisitions made, we recognized an increase of approximately $340,000 and $285,000 in rental revenue for the three months ended March 31, 2006 and 2005, respectively, for the amortization of below market leases and a reduction in lease origination costs, resulting from the reallocation of the purchase price of the applicable properties. We recognized a reduction in interest expense for the amortization of the above market rate mortgage of approximately $189,000 and $174,000 for the three months ended March 31, 2006 and 2005, respectively.

Scheduled amortization on existing intangible liabilities on real estate investments is as follows (in thousands):

	Intangible Liabilities
2006	$ 1,033
2007	1,378
2008	1,378
2009	1,378
2010	1,378
Thereafter	1,357
	$ 7,902

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 or may elect to treat certain of our existing or newly created corporate subsidiaries as taxable REIT subsidiaries, or 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. A TRS is subject to corporate Federal income tax. Our TRS's generate income, resulting in Federal income tax liability for these entities. Our TRS's paid approximately $1.1 million and $0.7 million in federal, state and local taxes during the three months ended March 31, 2006 and 2005.

Stock-Based Employee Compensation Plans

We have a stock-based employee compensation plan, described more fully in Note 12. Prior to 2003, we accounted for this plan under Accounting Principles Board Opinion No. 25, or APB 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based employee compensation cost was reflected in net income prior to January 1, 2003, as all awards granted under such plan had an intrinsic value of zero on the date of grant. Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Under the prospective method of adoption we selected under the provisions of SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," the recognition provisions applied to all employee awards granted, modified, or settled after January 1, 2003. In December 2004, the FASB revised SFAS No. 123 through the issuance of SFAS No. 123 "Shared Based Payment," revised, or SFAS No. 123-R. SFAS No. 123-R became effective for us in the first quarter of 2006. SFAS No. 123-R, among other things, eliminates the alternative to use the intrinsic value method of accounting for stock-based compensation and requires entities to recognize the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of those awards (with limited exceptions). The fair-value based method in SFAS No. 123-R is similar to the fair-value based method in SFAS No. 123 in most respects, subject to certain key differences. The adoption of SFAS No. 123-R did not have any impact on us, as we have applied the fair value method of accounting for stock-based compensation since January 1, 2003.

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, restricted stock or employee loans to purchase stock, which may be forgiven over a period of time, are expensed as compensation on a current basis over the benefit period.

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions for grants in 2006 and 2005.

	2006	2005
Dividend yield	2.40%	4.00%
Expected life of option	5 years	5 years
Risk-free interest rate	4.80%	4.50%
Expected stock price volatility	16.61%	14.40%

The following table illustrates the effect on net income available to common stockholders and earnings per share if the fair value method had been applied to all outstanding and unvested stock options for the three months ended March 31, 2006 and 2005 (in thousands, except per share amounts):

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Net income available to common stockholders	$ 23,732	$ 22,910
Deduct stock option expense-all awards	(492)	(362)
Add back stock option expense included in net income	231	100
Allocation of compensation expense to minority interest	25	21
Pro forma net income available to common stockholders	$ 23,496	$ 22,669
Basic earnings per common share-historical	$ 0.55	$ 0.56
Basic earnings per common share-pro forma	$ 0.54	$ 0.55
Diluted earnings per common share-historical	$ 0.54	$ 0.54
Diluted earnings per common share-pro forma	$ 0.53	$ 0.53

The effects of applying SFAS No. 123-R in this pro forma disclosure are not indicative of the impact future awards may have on our results of operations.

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 greater New York 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, the tenants located in these buildings operate in various industries. Other than one tenant at 1515 Broadway that contributes approximately 8.1% of our annualized rent, no other tenant in the portfolio contributes more than 5.1% of our annualized rent, including our share of joint venture annualized rent at March 31, 2006. Approximately 14% and 10% of our annualized rent was attributable to 420 Lexington Avenue and 220 East 42nd Street, respectively, for the quarter ended March 31, 2006. Two borrowers each accounted for more than 10.0% of the revenue earned on structured finance investments at March 31, 2006.

Reclassification

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

New Accounting Pronouncements

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments – An Amendment of FASB No. 133 and 140." The purpose of SFAS statement No. 155 is to simplify the accounting for certain hybrid financial instruments by permitting fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS No. 155 also eliminates the restriction on passive derivative instruments that a qualifying special-purpose entity may hold. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year beginning after September 15, 2006. We believe that the adoption of this standard on January 1, 2007 will not have a material effect on our consolidated financial statements.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets, an Amendment of SFAS No. 140." SFAS No. 156 requires separate recognition of a servicing asset and a servicing liability each time an entity undertakes an obligation to service a financial asset by entering into a servicing contract. This statement also requires that servicing assets and liabilities be initially recorded at fair value and subsequently adjusted to the fair value at the end of each reporting period. This statement is effective in fiscal years beginning after September 15, 2006. We believe that the adoption of this standard on January 1, 2007 will not have a material effect on our consolidated financial statements.

In April 2006, the FASB issued this FASB Staff Position, or FSP, which addresses how a reporting enterprise should determine the variability to be considered in applying FIN 46. The variability that is considered in applying FIN 46 affects the determination of (a) whether the entity is a variable interest entity, or VIE, (b) which interests are variable interests in the entity, and (c) which party, if any, is the primary beneficiary of the VIE. That variability will affect any calculation of expected losses and expected residual returns, if such a calculation is necessary. We will be considering the factors discussed in this FSP when assessing our VIE's in accordance with FIN 46.

3. Property Acquisitions

In January 2006, we, through a joint venture with Jeff Sutton, acquired the fee interests in three adjoining buildings at 25-27 and 29 West 34th Street for an aggregate purchase price of $30.0 million, excluding closing costs. The buildings comprise approximately 50,900 square feet. We own approximately 50% of the equity in the joint venture. We loaned approximately $13.3 million to Jeff Sutton to fund a portion of his equity. These loans are secured by a pledge of Jeff Sutton's partnership interest in the joint venture. As we have been designated as the primary beneficiary of the joint venture under FIN 46(R), we have consolidated the accounts of the joint venture.

In March 2006, we entered into a long term operating net leasehold interest in 521 Fifth Avenue – a 40-story, 460,000-square-foot office building – with an ownership group led by RFR Holding LLC, which retained fee ownership of the property. We also purchased an option to acquire fee ownership of the property in five years for $15.0 million. Assuming we exercise our option, the total cost would be $225.0 million. The acquisition was financed with a $140.0 million loan and proceeds drawn under our revolving credit facility. The loan, which was for two years and bore interest at the London Interbank Offered Rate, or LIBOR, plus 162.5 basis points, was replaced in April with a five-year loan that bore interest at LIBOR plus 100 basis points.

Pro Forma

The following table (in thousands, except per share amounts) summarizes, on an unaudited pro forma basis, our combined results of operations for the three months ended March 31, 2006 and 2005 as though the acquisitions of 28 West 44th (February 2005) and 521 Fifth Avenue (March 2006) were completed on January 1, 2005.

	2006	2005
Pro forma revenues	$ 130,068	$ 107,155
Pro forma net income	$ 21,838	$ 21,377
Pro forma earnings per common share-basic	$ 0.51	$ 0.52
Pro forma earnings per common share and common share equivalents-diluted	$ 0.49	$ 0.50
Pro forma common shares-basic	42,858	41,302
Pro forma common share and common share equivalents-diluted	46,608	45,160

4. Property Dispositions and Assets Held for Sale

During the three months ended March 31, 2006 and 2005, we did not dispose of any wholly-owned properties.

At March 31, 2005, discontinued operations included the results of operations of real estate assets sold prior to that date. This included 1414 Avenue of the Americas, which was sold in April 2005.

The following table summarizes income from discontinued operations (net of minority interest) and the related realized gain on sale of discontinued operations (net of minority interest) for the three months ended March 31, 2005 (in thousands).

	Three Months Ended March 31, 2005
Revenues	
Rental revenue	$ 1,201
Escalation and reimbursement revenues	156
Other income	10
Total revenues	1,367
Operating expense	460
Real estate taxes	223
Interest	172
Depreciation and amortization	110
Total expenses	965
Income from discontinued operations	402
Gain on disposition of discontinued operations	—
Minority interest in operating partnership	(23)
Income from discontinued operations, net of minority interest	$ 379

5. Structured Finance Investments

During the three months ended March 31, 2006 and 2005, we originated approximately $66.1 million and $25.0 million in structured finance and preferred equity investments (net of discount), respectively. There were no repayments and participations during those periods, respectively. At March 31, 2006 and December 31, 2005 all loans were performing in accordance with the terms of the loan agreements.

As of March 31, 2006 and December 31, 2005, we held the following structured finance investments, excluding preferred equity investments, with an aggregate weighted average current yield of approximately 10.1% (in thousands):

Loan Type	Gross Investment	Senior Financing	2006 Principal Outstanding	2005 Principal Outstanding	Initial Maturity Date
Mezzanine Loan (1) (2)	$ 15,000	$ 102,000	**$ 13,882**	$ 13,927	October 2013
Mezzanine Loan (1) (3)	3,500	28,000	**3,500**	3,500	September 2021
Mezzanine Loan	20,000	90,000	**20,000**	20,000	June 2006
Mezzanine Loan (1) (4)	29,750	240,000	**30,485**	30,249	December 2020
Mezzanine Loan (1)	28,500	—	**28,500**	28,500	August 2008
Mezzanine Loan	60,000	205,000	**57,891**	—	February 2016
Mezzanine Loan	3,000	22,000	**3,000**	—	January 2016
Junior Participation (1)	37,500	477,500	**37,500**	37,500	January 2014
Junior Participation (1) (2)	4,000	44,000	**3,932**	3,939	August 2010
Junior Participation	36,000	130,000	**36,000**	36,000	April 2006
Junior Participation	25,000	39,000	**25,000**	25,000	June 2006
Junior Participation (1)	6,994	133,000	**5,358**	5,336	June 2014
Junior Participation (1)	11,000	53,000	**11,000**	11,000	November 2009
Junior Participation (1)	21,000	115,000	**21,000**	21,000	November 2009
	$ 301,244	$ 1,678,500	**$ 297,048**	$ 235,951	

(1) This is a fixed rate loan.
(2) This is an amortizing loan.
(3) The maturity date may be accelerated to July 2006 upon the occurrence of certain events.
(4) The difference between the pay and accrual rates is included as an addition to the principal balance outstanding.

Preferred Equity Investments

As of March 31, 2006 and December 31, 2005, we held the following preferred equity investments with an aggregate weighted average current yield of approximately 11.6% (in thousands):

Type	Gross Investment	Senior Financing	2006 Amount Outstanding	2005 Amount Outstanding	Initial Maturity Date
Preferred equity (1) (2)	$ 75,000	$ 481,000	**$ 75,000**	$ 75,000	July 2014
Preferred equity (1)	15,000	2,350,000	**15,000**	15,000	February 2015
Preferred equity	15,000	—	**15,000**	10,000	February 2007
Preferred equity (1) (2)	6,125	25,000	**6,125**	6,125	June 2015
Preferred equity (3)	51,000	224,000	**51,000**	51,000	February 2014
Preferred equity (1)	7,000	75,000	**7,000**	7,000	August 2015
	$ 169,125	$ 3,155,000	**$ 169,125**	$ 164,125	

(1) This is a fixed rate investment.
(2) Gramercy owns an interest in the first mortgage of the underlying property.
(3) Gramercy holds a mezzanine loan on this asset.

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, the Witkoff Group, or Witkoff, SITQ Immobilier, a subsidiary of Caisse de depot et placement du Quebec, or SITQ, SEB Immobilier – Investment GmbH, or SEB, Prudential Real Estate Investors, or Prudential, Ian Schrager, or Schrager, RFR Holding LLC, or RFR, Credit Suisse Securities (USA) LLC, or Credit Suisse, and Gramercy. As we do not control these joint ventures, we account for them under the equity method of accounting. The table below provides general information on each joint venture as of March 31, 2006 (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
485 Lexington Avenue (3)	CIF and Witkoff	30.00%	50.00%	921	07/04	225,000
One Park Avenue (4)	SEB	16.67%	16.67%	913	05/01	318,500
1250 Broadway	SITQ	55.00%	55.00%	670	08/99	121,500
1515 Broadway (5)	SITQ	55.00%	68.45%	1,750	05/02	483,500
100 Park Avenue	Prudential	49.90%	49.90%	834	02/00	95,800
One Madison Avenue – South Building	Gramercy	55.00%	55.00%	1,176	04/05	803,000
One Madison Avenue – Clock Tower (6)	Schrager/RFR/Credit Suisse	30.00%	30.00%	220	04/05	116,000
379 West Broadway	Jeff Sutton	45.00%	45.00%	62	12/05	19,750

(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 14.5% of property's annualized rent at March 31, 2006. We do not manage this joint venture.

(3) As a result of exceeding the performance thresholds set forth in our joint venture agreement with CIF, our economic stake in the property increased to 50% in January 2006.

(4) In May 2004, Credit Suisse, through a wholly owned affiliate, acquired a 75% interest in One Park. The interest was acquired from a joint venture comprised of SITQ and us. Credit Suisse's affiliated entity transferred its interest to SEB in April 2005.

(5) 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 end between 2008 and 2015, represents approximately 83.2% of this joint venture's annualized rent at March 31, 2006.

(6) In March 2006, we, along with Credit Suisse, sold a 40.0% interest in the joint venture to Schrager and RFR. They will perform the redevelopment and residential conversion of the Clock Tower. The arrangement provides Schrager and RFR with the ability to increase their ownership interest if certain incentive return thresholds are achieved.

In May 2005, we acquired a 10% interest in a joint venture that acquired a 670,000 square feet property located at 55 Corporate Drive, N.J. The acquisition was funded with an $86.0 million interest-only mortgage. The mortgage, which matures in June 2007, carries an interest rate of 215 basis points over the 30-day LIBOR, and has three one-year as-of-right extension options. This mortgage was acquired by Gramercy in March 2006.

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, 2006 and December 31, 2005, respectively, are as follows (in thousands):

Property	Maturity Date	Interest Rate (1)	2006	2005
1221 Avenue of the Americas (2)	12/2010	5.56%	$ 170,000	$ 170,000
485 Lexington Avenue (3)	01/2009	5.96%	$ 305,112	$ 188,347
One Park Avenue	05/2014	5.80%	$ 238,500	$ 238,500
1250 Broadway (4)	08/2006	5.73%	$ 115,000	$ 115,000
1515 Broadway (5)	11/2007	5.46%	$ 625,000	$ 625,000
100 Park Avenue (6)	11/2015	6.52%	$ 135,998	$ 135,998
One Madison Avenue – South Building	05/2020	5.91%	$ 686,905	$ 687,984
379 West Broadway	12/2007	6.85%	$ 12,838	$ 12,837
One Madison Avenue – Clock Tower (7)	11/2007	6.26%	$ 120,859	—

(1) Interest rate represents the effective all-in weighted average interest rate for the quarter ended March 31, 2006.
(2) This loan has an interest rate based on the 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) Simultaneous with the closing, the joint venture closed on a $240.0 million loan. The loan, which bore interest at 200 basis points over the 30-day LIBOR, was for three years and had two one-year extension options. At closing, the joint venture drew down approximately $175.3 million. In January 2006, the joint venture obtained a $390.0 million three-year loan, which bears interest at LIBOR plus 1.35%, and which can be extended for an additional two years. The initial funding of the loan was approximately $293.0 million, which was used to repay the existing loan.
(4) The interest only loan carries an interest rate of 120 basis points over the 30-day LIBOR. The loan is subject to three one-year as-of-right renewal extensions.
(5) The interest only loan carries an interest rate of 90 basis points over the 30-day LIBOR. The mortgage is subject to three one-year as-of-right renewal options.
(6) In October 2005, the loan was increased by $60.0 million to $175.0 million. It will mature in 2015 and carries an interest rate of approximately 6.52%. Proceeds from the refinancing will be used to redevelop the property.
(7) The interest only loan carried an interest rate of 160 basis points over the 30-day LIBOR.

We act as the operating partner and day-to-day manager for all our joint ventures, except for 1221 Avenue of the Americas and 55 Corporate Drive. We are entitled to receive fees for providing management, leasing, construction supervision and asset management services to our joint ventures. We earned approximately $1.5 million and $3.6 million from these services for the three months ended March 31, 2006 and 2005, respectively. In addition, we have the ability to earn incentive fees based on the ultimate financial performance of the joint venture properties.

Gramercy Capital Corp.

In April 2004, we formed Gramercy as a national commercial real estate specialty finance company that focuses on the direct origination and acquisition of whole loans, subordinate interests in whole loans, mezzanine loans, preferred equity and net lease investments involving commercial properties throughout the United States. Gramercy qualified as a REIT under the Code commencing with its taxable year ended December 31, 2004 and expects to qualify for its current fiscal year. In July 2004, Gramercy completed its initial public offering. As part of the offering we purchased 25% of Gramercy's common stock, for a total investment of approximately $46.9 million. In January 2005, we purchased an additional 1,275,000 shares of common stock of Gramercy, increasing our total investment to approximately $68.9 million. In September 2005, we purchased an additional 958,333 shares of common stock of Gramercy, increasing our total investment to approximately $93.6 million. We currently hold 5,668,000 shares of Gramercy's common stock. The market value of our investment in Gramercy was approximately $141.3 million at March 31, 2006.

Gramercy is a variable interest entity, but we are not the primary beneficiary. Due to the significant influence we have over Gramercy, we account for our investment under the equity method of accounting.

GKK Manager LLC, or the Manager, an affiliate of ours, entered into a management agreement with Gramercy, which provides for an initial term through December 2007, with automatic one-year extension options and is subject to certain termination rights. Gramercy pays us an annual management fee equal to 1.75% of their gross stockholders' equity (as defined in the amended and restated management agreement). In addition, Gramercy will also pay the Manager a collateral management fee (as defined in the collateral management agreement) of 0.25% per annum on the outstanding investment grade bonds in Gramercy's July 2005 collateralized debt obligation. The amended and restated management agreement provides that in connection with formations of future collateralized debt obligations, or CDO, or other securitization vehicles, if a collateral manager is retained, the Manager or an affiliate will be the collateral manager and will receive the following fees: (i) 0.25% per annum of the book value of the assets owned for transitional "managed" CDOs, (ii) 0.15% per annum of the book value of the assets owned for non-transitional "managed" CDOs, (iii) 0.10% per annum of the book value of the assets owned for static CDOs that own primarily non-investment grade bonds, and (iv) 0.05% per annum of the book value of the assets owned for static CDOs that own primarily investment grade bonds; limited in each instance by the fees that are paid to the collateral manager. For the three months ended March 31, 2006 and 2005, we received an aggregate of approximately $2.2 million and $1.2 million, respectively, in fees under the management agreement and $0.5 million and none under the collateral management agreement. In April 2006, Gramercy's board of directors, among other things, approved an extension of the management agreement through December 2009.

To provide an incentive for the Manager to enhance the value of the common stock, we, along with the Manager and other holders of Class B limited partner interests in Gramercy's operating partnership, are 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 partnership agreement) plus certain accounting gains exceed the product of the weighted average stockholders' equity of Gramercy multiplied by 9.5% (divided by 4 to adjust for quarterly calculations). We will record any distributions on the Class B limited partner interests as incentive distribution income in the period when earned and when receipt of such amounts have become probable and reasonably estimable in accordance with Gramercy's partnership agreement as if such agreement had been terminated on that date. We earned approximately $1.2 million and none under this agreement for the three months ended March 31, 2006 and 2005, respectively. Due to the control we have over the Manager, we consolidate the accounts of the Manager into ours.

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 as well as in the Class B limited partner interests in Gramercy's operating partnership. These awards are dependent upon, among other things, tenure of employment and the performance by SL Green Realty Corp. and its investment in Gramercy. We recorded compensation expense of $0.3 million and none, respectively, for the three months ended March 31, 2006 and 2005, related to these awards. After giving effect to these awards, we own 65.83 units of the Class B limited partner interests and 65.83% of the Manager. The officers and employees who received these awards own 15.75 units of the Class B limited partner interests and 15.75% of the Manager.

Gramercy is obligated to reimburse the Manager for its costs incurred under an asset servicing agreement and an outsource agreement between the Manager and us. The asset servicing agreement, which was amended and restated in April 2006, provides for an annual fee payable to us of 0.05% of the book value of all Gramercy's credit tenant lease assets and non-investment grade bonds and 0.15% of the book value of all other Gramercy assets. We may reduce the asset-servicing fee for fees that Gramercy pays directly to outside servicers. The outsourcing agreement currently provides for a fee of $1.29 million per year, increasing 3% annually over the prior year. For the three months ended March 31, 2006 and 2005, the Manager received an aggregate of approximately $0.8 million and $0.5 million, respectively, under the outsourcing and asset servicing agreements.

During the three months ended March 31, 2006, we paid our proportionate share of an advisory fee of approximately $162,500 to Gramercy in connection with a transaction.

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

Effective May 1, 2005, Gramercy entered into a lease agreement with an affiliate of ours, for their corporate offices at 420 Lexington Avenue, New York, NY. The lease is for approximately five thousand square feet with an option to lease an additional approximately two thousand square feet and carries a term of ten year with rents of approximately $249,000 per annum for year one rising to $315,000 per annum in year ten.

See above for a discussion on Gramercy's joint venture investment, along with us, in One Madison Avenue-South Building.

The condensed combined balance sheets for the unconsolidated joint ventures, including Gramercy, at March 31, 2006 and December 31, 2005, are as follows (in thousands):

	March 31, 2006	December 31, 2005
Assets		
Commercial real estate property, net	**$ 3,409,689**	$ 3,327,691
Structured finance investments	**1,543,643**	1,205,745
Other assets	**483,939**	424,468
Total assets	**$ 5,437,271**	$ 4,957,904
Liabilities and members' equity		
Mortgages payable	**$ 2,496,212**	$ 2,257,667
Other loans	**1,378,693**	1,068,866
Other liabilities	**126,533**	120,959
Members' equity	**1,435,833**	1,510,412

Total liabilities and members' equity	**$**	**5,437,271**	$	4,957,904
Company's net investment in unconsolidated joint ventures	**$**	**533,145**	$	543,189

The condensed combined statements of operations for the unconsolidated joint ventures, including Gramercy from acquisition date through March 31, 2006 and 2005 are as follows (in thousands):

	Three Months Ended March 31,			
	2006		**2005**	
Total revenues	**$**	**145,559**	$	100,702
Operating expenses		**32,383**		24,186
Real estate taxes		**17,417**		15,914
Interest		**49,615**		17,506
Depreciation and amortization		**18,108**		15,268
Total expenses		**117,523**		72,874
Net income before gain on sale	**$**	**28,036**	$	27,828
Company's equity in net income of unconsolidated joint ventures	**$**	**9,968**	$	12,059

7. Investment in and Advances to Affiliates

Service Corporation

In order to maintain our qualification as a REIT while realizing income from management, leasing and construction contracts from third parties and joint venture properties, all of the management operations are conducted through the Service Corporation. We, through our Operating Partnership, own 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporation. Through dividends on its equity interest, our Operating Partnership receives substantially all of the cash flow from the Service Corporation's operations. All of the voting common stock of the Service Corporation (representing 5% of the total equity) is held by one of our affiliates. This controlling interest gives the affiliate the power to elect all directors of the Service Corporation. The Service Corporation is considered to be a variable interest entity under FIN 46 and we are the primary beneficiary. Therefore, effective July 1, 2003, we consolidated the operations of the Service Corporation. For the three months ended March 31, 2006 and 2005, the Service Corporation earned approximately $1.3 million and $3.5 million of revenue and incurred approximately $1.9 million and $2.2 million in expenses, respectively. Effective January 1, 2001, the Service Corporation elected to be taxed as a TRS.

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

eEmerge

In May 2000, eEmerge, Inc., a Delaware corporation, or eEmerge, was formed. eEmerge is a separately managed, self-funded company that provides fully-wired and furnished office space, services and support to businesses.

In March 2002, we acquired all the voting common stock of eEmerge Inc. As a result, we control all the common stock of eEmerge. Effective with the quarter ended March 31, 2002, we consolidated the operations of eEmerge. Effective January 1, 2001, eEmerge elected to be taxed as a TRS.

In June 2000, eEmerge and Eureka Broadband Corporation, or Eureka, formed eEmerge.NYC LLC, a Delaware limited liability company, or ENYC, whereby eEmerge has a 95% interest and Eureka has a 5% interest in ENYC. ENYC operates a 71,700 square foot fractional office suites business. ENYC entered into a 10-year lease with our Operating Partnership for its 50,200 square foot premises, which is located at 440 Ninth Avenue, Manhattan. ENYC entered into another 10-year lease with our Operating Partnership for its 21,500 square foot premises at 28 West 44th Street, Manhattan. Allocations of net profits, net losses and distributions are made in accordance with the Limited Liability Company Agreement of ENYC. Effective with the quarter ended March 31, 2002, we consolidated the operations of ENYC.

The net book value of our investment as of March 31, 2006 and December 31, 2005 was approximately $3.6 million and $3.9 million, respectively.

8. Deferred Costs

Deferred costs at March 31, 2006 and December 31, 2005 consisted of the following (in thousands):

	2006		**2005**	
Deferred financing	$	31,387	$	40,118
Deferred leasing		85,993		78,086
		117,380		118,204
Less accumulated amortization		(40,235)		(38,776)
	$	77,145	$	79,428

9. Mortgage Notes Payable

The first mortgage notes payable collateralized by the respective properties and assignment of leases at March 31, 2006 and December 31, 2005, respectively, were as follows (in thousands):

Property	**Maturity Date**	**Interest Rate**	**2006**		**2005**	
70 West 36th Street (1)	5/2009	7.87%	**$**	**11,359**	$	11,414
711 Third Avenue (1)	6/2015	4.99%		**120,000**		120,000

420 Lexington Avenue (1)	11/2010	8.44%	**116,879**	117,466
673 First Avenue (1)	2/2013	5.67%	**34,306**	34,474
125 Broad Street (2)	10/2007	8.29%	**74,572**	74,787
220 East 42nd Street (1)	12/2013	5.23%	**210,000**	210,000
625 Madison Avenue (1)	11/2015	6.27%	**102,000**	102,000
Total fixed rate debt			**669,116**	670,141
One Madison Avenue – Clock Tower (3)	—	—	**—**	113,546
521 Fifth Avenue (1)	10/2008	6.55%	**140,000**	—
1551/1555 Broadway and West 21st 34th Street (4)	8/2008	6.53%	**92,992**	91,532
141 Fifth Avenue (4)	9/2007	6.85%	**10,154**	10,033
Total floating rate debt			**243,146**	215,111
Total mortgage notes payable			**$ 912,262**	$ 885,252

(1) Held in bankruptcy remote special purpose entity.
(2) This mortgage has an initial maturity date of October 2007 and a contractual maturity date of October 2030.
(3) This mortgage was assumed by the joint venture. See Note 6.
(4) We own a 50% interest in the joint venture that holds these loans. These loans are non-recourse to us. See Note 6.

At March 31, 2006 and December 31, 2005 the gross book value of the properties collateralizing the mortgage notes was approximately $1.3 billion and $1.2 billion, respectively.

For the three months ended March 31, 2006 and 2005, we incurred approximately $19.6 million and $18.0 million of interest expense, respectively, excluding interest which was capitalized of approximately $3.4 million and none, respectively.

Principal Maturities

Combined aggregate principal maturities of mortgages and notes payable, 2005 unsecured revolving credit facility, term loans and trust preferred securities and our share of joint venture debt as of March 31, 2006, excluding extension options, were as follows (in thousands):

	Scheduled Amortization	Principal Repayments	Revolving Credit Facility	Term Loans and Trust Preferred Securities	Total	Joint Venture Debt
2006	$ 3,100	$ —	$ —	$ —	$ 3,100	$ 65,192
2007	9,387	83,495	—	—	92,882	399,832
2008	9,552	232,993	156,645	1,766	400,956	5,719
2009	10,083	10,628	—	327,648	348,359	97,669
2010	9,831	104,691	—	195,586	310,108	83,074
Thereafter	28,529	409,973	—	100,000	538,502	459,674
	$ 70,482	$ 841,780	$ 156,645	$ 625,000	$ 1,693,907	$ 1,111,160

10. Credit Facilities

2005 Unsecured Revolving Credit Facility

We have a $500.0 million unsecured revolving credit facility. We have an option to increase the capacity under the 2005 unsecured revolving credit facility to $800.0 million at any time prior to the maturity date in September 2008. The 2005 unsecured revolving credit facility bears interest at a spread ranging from 85 basis points to 125 basis points over LIBOR, based on our leverage ratio, and has a one-year extension option. The 2005 unsecured revolving credit facility also requires a 12.5 to 25 basis point fee on the unused balance payable annually in arrears. The 2005 unsecured revolving credit facility had an outstanding balance of $156.6 million and carried a spread over LIBOR of 95 basis points at March 31, 2006. Availability under the 2005 unsecured revolving credit facility was further reduced by the issuance of approximately $14.1 million in letters of credit. The effective all-in interest rate on the 2005 unsecured revolving credit facility was 5.69% for the three months ended March 31, 2006. The 2005 unsecured revolving credit facility includes certain restrictions and covenants (see restrictive covenants below).

Term Loans

We have a $325.0 million unsecured term loan, which matures in August 2009. This term loan bears interest at a spread ranging from 110 basis points to 140 basis points over LIBOR, based on our leverage ratio. As of March 31, 2006, we had $325.0 million outstanding under the unsecured term loan at the rate of 125 basis points over LIBOR. To limit our exposure to the variable LIBOR rate we entered into various swap agreements to fix the LIBOR rate on the entire unsecured term loan. The LIBOR rate was fixed for a blended all-in rate of 4.50%. The effective all-in interest rate on the unsecured term loan was 4.64% for the three months ended March 31, 2006.

We have a $200.0 million five-year non-recourse term loan secured by a pledge of our ownership interest in 1221 Avenue of the Americas. This term loan has a floating rate of 125 basis points over the current LIBOR rate and matures in May 2010 effective all-in interest rate on this secured term loan was 4.46% for the three months ended March 31, 2006.

Restrictive Covenants

The terms of the 2005 unsecured revolving credit facility and the term loans include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage, and fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable us to continue to qualify as a REIT for Federal Income Tax purposes, we will not

during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90% of funds from operations for such period, subject to certain other adjustments. As of March 31, 2006 and December 31, 2005, 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 Trust, that 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, 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. Our interest in the Trust is accounted for using the equity method and the assets and liabilities of that entity is not consolidated into our financial statements. Interest on the junior subordinated notes is included in interest expense on our consolidated statements of income while the value of the junior subordinated notes, net of our investment in the trusts that issued the securities, is presented as a separate item in our consolidated balance sheets.

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. First Quality also provides additional services directly to tenants on a separately negotiated basis. 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. In the first quarter of 2006, First Quality expanded its space leased to 26,800 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2015 and provides for annual rental payments of approximately $629,000. We paid Alliance approximately $2.8 million and $1.9 million for the three months ended March 31, 2006 and 2005 respectively, for these services (excluding services provided directly to tenants).

Leases

Nancy Peck and Company leases 2,013 square feet of space at 420 Lexington Avenue, pursuant to a lease that expired on June 30, 2005 and provided for annual rental payments of approximately $66,000. This space is now leased on a month-to-month basis. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due pursuant to the lease is offset against a consulting fee of $10,500 per month an affiliate pays to her pursuant to a consulting agreement, which is cancelable upon 30-days notice.

Brokerage Services

Sonnenblick-Goldman Company, or Sonnenblick, a nationally recognized real estate investment banking firm, provided mortgage brokerage services to us. Mr. Morton Holliday, the father of Mr. Marc Holliday, was a Managing Director of Sonnenblick at the time of the financings. In 2005, we paid approximately $457,000 to Sonnenblick in connection with securing a $120.0 million first mortgage for the property located at 711 Third Avenue. In 2005, our 1515 Broadway joint venture paid approximately $400,000 to Sonnenblick in connection with refinancing the property and increasing the first mortgage to $625.0 million. In 2006, our 485 Lexington Avenue joint venture paid approximately $757,000 to Sonnenblick in connection with refinancing the property and increasing the first mortgage to $390.0 million.

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 $43,000 and $55,000 for the three months ended March 31, 2006 and 2005, respectively.

Amounts due from (to) related parties at March 31, 2006 and December 31, 2005 consisted of the following (in thousands):

	2006	2005
17 Battery Condominium Association	$ 93	$ 93
Due from joint ventures	2,142	3,500
Officers and employees	1,497	1,527
Other	2,597	2,587
Related party receivables	$ 6,329	$ 7,707

Management Indebtedness

In January 2001, Mr. Marc Holliday, then our president, received a non-recourse loan from us in the principal amount of $1.0 million pursuant to his amended and restated employment and non-competition agreement he executed at the time. This loan bears interest at the applicable federal rate per annum and is secured by a pledge of certain of Mr. Holliday's shares of our common stock. The principal of and interest on this loan is forgivable upon our attainment of specified financial performance goals prior to December 31, 2006, provided that Mr. Holliday remains employed by us until January 17, 2007. In April 2000, Mr. Holliday received a loan from us in the principal amount of $300,000 with a maturity date of July 2003. This loan bore interest at a rate of 6.60% per annum and was secured by a pledge of certain of Mr. Holliday's shares of our common stock. In May 2002, Mr. Holliday entered into a loan modification agreement with us in order to modify the repayment terms of the $300,000 loan. Pursuant to the agreement, $100,000 (plus accrued interest thereon) was forgivable on each of January 1, 2004, January 1, 2005 and January 1, 2006, provided that Mr. Holliday remains employed by us through each of such date. This $300,000 loan was completely forgiven on January 1, 2006.

Gramercy Capital Corp.

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

12. Stockholders' Equity

Common Stock

Our authorized capital stock consists of 200,000,000 shares, $.01 par value, of which we have authorized the issuance of up to 100,000,000 shares of common stock, $.01 par value per share, 75,000,000 shares of excess stock, at $.01 par value per share, and 25,000,000 shares of preferred stock, par value $.01 per share. As of March 31, 2006, 43,133,110 shares of common stock and no shares of excess stock were issued and outstanding.

We filed a $500.0 million shelf registration statement, which was declared effective by the Securities and Exchange Commission, or SEC, in March 2004. This registration statement provides us with the ability to issue common and preferred stock, depository shares and warrants. We currently have $334.5 million available under the shelf.

Perpetual Preferred Stock

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. On or after December 12, 2008, we may 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. On or after May 27, 2009, we may 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 entitles 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 expire on March 5, 2010, unless we extend the expiration date or the Right is redeemed or exchanged earlier. The Rights are attached to each share of common stock. The Rights are generally exercisable only if a person or group becomes the beneficial owner of 17% or more of the outstanding common stock or announces a tender offer for 17% or more of the outstanding common stock, or Acquiring Person. In the event that a person or group becomes an Acquiring Person, each holder of a Right, excluding the Acquiring Person, will have the right to receive, upon exercise, common stock having a market value equal to two times the Purchase Price of the Preferred Shares.

Dividend Reinvestment and Stock Purchase Plan

We filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRIP, which was declared effective on September 10, 2001, and commenced on September 24, 2001. We registered 3,000,000 shares of our common stock under the DRIP.

During the three months ended March 31, 2006 and 2005, approximately 43,000 and 20,700 shares were issued and approximately $3.4 million and $1.1 million 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.

2003 Long-Term Outperformance Compensation Program

Our board of directors adopted a long-term, seven-year compensation program for senior management. The program, which measures our performance over a 48-month period (unless terminated earlier) commencing April 1, 2003, provides that holders of our common equity are to achieve a 40% total return during the measurement period over a base of $30.07 per share before any restricted stock awards are granted. Management will receive an award of restricted stock in an amount between 8% and 10% of the excess return over the baseline return. At the end of the four-year measurement period, 40% of the award will vest on the measurement date and 60% of the award will vest ratably over the subsequent three years based on continued employment. Any restricted stock to be issued under the program will be allocated from our Stock Option Plan (as defined below), which was previously approved through a stockholder vote in May 2002. We record the expense of the restricted stock award in accordance with SFAS 123-R. The fair value of the award on the date of grant was determined to be $3.2 million. Forty percent of the value of the award will be amortized over four years and the balance will be amortized at 20% per year over five, six and seven years, respectively, such that 20% of year five, 16.67% of year six, and 14.29% of year seven will be recorded in year one. The total value of the award (capped at $25.5 million) will determine the number of shares assumed to be issued for purposes of calculating diluted earnings per share. Compensation expense of $162,500 was recorded during each of the three months ended March 31, 2006 and 2005, 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 will share in a "performance pool" if our total return to stockholders for the period from December 1, 2005 through November 30, 2008 exceeds a cumulative total return to stockholders of 30% during the measurement period over a base share price of $68.51 per share. The size of the pool will be 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. In the event the potential performance pool reaches this dilution cap before November 30, 2008 and remains at that level or higher for 30 consecutive days, the performance period will end early and the pool will be formed on the last day of such 30 day period. Each participant's award under the 2005 Outperformance Plan will be designated as a specified percentage of the aggregate performance pool to be allocated to him or her assuming the 30% benchmark is achieved. Individual awards will be made in the form of partnership units, or LTIP Units, that may ultimately become exchangeable for shares of our common stock or cash, at our election. LTIP Units will be granted prior to the determination of the performance pool; however, they will only vest upon satisfaction of performance and other thresholds, and will not be entitled to distributions until after the performance pool is established. The 2005 Outperformance Plan provides that if the pool is established, each participant will also be entitled to the distributions that would have been paid on the number of LTIP Units earned, had they been issued at the beginning of the performance period. Those distributions will be paid in the form of additional LTIP Units. After the performance pool is established, the earned LTIP Units will 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. Any LTIP Units that are not earned upon the establishment of the performance pool will be automatically forfeited, and the LTIP Units that are earned will be subject to time-based vesting, with one-third of the LTIP Units earned vesting on November 30, 2008 and each of the first two anniversaries thereafter based on continued employment. We recorded approximately $400,000 and none of compensation expense during the three months ended March 31, 2006 and 2005, respectively, in connection with the 2005 Outperformance Plan.

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, 2006, 3,500 phantom stock units were earned. As of March 31, 2006, there were approximately 8,900 phantom stock units outstanding.

Stock Option Plan

During August 1997, we instituted the 1997 Stock Option and Incentive Plan, or the 1997 Plan. The 1997 Plan was amended in December 1997, March 1998, March 1999 and May 2002. The 1997 Plan, as amended, authorizes (i) the grant of stock options that qualify as incentive stock options under Section 422 of the Code, or ISOs, (ii) the grant of stock options that do not qualify, or NQSOs, (iii) the grant of stock options in lieu of cash Directors' fees and (iv) grants of shares of restricted and unrestricted common stock. The exercise price of stock options are determined by our compensation committee, but may not be less than 100% of the fair market value of the shares of our common stock on the date of grant. At March 31, 2006, approximately 1.0 million shares of our common stock were reserved for issuance under the 1997 Plan.

2005 Stock Option and Incentive Plan

Subject to adjustments upon certain corporate transactions or events, up to a maximum of 3,500,000 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 2005 Plan; provided that, as described below, the manner in which the Fungible Pool Limit is finally determined can ultimately result in the issuance under the 2005 Plan of up to 4,375,000 shares (subject to adjustments upon certain corporate transactions or events). Each share issued or to be issued in connection with "Full-Value Awards" (as defined below) that vest or are granted based on the achievement of certain performance goals that are based on (A) FFO growth, (B) total return to stockholders (either in absolute terms or compared with other companies in the market) or (C) a combination of the foregoing (as set forth in the 2005 Plan), shall be counted against the Fungible Pool Limit as 2.6 units. "Full-Value Awards" are awards other than Options, Stock Appreciation Rights or other awards that do not deliver the full value at grant thereof of the underlying shares (e.g., Restricted Stock). Each share issued or to be issued in connection with any other Full-Value Awards shall be counted against the Fungible Pool Limit as 3.9 units. Options, Stock Appreciation Rights and other awards that do not deliver the value at grant thereof of the underlying shares and that expire 10 years from the date of grant shall be counted against the Fungible Pool Limit as one unit. Options, Stock Appreciation Rights and other awards that do not deliver the value at grant thereof of the underlying shares and that expire five years from the date of grant shall be counted against the Fungible Pool Limit as 0.8 of a unit, or five-year option. Thus, under the foregoing rules, depending on the type of grants made, as many as 4,375,000 shares can be the subject of grants under the 2005 Plan. At the end of the third calendar year following the effective date of the 2005 Plan, (i) the three-year average of (A) the number of shares subject to awards granted in a single year, divided by (B) the number of shares of our outstanding common stock at the end of such year shall not exceed the (ii) greater of (A) 2% or (B) the mean of the applicable peer group. For purposes of calculating the number of shares granted in a year in connection with the limitation set forth in the foregoing sentence, shares underlying Full-Value Awards will be taken into account as (i) 1.5 shares if our annual common stock price volatility is 53% or higher, (ii) two shares if our annual common stock price volatility is between 25% and 52%, and (iii) four shares if our annual common stock price volatility is less than 25%. No award may be granted to any person who, assuming exercise of all options and payment of all awards held by such person, would own or be deemed to own more than 9.8% of the outstanding shares of the Company's common stock. In addition, subject to adjustment upon certain corporate transactions or events, a participant may not receive awards (with shares subject to awards being counted, depending on the type of award, in the proportions ranging from 0.8 to 3.9, as described above) in any one year covering more than 700,000 shares; thus, under this provision, depending on the type of grant involved, as many as 875,000 shares can be the subject of option grants to any one person in any year, and as many as 269,230 shares may be granted as restricted stock (or be the subject of other Full-Value Grants) to any one person in any year. 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. Unless the 2005 Plan is previously terminated by the Board, no new Award may be granted under the 2005 Plan after the tenth anniversary of the date that such 2005 Plan was initially approved by the Board. At March 31, 2006, approximately 2.4 million shares of our common stock were reserved for issuance under the 2005 Plan, or 3.0 million if all shares available under the 2005 Plan were issued as five-year options.

Options granted under the plans are exercisable 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 are generally exercisable in three to five annual installments commencing one year from the date of grant.

A summary of the status of our stock options as of March 31, 2006 and December 31, 2005 and changes during the periods then ended are presented below:

	2006		2005	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Balance at beginning of year	1,731,258	$ 41.25	2,169,762	$ 29.39
Granted	262,000	$ 93.31	466,203	$ 65.22
Exercised	(369,192)	$ 31.36	(888,374)	$ 27.34
Lapsed or cancelled	(4,666)	$ 44.26	(16,333)	$ 38.87
Balance at end of period	1,619,400	$ 51.85	1,731,258	$ 41.25
Options exercisable at end of period	410,232	$ 61.26	599,828	$ 50.57
Weighted average fair value of options granted during the period	$ 4,307,000		$ 3,538,000	

All options were granted within a price range of $18.44 to $93.31. The remaining weighted average contractual life of the options was 7.9 years.

Earnings Per Share

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

	Three Months Ended March 31, 2006	2005
Numerator (Income)		
Basic Earnings:		
Income available to common stockholders	**$ 23,732**	$ 22,910
Effect of Dilutive Securities:		
Redemption of units to common shares	**1,279**	1,407
Stock options	**—**	—
Diluted Earnings:		
Income available to common stockholders	**$ 25,011**	$ 24,317

	Three Months Ended March 31, 2006	2005
Denominator (Weighted Average Shares)		
Basic Earnings:		
Shares available to common stockholders	**42,858**	41,302
Effect of Dilutive Securities:		
Redemption of units to common shares	**2,311**	2,531
Stock-based compensation plans	**1,439**	1,327
Diluted Shares	**46,608**	45,160

13. Minority Interest

The unit holders represent the minority interest ownership in our Operating Partnership. As of March 31, 2006 and December 31, 2005, the minority interest unit holders owned 5.0% (2,263,297 units) and 5.4% (2,426,786 units) of the Operating Partnership, respectively. At March 31, 2006, 2,263,297 shares of our common stock were reserved for the conversion of units of limited partnership interest in our Operating Partnership.

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.

15. Financial Instruments: Derivatives and Hedging

In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," 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 will be immediately recognized in earnings. SFAS No. 133 may increase or decrease reported net income and stockholders' equity prospectively, depending on future levels of interest rates and other variables affecting the fair values of derivative instruments and hedged items, but will have no effect on cash flows.

The following table summarizes the notional and fair value of our derivative financial instruments at March 31, 2006. 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	$ 65,000	3.300%	8/2005	9/2006	$ 479
Interest Rate Swap	—	4.330%	9/2006	6/2008	870
Interest Rate Swap	$ 100,000	4.060%	12/2003	12/2007	1,741
Interest Rate Swap	$ 35,000	4.113%	12/2004	6/2008	732
Interest Rate Swap	$ 100,000	2.330%	4/2004	5/2006	206
Interest Rate Swap	—	4.650%	5/2006	12/2008	1,182
Interest Rate Swap	$ 125,000	2.710%	9/2004	9/2006	1,210
Interest Rate Swap	—	4.352%	9/2006	8/2009	2,680
Interest Rate Swap	$ 60,000	3.770%	5/2005	1/2007	607
Interest Rate Swap	—	4.364%	1/2007	5/2010	1,380
Interest Rate Cap	$ 12,580	6.600%	8/2005	9/2007	1
Interest Rate Swap	$ 27,900	4.750%	11/2006	11/2016	1,059
Interest Rate Swap	$ 12,300	4.750%	11/2006	11/2016	467

On March 31, 2006, the derivative instruments were reported as an asset at their fair value of approximately $12.6 million. This is included in Other Assets on the consolidated balance sheet at March 31, 2006. Offsetting adjustments are represented as deferred gains or losses in Accumulated Other Comprehensive Income of $19.8 million, including a gain of approximately $7.2 million from the settlement of a forward swap, which is being amortized over the ten-year term of the related mortgage obligation from December 2003. Currently, all of our derivative instruments are designated as effective hedging instruments.

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

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 office properties in Manhattan and have two reportable segments, office real estate and structured finance investments. We evaluate real estate performance and allocate resources based on earnings contribution to income from continuing operations.

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

Selected results of operations for the three months ended March 31, 2006 and 2005, and selected asset information as of March 31, 2006 and December 31, 2005, regarding our operating segments are as follows (in thousands):

	Real Estate Segment	Structured Finance Segment	Total Company
Total revenues			
Three months ended:			
March 31, 2006	$ 111,740	$ 13,479	$ 125,219
March 31, 2005	88,965	11,147	100,112
Income from continuing operations before minority interest:			
Three months ended:			
March 31, 2006	$ 23,797	$ 7,034	$ 30,831
March 31, 2005	21,325	7,751	29,076
Total assets			
As of:			
March 31, 2006	$ 3,016,359	$ 466,173	$ 3,482,532
December 31, 2005	2,909,701	400,076	3,309,777

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 unsecured revolving credit facility borrowing cost. We do not allocate marketing, general and administrative expenses (approximately $13.0 million and $8.2 million for the three months ended March 31, 2006 and 2005, 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.

The table below reconciles income from continuing operations before minority interest to net income available to common stockholders for the three months ended March 31, 2006 and 2005 (in thousands):

	Three Months Ended March 31, 2006	2005
Income from continuing operations before minority interest	$ 30,831	$ 29,076
Gain on sale of unconsolidated joint venture	—	—
Minority interest in operating partnership attributable to continuing operations	(1,279)	(1,383)
Minority interest in partially-owned entities	(851)	(193)
Net income from continuing operations	28,701	27,500
Income/ gains from discontinued operations, net of minority interest	—	379
Net income	28,701	27,879
Preferred stock dividends	(4,969)	(4,969)
Net income available to common stockholders	$ 23,732	$ 22,910

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, 2006 and 2005 is presented below (in thousands):

	Three Months Ended March 31, 2006	2005
Issuance of common stock as deferred compensation	$ 6,214	$ 7,070
Redemption of units and dividend reinvestments	8,410	1,120
Derivative instruments at fair value	4,634	8,954
Tenant improvements and capital expenditures payable	1,247	1,975
Transfer of real estate to joint venture	132,980	—
Assignment of mortgage to joint venture	120,859	—
Assignment of minority interest to joint venture	5,750	—

19. Subsequent Events

On April 25, 2006, we announced that we had entered into an agreement to invest $182.0 million in 609 Fifth Avenue – a mixed-use property that includes New York City’s American Girl Store and approximately 100,000 square feet of Class A office space. This transaction represents a conversion of another of our structured finance investments into a wholly-owned asset. The transaction, which is subject to customary closing conditions, is expected to close in the second quarter of 2006.

On April 25, 2006, we announced that we had entered into an agreement to sell the properties located at 286 Madison Avenue and 290 Madison Avenue for approximately $63.0 million. The transaction, which is subject to customary closing conditions, is expected to close in the second quarter of 2006.

On May 9, 2006, Gramercy originated a $90.0 million first mortgage loan, which bears interest at 30-day LIBOR plus 275 basis points, to a joint venture in which we are an equity holder.

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.

The following discussion related to our consolidated financial statements should be read in conjunction with the financial statements appearing in this report and in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2005.

As of March 31, 2006, our wholly-owned properties consisted of 22 commercial properties encompassing approximately 9.8 million rentable square feet located primarily in midtown Manhattan, a borough of New York City, or Manhattan. As of March 31, 2006, the weighted average occupancy (total leased square feet divided by total available square feet) of the wholly-owned properties was 96.2% Our portfolio also includes ownership interests in unconsolidated joint ventures, which own seven commercial properties in Manhattan, encompassing approximately 8.8 million rentable square feet, and which had a weighted average occupancy of 94.1% as of March 31, 2006. We also own interests in eight retail and development properties, which encompass approximately 439,300 rentable square feet. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

We also own an approximate 25% interest in Gramercy Capital Corp. (NYSE: GKK), or Gramercy.

Critical Accounting Policies

In June 2005, the FASB ratified the consensus in EITF Issue No. 04-5, or EITF 04-5, “Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights,” which provides guidance in determining whether a general partner controls a limited partnership. EITF 04-5 states that the general partner in a limited partnership is presumed to control that limited partnership. The presumption may be overcome if the limited partners have either (1) the substantive ability to dissolve the limited partnership or otherwise remove the general partner without cause or (2) substantive participating rights, which provide the limited partners with the ability to effectively participate in significant decisions that would be expected to be made in the ordinary course of the limited partnership’s business and thereby preclude the general partner from exercising unilateral control over the partnership. If the criteria in EITF 04-5 are met, the consolidation of existing joint ventures accounted for under the equity method may be required. Our adoption of EITF 04-5 did not have any effect on net income or stockholders’ equity.

Refer to our 2005 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 material changes to these policies in 2006.

Results of Operations

Comparison of the three months ended March 31, 2006 to the three months ended March 31, 2005

The following comparison for the three months ended March 31, 2006, or 2006, to the three months ended March 31, 2005, or 2005, makes reference to the following: (i) the effect of the “Same-Store Properties,” which represents all properties owned by us at January 1, 2005 and at March 31, 2006 and total 19 of our 22 wholly-owned properties, representing approximately 89.4% of our annualized rental revenue, (ii) the effect of the “Acquisitions,” which represents all properties acquired in 2005, namely, 28 West 44th Street (February), One Madison Avenue-Clock Tower (April), 19 West 44th Street (June), 141 Fifth Avenue (August), 1604 Broadway (November) and in 2006, namely, 25-27 and 29 West 34th Street (January) and 521 Fifth Avenue (March), 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)	2006	2005	$ Change	% Change
Rental revenue	$ 86.2	$ 70.6	$ 15.6	22.1%
Escalation and reimbursement revenue	15.6	11.6	4.0	34.5
Total	$ 101.8	$ 82.2	$ 19.6	23.8%
Same-Store Properties	$ 92.1	$ 81.1	$ 11.0	13.6%
Acquisitions	9.0	1.2	7.8	650.0
Other	0.7	(0.1)	0.8	800.0
Total	$ 101.8	$ 82.2	$ 19.6	23.8%

Occupancy in the Same-Store Properties increased slightly from 96.0% at December 31, 2005 and 95.0% at March 31, 2005 to 96.1% at March 31, 2006. The increase in the Acquisitions is primarily due to owning these properties for a period during the quarter in 2006 compared to a partial period or not being included in 2005.

At March 31, 2006, we estimated that the current market rents on our wholly-owned properties were approximately 20.7% higher than then existing in-place fully escalated rents. Approximately 5.1% of the space leased at wholly-owned properties expires during the remainder of 2006. We believe that occupancy rates will increase slightly at the Same-Store Properties in 2006.

The increase in escalation and reimbursement revenue was due to the recoveries at the Same-Store Properties ($2.9 million) and the Acquisitions ($1.1 million). The increase in recoveries at the Same-Store Properties was primarily due to electric reimbursements ($0.6 million), operating expense escalations ($1.3 million) and real estate tax escalations ($1.0 million).

Investment and Other Income (in millions)	2006	2005	$ Change	% Change
Equity in net income of unconsolidated joint ventures	$ 10.0	$ 12.1	$ (2.1)	(17.4)%
Investment and preferred equity income	13.5	11.1	2.4	21.6
Other income	9.9	6.8	3.1	45.6
Total	$ 33.4	$ 30.0	$ 3.4	11.3%

The decrease in equity in net income of unconsolidated joint ventures was primarily due to lower net income contributions from 1515 Broadway ($2.6 million), 1250 Broadway ($0.5 million) and One Madison Avenue-South Building ($0.5 million). This was partially offset by increased net income contributions from our investment in Gramercy ($1.5 million). Occupancy at our joint venture properties decreased from 97.0% in 2005 to 94.1% in 2006 primarily due to the net-lease with Teachers Insurance and Annuity Association at 485 Lexington Avenue expiring. At March 31, 2006, we estimated that current market rents at our joint venture properties were approximately 38.9% higher than then existing in-place fully escalated rents. Approximately 2.3% of the space leased at our joint venture properties expires during the remainder of 2006.

The increase in investment and preferred equity income was primarily due to a higher weighted average balance invested as well as higher LIBOR rates. The weighted average investment balance outstanding and weighted average yield were $453.1 million and 10.3%, respectively, for 2006 compared to $363.2 million and 10.4%, respectively, for 2005.

The increase in other income was primarily due to fee income earned by GKK Manager, an affiliate of ours and the external manager of Gramercy, (approximately $0.9 million), incentive distribution recognized in 2006 in connection with the liquidation of joint venture investments (approximately $1.0 million) and an increase in lease buy-out income at the Same-Store properties (approximately $1.0 million).

Property Operating Expenses (in millions)	2006	2005	$ Change	% Change
Operating expenses	$ 30.9	$ 23.9	$ 7.0	29.3%
Real estate taxes	19.1	14.5	4.6	31.7
Ground rent	5.0	4.5	0.5	11.1
Total	$ 55.0	$ 42.9	$ 12.1	28.2%
Same-Store Properties	$ 48.5	$ 40.0	$ 8.5	21.3%
Acquisitions	3.7	0.6	3.1	516.7
Other	2.8	2.3	0.5	21.7
Total	$ 55.0	$ 42.9	$ 12.1	28.2%

Same-Store Properties operating expenses, excluding real estate taxes ($3.5 million), increased approximately $5.0 million. There were increases in repairs, maintenance and payroll expenses ($2.1 million), utilities ($1.1 million), insurance costs ($1.4 million) and ground rent expense ($0.4 million), respectively.

The increase in real estate taxes was primarily attributable to the Same-Store Properties ($3.5 million) due to higher assessed property values and the Acquisitions ($1.1 million).

Other Expenses (in millions)	2006	2005	$ Change	% Change
Interest expenses	$ 19.6	$ 18.0	$ 1.6	8.9%
Depreciation and amortization expense	16.8	14.0	2.8	20.0
Marketing, general and administrative expense	13.0	8.2	4.8	58.5
Total	$ 49.4	$ 40.2	$ 9.2	22.9%

The increase in interest expense was primarily attributable to borrowings associated with new investment activity and the funding of ongoing capital projects and working capital requirements. The weighted average interest rate increased from 5.53% for the quarter ended March 31, 2005 to 5.68% for the quarter ended March 31, 2006. As a result of the new investment activity, the weighted average debt balance increased from $1.2 billion as of March 31, 2005 to $1.6 billion as of March 31, 2006.

Marketing, general and administrative expenses represented 10.4% of total revenues in 2006 compared to 8.2% in 2005. The increase is primarily due to increased compensation costs at Gramercy.

Liquidity and Capital Resources

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) Borrowings under our 2005 unsecured revolving credit facility;
(3) Other forms of secured or unsecured financing;
(4) Proceeds from common or preferred equity or debt offerings by us or the Operating Partnership (including issuances of limited partnership units in the Operating Partnership); and
(5) Net proceeds from divestitures of properties and redemptions and participations of structured finance investments.

Cash flow from operations is primarily dependent upon the occupancy level of our portfolio, the net effective rental rates achieved on our leases, the collectibility 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 for acquisitions. We believe that our sources of working capital, specifically our cash flow from operations and borrowings available under our 2005 unsecured revolving credit facility, and our ability to access private and public debt and equity capital, are adequate for us to meet our short-term and long-term liquidity requirements for the foreseeable future. With the commencement of operations of Gramercy in August 2004, we have reduced our focus on direct structured finance investments.

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 $20.5 million and $24.1 million at March 31, 2006 and December 31, 2005, respectively, representing a decrease of $3.6 million. The decrease was a result of the following increases and decreases in cash flows (in thousands):

	Three Months ended March 31, 2006	2005	Increase (Decrease)
Net cash provided by operating activities	$ 33,399	$ 27,517	$ 8,023
Net cash used in investing activities	$ (306,503)	$ (193,135)	$ (115,509)
Net cash provided by financing activities	$ 269,535	$ 146,612	$ 122,923

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. Our portfolio is currently 95.2% occupied. In addition, rental rates continue to increase and tenant concession packages decrease in the Manhattan marketplace. 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, 2006, we used cash for the following investing activities (in thousands):

Acquisitions of real estate	$ (242,456)
Capital expenditures and capitalized interest	(13,537)
Joint venture investments	(17,413)
Distributions from joint ventures	33,986
Proceeds from sale of partial interest in property	8,847
Structured finance and other investments	(78,600)

We generally fund our investment activity though property-level financing, our 2005 unsecured revolving credit facility, term loans or construction loans. During the three months ended March 31, 2006, the following financing activities provided the funds to complete the investing activity noted above (in thousands):

Proceeds from our debt obligations	$ 390,539
Repayments under our debt obligations	(118,025)
Other financing activities	26,341
Dividends and distributions paid	(28,520)

Capitalization

As of March 31, 2006, we had 43,133,110 shares of common stock, 2,263,297 units of limited partnership interest in our Operating Partnership, 6,300,000 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.

We currently have the ability to issue up to an aggregate amount of approximately $334.5 million of our common and preferred stock, depository shares and warrants under our current shelf registration statement, which was declared effective in March 2004.

Rights Plan

We adopted a shareholder rights plan which provides, among other things, that when specified events occur, our shareholders will be entitled to purchase from us a new created series of junior preferred shares, subject to our ownership limit described below. The preferred share purchase rights are triggered by the earlier to occur of (1) ten days after the date of a purchase announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 17% or more of our outstanding shares of common stock or (2) ten business days after the commencement of or announcement of an intention to make a tender offer or exchange offer, the consummation of which would result in the acquiring person becoming the beneficial owner of 17% or more of our outstanding common stock. The preferred share purchase rights would cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors.

Dividend Reinvestment and Stock Purchase Plan

We filed a registration statement with the SEC for our dividend reinvestment and stock purchase plan, or DRIP which was declared effective on September 10, 2001. The DRIP commenced on September 24, 2001. We registered 3,000,000 shares of common stock under the DRIP.

During the three months ended March 31, 2006 and 2005, approximately 43,000 and 20,700 shares were issued and approximately $3.4 million and $1.1 million 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.

2005 Stock Option and Incentive Plan

Subject to adjustments upon certain corporate transactions or events, up to a maximum of 3,500,000 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 2005 Stock Option and Incentive Plan, or the 2005 Plan; however, the manner in which the Fungible Pool Limit is finally determined can ultimately result in the issuance under the 2005 Plan of up to 4,375,000 shares (subject to adjustments upon certain corporate transactions or events). At March 31, 2006, approximately 2.4 million shares of our common stock were reserved for issuance under the 2005 Plan, or 3.0 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 has adopted a long-term, seven-year compensation program for certain members of senior management. The program, which measures our performance over a 48-month period (unless terminated earlier) commencing April 1, 2003, provides that holders of our common equity are to achieve a 40% total return, or baseline return, during the measurement period over a base share price of $30.07 per share before any restricted stock awards are granted. Plan participants will receive an award of restricted stock in an amount between 8% and 10% of the excess total return over the baseline return. At the end of the four-year measurement period, 40% of the award will vest on the measurement date and 60% of the award will vest ratably over the subsequent three years based on continued employment. Any restricted stock to be issued under the program will be allocated from our 1997 Stock Option and Incentive Plan, as amended, which was previously approved through a shareholder vote in May 2002. We will record the expense of the restricted stock award in accordance with Financial Accounting Standards Board, or FASB, Statement No. 123-R, "Accounting for Stock-Based Compensation". The fair value of the award on the date of grant was determined to be $3.2 million. Forty percent of the award will be amortized over four years and the balance will be amortized at 20% per year over five, six and seven years, respectively, such that 20% of year five, 16.67% of year six and 14.29% of year seven will be recorded in year one. The total value of the award (capped at $25.5 million) will determine the number of shares assumed to be issued for purposes of calculating diluted earnings per share. Compensation expense of $162,500, related to this plan was recorded during each of the three months ended March 31, 2006 and 2005, 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 will share in a "performance pool" if our total return to stockholders for the period from December 1, 2005 through November 30, 2008 exceeds a cumulative total return to stockholders of 30% during the measurement period over a base share price of $68.51 per share. The size of the pool will be 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 million. In the event the potential performance pool reaches this dilution cap before November 30, 2008 and remains at that level or higher for 30 consecutive days, the performance period will end early and the pool will be formed on the last day of such 30 day period. Each participant's award under the 2005 Outperformance Plan will be designated as a specified percentage of the aggregate performance pool to be allocated to him or her assuming the 30% benchmark is achieved. Individual awards will be made in the form of partnership units, or LTIP Units, that may ultimately become exchangeable for shares of our common stock or cash, at our election. LTIP Units will be granted prior to the determination of the performance pool; however, they will only vest upon satisfaction of performance and other thresholds, and will not be entitled to distributions until after the performance pool is established. The 2005 Outperformance Plan provides that if the pool is established, each participant will also be entitled to the distributions that would have been paid on the number of LTIP Units earned, had they been issued at the beginning of the performance period. Those distributions will be paid in the form of additional LTIP Units. After the performance pool is established, the earned LTIP Units will 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. Any LTIP Units that are not earned upon the establishment of the performance pool will be automatically forfeited, and the LTIP Units that are earned will be subject to time-based vesting, with one-third of the LTIP Units earned vesting on November 30, 2008 and each of the first two anniversaries thereafter based on continued employment. We recorded approximately $0.4 million and none of compensation expense during the three months ended March 31, 2006 and 2005, respectively in connection with the 2005 Outperformance Plan.

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, 2006, approximately 3,500 phantom stock units were earned. As of March 31, 2006, there were approximately 8,900 phantom stock units outstanding.

Market Capitalization

At March 31, 2006, borrowings under our mortgage loans, 2005 unsecured revolving credit facility, term loans and trust preferred securities (including our share of joint venture debt of $1.1 billion) represented 36.6% of our combined market capitalization of $7.7 billion (based on a common stock price of $101.50 per share, the closing price of our common stock on the New York Stock Exchange on March 31, 2006). 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.

Indebtedness

The table below summarizes our consolidated mortgage debt, 2005 unsecured revolving credit facility and term loans outstanding at March 31, 2006 and December 31, 2005, respectively (dollars in thousands).

Debt Summary:	March 31, 2006	December 31, 2005
Balance		
Fixed rate	$ 769,116	$ 770,141
Variable rate — hedged	485,000	485,000
Total fixed rate	1,254,116	1,255,141
Variable rate	340,791	196,111
Variable rate—supporting variable rate assets	99,000	91,000
Total variable rate	439,791	287,111
Total	$ 1,693,907	$ 1,542,252
Percent of Total Debt:		
Total fixed rate	74.0%	81.4%
Variable rate	26.0%	18.6%
Total	100.0%	100.00%
Effective Interest Rate for the Quarter:		
Fixed rate	5.55%	5.63%

Variable rate	6.18%	5.07%
Effective interest rate	5.68%	5.54%

The variable rate debt shown above bears interest at an interest rate based on 30-day LIBOR (4.83% and 2.87% at March 31, 2006 and 2005, respectively). Our consolidated debt at March 31, 2006 had a weighted average term to maturity of approximately 5.0 years.

Certain of our structured finance investments, totaling $99.0 million, are variable rate investments which mitigate our exposure to interest rate changes on our unhedged variable rate debt at March 31, 2006.

Mortgage Financing

As of March 31, 2006, our total mortgage debt (excluding our share of joint venture debt of approximately $1.1 billion) consisted of approximately $0.7 billion of fixed rate debt, including hedged variable rate debt, with an effective weighted average interest rate of approximately 6.32% and $0.2 billion of variable rate debt with an effective weighted average interest rate of approximately 6.56%.

Revolving Credit Facilities

2005 Unsecured Revolving Credit Facility

We have a $500.0 million unsecured revolving credit facility. We have an option, subject to lender approval, to increase the capacity under the 2005 unsecured revolving credit facility to $800.0 million at any time prior to the maturity date in September 2008. The 2005 unsecured revolving credit facility bears interest at a spread ranging from 85 basis points to 125 basis points over the 30-day LIBOR, based on our leverage ratio, currently 95 basis points, and has a one-year extension option. The 2005 unsecured revolving credit facility also requires a 12.5 to 25 basis point fee on the unused balance payable annually in arrears. The 2005 unsecured revolving credit facility had an outstanding balance of $156.6 million at March 31, 2006. Availability under the 2005 unsecured revolving credit facility was further reduced by the issuance of approximately $14.1 million in letters of credit. The effective all-in weighted average interest rate on the 2005 unsecured revolving credit facility was 5.69% for the three months ended March 31, 2006. The 2005 unsecured revolving credit facility includes certain restrictions and covenants (see restrictive covenants below).

Term Loans

We have a $325.0 million unsecured term loan, which matures in August 2009. As of March 31, 2006, we had $325.0 million outstanding under the unsecured term loan at the rate of 125 basis points over LIBOR. To limit our exposure to the variable 30-day LIBOR rate we entered into various swap agreements to fix the LIBOR rate on the entire unsecured term loan. The effective all-in annual weighted average interest rate on the unsecured term loan was 4.64% for three months ended March 31, 2006. The term loan includes certain restrictions and covenants (see restrictive covenants below).

We also have a $200.0 million five-year non-recourse term loan, secured by a pledge of our ownership interest in 1221 Avenue of the Americas. The loan matures in May 2010. This term loan has a floating rate of 125 basis points over the current 30-day LIBOR rate. During April 2004, we entered into a swap agreement to fix the LIBOR at a blended all-in interest rate of 5.10% through December 2008. This loan carried an effective all-in weighted average interest rate of 4.46% for the three months ended March 31, 2006.

Junior Subordinate Deferrable Interest Debentures

In June 2005, we issued $100.0 million of Trust Preferred Securities, which are reflected on the balance sheet at March 31, 2006 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.

Restrictive Covenants

The terms of our 2005 unsecured revolving credit facility and unsecured term loan include certain restrictions and covenants which limit, among other things, the payment of dividends (as discussed below), the incurrence of additional indebtedness, the incurrence of liens and the disposition of assets, and which require compliance with financial ratios relating to the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of unsecured indebtedness, the minimum amount of unencumbered property debt service coverage and certain investment limitations. The dividend restriction referred to above provides that, except to enable us to continue to qualify as a REIT for Federal income tax purposes, we will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 90% of funds from operations for such period, subject to certain other adjustments. As of March 31, 2006 and December 31, 2005, 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 2006 would increase our annual interest cost by approximately $4.2 million and would increase our share of joint venture annual interest cost by approximately $7.0 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 $1.3 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, 2006 ranged from LIBOR plus 75 basis points to

LIBOR plus 225 basis points.

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.

Capital Expenditures

We estimate that for the nine months ending December 31, 2006, we will incur approximately $77.2 million of capital expenditures (including tenant improvements and leasing commissions) on existing wholly-owned properties and our share of capital expenditures at our joint venture properties will be approximately $11.4 million. Of those total capital expenditures, approximately $11.9 million for wholly-owned properties and $2.5 million for our share of capital expenditures at our joint venture properties are dedicated to redevelopment costs, including compliance with New York City local law 11. We expect to fund these capital expenditures with operating cash flow, borrowings under our credit facilities, additional property level mortgage financings, and cash on hand. Future property acquisitions may require substantial capital investments for refurbishment and leasing costs. We expect that these financing requirements will be met in a similar fashion. We believe that we will have sufficient resources to satisfy our capital needs during the next 12-month period. Thereafter, we expect that our capital needs will be met through a combination of net cash provided by operations, borrowings, potential asset sales or additional equity or debt issuances.

Dividends

We expect to pay dividends to our stockholders based on the distributions we receive from 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. Based on our current annual dividend rate of $2.40 per share, we would pay approximately $103.7 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. First Quality also provides additional services directly to tenants on a separately negotiated basis. 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. In the first quarter of 2006, First Quality expanded its space leased to 26,800 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2015 and provides for annual rental payments of approximately $629,000. We paid Alliance approximately $2.8 million and $1.9 million for the three months ended March 31, 2006 and 2005 respectively, for these services (excluding services provided directly to tenants).

Leases

Nancy Peck and Company leases 2,013 square feet of space at 420 Lexington Avenue pursuant to a lease that expired on June 30, 2005 and provided for annual rental payments of approximately $66,000. This space is now leased on a month-to-month basis. Nancy Peck and Company is owned by Nancy Peck, the wife of Stephen L. Green. The rent due under the lease is offset against a consulting fee, of $10,500 per month, are affiliate pays to her under a consulting agreement which is cancelable upon 30-days notice.

Management Fees

S.L. Green Management Corp. receives property management fees from certain entities in which Stephen L. Green owns an interest. The aggregate amount of fees paid to S.L. Green Management Corp. from such entities was approximately $43,000 and $55,000 for the three months ended March 31, 2006 and 2005, respectively.

Management Indebtedness

In January 2001, Mr. Marc Holliday, then our president, received a non-recourse loan from us in the principal amount of $1,000,000 pursuant to his amended and restated employment and non-competition agreement he executed at that time. This loan bears interest at the applicable federal rate per annum and is secured by a pledge of certain of Mr. Holliday’s shares of our common stock. The principal of and interest on this loan is forgivable upon our attainment of specified financial performance goals prior to December 31, 2006, provided that Mr. Holliday remains employed by us until January 2007. In April 2000, Mr. Holliday received a loan from us in the principal amount of $300,000, with a maturity date of July 2003. This loan bore interest at a rate of 6.60% per annum and was secured by a pledge of certain of Mr. Holliday’s shares of our common stock. In May 2002, Mr. Holliday entered into a loan modification agreement with us in order to modify the repayment terms of the $300,000 loan. Pursuant to the agreement, one-third of the $300,000 was forgiven on each of January 1, 2004, January 1, 2005 and January 1, 2006, provided that Mr. Holliday remained employed by us through each of such date. This $300,000 loan was completely forgiven on January 1, 2006.

Brokerage Services

Sonnenblick-Goldman Company, or Sonnenblick, a nationally recognized real estate investment banking firm, provided mortgage brokerage services to us. Mr. Morton Holliday, the father of Mr. Marc Holliday, was a Managing Director of Sonnenblick at the time of the financings. In 2005, we paid approximately $457,000 to Sonnenblick in connection with securing a $120.0 million first mortgage for the property located at 711 Third Avenue. In 2005, our 1515 Broadway joint venture paid approximately $400,000 to Sonnenblick in connection with refinancing the property and increasing the first mortgage to $625.0 million. In 2006, our 485 Lexington Avenue joint venture paid approximately $757,000 to Sonnenblick in connection with refinancing the property and increasing the first mortgage to $390.0 million.

Gramercy Capital Corp.

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

Other

Insurance

We carry comprehensive "all-risk" (including fire, flood, extended coverage and rental loss insurance) and liability insurance with respect to our property portfolio. The property coverage has a blanket limit of $600.0 million per occurrence for all the properties in our portfolio with a sublimit of $450.0 million for terrorism. The primary property policy expires in July 2007 and all other policies expire in October 2006. 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 and an interest in the "Bellemead" portfolio in NJ, where we participate with Gale Properties, which carries a blanket policy providing $200 million of "all-risk" property insurance including terrorism. Although we consider our insurance coverage as appropriate, in the event of a major catastrophe, such as resulting from an act of terrorism, we may not have sufficient coverage to replace a significant property. In addition, our policies do not cover properties that we may acquire in the future and insurance will need to be obtained if added to our portfolio prior to October 2006.

The Terrorism Risk Insurance Act, or TRIA, which was enacted in November 2002, was renewed on January 1, 2006. Congress extended TRIA, now called TRIEA (Terrorism Risk Insurance Extension Act) until 2007. Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases and our 2005 unsecured revolving credit facility and secured and unsecured term loans, contain customary covenants requiring us to maintain insurance. There can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from "all-risk" insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments that allows the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders insist on full coverage for these risks, it could result in substantially higher insurance premiums.

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, 2006 and 2005 are as follows (in thousands):

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Net income available to common stockholders	$ 23,732	$ 22,910
Add:		
Depreciation and amortization	16,784	14,041
Minority interest	2,130	1,576
FFO from discontinued operations	—	512
FFO adjustment for unconsolidated joint ventures	7,980	6,082
Less:		
Income from discontinued operations	—	(379)
Gain on sale of discontinued operations	—	—
Equity in net gain on sale of joint venture	—	—

Depreciation on non-rental real estate assets		(268)		(181)
Funds from Operations - available to all stockholders	$	50,358	$	44,561
Cash flows provided by operating activities	$	33,399	$	27,517
Cash flows used in investing activities	$	(306,503)	$	(193,135)
Cash flows provided by financing activities	$	269,535	$	146,612

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.

Forward-Looking Information

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

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

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

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

ITEM 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, 2005. Our exposures to market risk have not changed materially since December 31, 2005.

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, 2006, that has materially affected, or is reasonably likely to material affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A of Part 1 in our Annual Report on Form 10-K for the year ended December 31, 2005.

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

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

(a) Exhibits:

10.1 Fifth Amendment to First Amended and Restated Agreement of Limited Partnership dated March 15, 2006, filed herewith.

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

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

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

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

SIGNATURES

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

SL GREEN REALTY CORP.

By: /s/ Gregory F. Hughes
Gregory F. Hughes

Chief Financial Officer

Date: May 10, 2006

SL GREEN OPERATING PARTNERSHIP, L.P.

Fifth Amendment to
First Amended and Restated Agreement of Limited Partnership

This Amendment is made as of March 15, 2006, by SL GREEN REALTY CORP., a Maryland corporation, as general partner (the "General Partner"), of SL GREEN OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (the "Partnership"), for the purpose of amending the First Amended and Restated Agreement of Limited Partnership of the Partnership dated August 20, 1997 (the "Partnership Agreement"). All capitalized terms used herein and not defined shall have the respective meanings ascribed to them in the Partnership Agreement.

WHEREAS, the Partnership desires to provide for equity incentives to certain persons who provide services for the benefit of the Partnership ("Grantees") in the form of Partnership Units which shall be designated "LTIP Units."

WHEREAS, pursuant to Section 4.2.A of the Partnership Agreement, the Partnership is issuing LTIP Units to the Grantees.

WHEREAS, pursuant to Sections 4.2.A, 5.4, 6.2, 8.6.E and 14.1.B the General Partner is amending the Partnership Agreement to facilitate the issuance of the LTIP Units.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the General Partner hereby amends the Agreements as follows:

1. Issuance of LTIP Units.

A. Pursuant to Section 4.2.A of the Partnership Agreement, the Partnership hereby issues 750,000 LTIP Units to the Grantees in the respective amounts set forth on ***Schedule A*** hereto. The holder of any LTIP Units shall have the benefits and obligations under the Partnership Agreement to which the holder of such a Limited Partner Interest may be entitled or obliged under the Partnership Agreement, as supplemented and amended by the rights, powers, privileges, restrictions, qualifications and limitations specified in Exhibit G to the Partnership Agreement as added by this Amendment.

B. The admission of the Grantees as Additional Limited Partners of the Partnership shall become effective as of the date of this Amendment, which shall also be the date upon which the names of the Grantees are recorded on the books and records of the Partnership, and Exhibit A to the Partnership Agreement is amended to reflect such admission.

2. Amendments to Partnership Agreement.

The General Partner, as general partner of the Partnership and as attorney-in-fact for its Limited Partners, hereby amends the Partnership Agreement as follows:

A. Article 1 of the Partnership Agreement is amended by inserting the following definitions in alphabetical order:

"Class A Unit Economic Balance" has the meaning set forth in Section 6.1.E.

"Economic Capital Account Balance" has the meaning set forth in Section 6.1.E.

"LTIP Units" means the Partnership Units designated as such having the rights, powers, privileges, restrictions, qualifications and limitations set forth in Exhibit G hereto.

B. Section 4.2.C of the Partnership Agreement is amended by replacing the text thereof with the following:

C. Classes of Partnership Units. From and after the Effective Date, subject to Section 4.2.A above, the Partnership shall have two classes of Partnership Units, entitled "Class A Units" and "Class B Units." From and after March 15, 2006, the Partnership shall have an additional class of Partnership Units, entitled "LTIP Units." Either Class A Units or Class B Units, at the election of the General Partner, in its sole and absolute discretion, may be issued to newly admitted Partners in exchange for the contribution by such Partners of cash, real estate partnership interests, stock, notes or other assets or consideration, provided that, any Partnership Unit that is not specifically designated by the General Partner as being of a particular class shall be deemed to be a Class A Unit.

C. Section 4.2 of the Partnership Agreement is amended by appending the following new paragraph D:

D. Issuance of LTIP Units. From time to time the General Partner may issue LTIP Units to Persons providing services to or for the benefit of the Partnership. LTIP Units shall have the rights, powers, privileges, restrictions, qualifications and limitations specified in Exhibit G hereto. LTIP Units are intended to qualify as profits interests in the Partnership and for the avoidance of doubt, the provisions of Section 4.4 shall not apply to the issuance of LTIP Units.

D. Section 5.1.A of the Partnership Agreement is amended by replacing the text of the first sentence thereof with the following:

A. General. The General Partner shall distribute at least quarterly an amount equal to one hundred percent (100%) of Available Cash generated by the Partnership during such quarter or shorter period to the Partners who are Partners on the Partnership Record Date with respect to such quarter or shorter period as provided in Sections 5.1.B, 5.1.C and 5.1.D below.

E. Sections 5.1.C and 5.1.D of the Partnership Agreement are amended by appending the following sentence to each such Section:

For purposes of the foregoing calculations, LTIP Units with an associated Distribution Participation Date (as defined in Exhibit G hereto) that falls on or before the date of the relevant distribution shall be treated as outstanding Class A Units.

F. Section 5.1 of the Partnership Agreement is amended by appending the following new paragraph F:

F. LTIP Units Intended to Qualify as Profits Interests. Distributions made pursuant to this Section 5.1 shall be adjusted as necessary to ensure that the amount apportioned to each LTIP Unit does not exceed the amount attributable to items of Partnership income or gain realized after the date such LTIP Unit was issued by the Partnership. The intent of this Section 5.1.F is to ensure that any LTIP Units issued after the date of this Agreement qualify as "profits interests" under Revenue Procedure 93-27, 1993-2 C.B. 343 (June 9, 1993) and Revenue Procedure 2001-43, 2001-2 C.B. 191 (August 3, 2001), and Section 5.1 shall be interpreted and applied consistently therewith. The General Partner at its discretion may amend this Section 5.1.F to ensure that any LTIP Units granted after the date of this Agreement will qualify as "profits interests" under Revenue Procedure 93-27, 1993-2 C.B. 343 (June 9, 1993) and Revenue Procedure 2001-43, 2001-2 C.B. 191 (August 3, 2001) (and any other similar rulings or regulations that may be in effect at such time).

G. Section 6.1 of the Partnership Agreement is amended by appending the following new paragraph E:

E. Special Allocations With Respect to LTIP Units. After giving effect to the special allocations set forth in Section 1 of Exhibit C hereto, and notwithstanding the provisions of Sections 6.1.A and 6.1.B above, but subject to the prior allocation of income and gain under clauses 6.1.A(i) through (v) above, any Liquidating Gains shall first be allocated to the holders of LTIP Units until the Economic Capital Account Balances of such holders, to the extent attributable to their ownership of LTIP Units, are equal to (i) the Class A Unit Economic Balance, multiplied by (ii) the number of their LTIP Units; provided that no such Liquidating Gains will be allocated with respect to any particular LTIP Unit unless and to the extent that such Liquidating Gains, when aggregated with other Liquidating Gains realized since the issuance of such LTIP Unit, exceed Liquidating Losses realized since the issuance of such LTIP Unit. After giving effect to the special allocations set forth in Section 1 of Exhibit C hereto, and notwithstanding the provisions of Sections 6.1.A and 6.1.B above, in the event that, due to distributions with respect to Class A Units in which the LTIP Units do not participate or otherwise, the Economic Capital Account Balance of any present or former holder of LTIP Units, to the extent attributable to the holder's ownership of LTIP Units, exceeds the target balance specified above, then

Liquidating Losses shall be allocated to such holder to the extent necessary to reduce or eliminate the disparity. In the event that Liquidating Gains or Liquidating Losses are allocated under this Section 6.1.E, Net Income allocable under clause 6.1.A(vi) and any Net Losses shall be recomputed without regard to the Liquidating Gains or Liquidating Losses so allocated. For this purpose, "Liquidating Gains" means any net capital gain realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership, including but not limited to net capital gain realized in connection with an adjustment to the Carrying Value of Partnership assets under Section 1.D of Exhibit B to this Agreement. Similarly, "Liquidating Losses" means any net capital loss realized in connection with any such event. The "Economic Capital Account Balances" of the holders of LTIP Units will be equal to their Capital Account balances, plus the amount of their shares of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to their ownership of LTIP Units. Similarly, the "Class A Unit Economic Balance" shall mean (i) the Capital Account balance of the General Partner, plus the amount of the General Partner's share of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to the General Partner's ownership of Class A Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under this Section 6.1.E, divided by (ii) the number of the General Partner's Class A Units. Any such allocations shall be made among the holders of LTIP Units in proportion to the amounts required to be allocated to each under this Section 6.1.E. The parties agree that the intent of this Section 6.1.E is to make the Capital Account balance associated with each LTIP Unit economically equivalent to the Capital Account balance associated with the General Partner's Class A Units (on a per-unit basis), but only if the Partnership has recognized cumulative net gains with respect to its assets since the issuance of the relevant LTIP Unit.

H. Section 8.6.A of the Partnership Agreement is amended by appending the following clause (v):

(v) Notwithstanding the foregoing, the Redemption Right shall not be exercisable with respect to any Class A Unit issued upon conversion of an LTIP Unit until on or after the date that is two years after the date on which the LTIP Unit was issued, provided however, that the foregoing restriction shall not apply if the Redemption Right is exercised by a LTIP Unit holder in connection with a transaction that falls within the definition of a "change of control" under the agreement or agreements pursuant to which the LTIP Units were issued to him or her and provided further that the two (2) year requirement set forth in the first sentence of Section 8.6.A(i) shall not apply with respect to Class A Units issued upon conversion of LTIP Units.

I. Section 10.2 of the Partnership Agreement is amended by designating the existing text of Section 10.2 as paragraph A, and by appending the following new paragraph B:

B. To the extent provided for in Treasury Regulations, revenue rulings, revenue procedures and/or other IRS guidance issued after the date hereof, the Partnership is hereby authorized to, and at the direction of the General Partner shall, elect a safe harbor under which the fair market value of any Partnership Interests issued after the effective date of such Treasury Regulations (or other guidance) will be treated as equal to the liquidation value of such Partnership Interests (i.e., a value equal to the total amount that would be distributed with respect to such interests if the Partnership sold all of its assets for their fair market value immediately after the issuance of such Partnership Interests, satisfied its liabilities (excluding any non-recourse liabilities to the extent the balance of such liabilities exceeds the fair market value of the assets that secure them) and distributed the net proceeds to the Partners under the terms of this Agreement). In the event that the

Partnership makes a safe harbor election as described in the preceding sentence, each Partner hereby agrees to comply with all safe harbor requirements with respect to transfers of such Partnership Interests while the safe harbor election remains effective.

J. Section 1.D(2) of Exhibit B to the Partnership Agreement is amended by replacing the text thereof with the following:

(2) Such adjustments shall be made as of the following times: (a) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) immediately prior to the acquisition of a more than de minimis additional interest in the Partnership by any new or existing Partner as consideration for the provision of services to or for the benefit of the Partnership in a partner capacity or in anticipation of becoming a partner; (c) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; and (d) immediately prior to the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) (except for a liquidation resulting from the termination of the Partnership under Section 708(b)(1)(B) of the Code), provided however that adjustments pursuant to clauses (a), (b) and (c) above shall be made only if the General Partner determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

K. Section 1 of Exhibit C to the Partnership Agreement is hereby amended by appending the following new paragraph H:

H. Forfeiture Allocations. Upon a forfeiture of any unvested Partnership Interest by any Partner, gross items of income, gain, loss or deduction shall be allocated to such Partner if and to the extent required by final Treasury Regulations promulgated after the Effective Date to ensure that allocations made with respect to all unvested Partnership Interests are recognized under Code Section 704(b).

L. The Partnership Agreement is hereby amended by appending Exhibit G to this Amendment as Exhibit G to the Partnership Agreement.

3. Continuation of Partnership Agreement.

The Partnership Agreement and this Amendment shall be read together and shall have the same force and effect as if the provisions of the Partnership Agreement and this Amendment (including Exhibit G hereto) were contained in one document. Any provisions of the Partnership Agreement not amended by this Amendment shall remain in full force and effect as provided in the Partnership Agreement immediately prior to the date hereof.

[*Remainder of page intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Partnership Agreement as of the ______ day of March, 2006.

GENERAL PARTNER:

SL GREEN REALTY CORP.

By: ______________________________
Name:
Title:

GRANTEES:

____

*Individual Counterpart Signature Pages Attached.

[Signature Page to Amendment to the Partnership Agreement]

SL GREEN OPERATING PARTNERSHIP, L.P.

Limited Partner Signature Page

The undersigned, desiring to become one of the within named Limited Partners of SL Green Operating Partnership, L.P. (the "Partnership") hereby becomes a party to the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 20, 1997 and amended through the date hereof (the "Partnership Agreement"), by and among SL Green Realty Corp. and such Limited Partners. The undersigned agrees that this signature page may be attached to any counterpart of the Partnership Agreement.

Date:

____
Name of Limited Partner (please print)

Signature

Address

Schedule A to Fifth Amendment to Partnership Agreement

Name and Address	Number of LTIP Units

EXHIBIT G

SL GREEN OPERATING PARTNERSHIP, L.P.

DESIGNATION OF THE RIGHTS, POWERS, PRIVILEGES,
RESTRICTIONS, QUALIFICATIONS AND LIMITATIONS
OF THE LTIP UNITS

The following are the terms of the LTIP Units:

1. Vesting.

A. Vesting, Generally. LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of an award, vesting or other similar agreement (a "Vesting Agreement"). The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the terms of any plan pursuant to which the LTIP Units are issued, if applicable. LTIP Units that have vested and are no longer subject to forfeiture under the terms of a Vesting Agreement are referred to as "Vested LTIP Units"; all other LTIP Units are referred to as "Unvested LTIP Units." Subject to the terms of any Vesting Agreement, a holder of LTIP Units shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as holders of Class A Units are entitled to transfer their Class A Units pursuant to Article XI of the Agreement.

B. Forfeiture or Transfer of Unvested LTIP Units. Unless otherwise specified in the relevant Vesting Agreement, upon the occurrence of any event specified in a Vesting Agreement as resulting in either the forfeiture of any LTIP Units, or the right of the Partnership or the General Partner to repurchase LTIP Units at a specified purchase price, then upon the occurrence of the circumstances resulting in such forfeiture or if the Partnership or the General Partner exercises such right to repurchase, then the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled or transferred to the General Partner, as applicable, and no longer outstanding for any purpose. Unless otherwise specified in the Vesting Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with a record date prior to the effective date of the forfeiture. In connection with any forfeiture or repurchase of LTIP Units, the balance of the portion of the Capital Account of the holder that is attributable to all of his or her LTIP Units shall be reduced by the amount, if any, by which it exceeds the target balance contemplated by Section 6.1.E of the Agreement, calculated with respect to the holder's remaining LTIP Units, if any.

C. Legend. Any certificate evidencing an LTIP Unit shall bear an appropriate legend indicating that additional terms, conditions and restrictions on transfer, including without limitation any Vesting Agreement, apply to the LTIP Unit.

2. Distributions.

A. LTIP Distribution Amount. Commencing from the Distribution Participation Date (as defined below) established for any LTIP Units, for any quarterly or other period holders of such LTIP Units shall be entitled to receive, if, when and as authorized by the General Partner out of funds legally available for the payment of distributions, regular cash distributions in an amount per unit equal to the distribution payable on each Class A Unit for the corresponding quarterly or other period (the "LTIP Distribution Amount"). In addition, from and after the Distribution Participation Date, LTIP Units shall be entitled to receive, if, when and as authorized by the General Partner out of funds or other property legally available for the payment of distributions, non-liquidating special, extraordinary or other distributions in an amount per unit equal to the amount of any non-liquidating special, extraordinary or other distributions payable on the Class A Units which may be made from time to time. LTIP Units shall also be entitled to receive, if, when and as authorized by the General Partner out of funds or other property legally available for the payment of distributions, distributions representing proceeds of a sale or other disposition of all or substantially all of the assets of the Partnership in an amount per unit equal to the amount of any such distributions payable on the Class A Units, whether made prior to, on or after the Distribution Participation Date, provided that the amount of such distributions shall not exceed the positive balances of the Capital Accounts of the holders of such LTIP Units to the extent attributable to the ownership of such LTIP Units. Distributions on the LTIP Units, if authorized, shall be payable on such dates and in such manner as may be authorized by the General Partner (any such date, a "Distribution Payment Date"); provided that the Distribution Payment Date and the record date for determining which holders of LTIP Units are entitled to receive a distribution shall be the same as the corresponding dates relating to the corresponding distribution on the Class A Units.

B. Distribution Participation Date. The "Distribution Participation Date" for each LTIP Units will be either (i) with respect to LTIP Units granted pursuant to the General Partner's 2005 Long-Term Outperformance Plan (the "2005 Outperformance Plan"), the applicable Valuation Date (as defined in the Vesting Agreement of each Person granted LTIP Units under the 2005 Outperformance Plan) or (ii) with respect to other LTIP Units, such date as may be specified in the Vesting Agreement or other documentation pursuant to which such LTIP Units are issued.

3. Allocations.

Commencing with the portion of the taxable year of the Partnership that begins on the Distribution Participation Date established for any LTIP Units, such LTIP Units shall be allocated Net Income and Net Loss in amounts per LTIP Unit equal to the amounts allocated per Class A Unit. The allocations provided by the preceding sentence shall be subject to the proviso to the first sentence of Section 6.1.B of the Agreement. The General Partner is authorized in its discretion to delay or accelerate the participation of the LTIP Units in allocations of Net Income and Net Loss, or to adjust the allocations made after the Distribution Participation Date, so that the ratio of (i) the total amount of

Net Income or Net Loss allocated with respect to each LTIP Unit in the taxable year in which that LTIP Unit's Distribution Participation Date falls, to (ii) the total amount distributed to that LTIP Unit with respect to such period, is more nearly equal to such ratio as computed for the Class A Units held by the General Partner.

4. Adjustments.

The Partnership shall maintain at all times a one-to-one correspondence between LTIP Units and Class A Units for conversion, distribution and other purposes, including without limitation complying with the following procedures; provided that the foregoing is not intended to alter the Capital Account Limitation (as defined in Section 7.C of this Exhibit G), the special allocations pursuant to Section 6.1.E of the Partnership Agreement, differences between non-liquidating distributions to be made with respect to the LTIP Units and Class A Units prior to the Distribution Participation Date for such LTIP Units, differences between liquidating distributions to be made with respect to the LTIP Units and Class A Units pursuant to Section 13.2 of the Partnership Agreement or Section 2.A of this Exhibit G in the event that the Capital Accounts attributable to the LTIP Units are less than those attributable to the Class A Units due to insufficient special allocations pursuant to Section 6.1.E of the Partnership Agreement or related provisions. If an Adjustment Event (as defined below) occurs, then the General Partner shall make a corresponding adjustment to the LTIP Units to maintain such one-for-one correspondence between Class A Units and LTIP Units. The following shall be "Adjustment Events": (A) the Partnership makes a distribution on all outstanding Class A Units in Partnership Units, (B) the Partnership subdivides the outstanding Class A Units into a greater number of units or combines the outstanding Class A Units into a smaller number of units, or (C) the Partnership issues any Partnership Units in exchange for its outstanding Class A Units by way of a reclassification or recapitalization of its Class A Units. If more than one Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business transaction, (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan, or (z) the issuance of any Partnership Units to the General Partner in respect of a capital contribution to the Partnership of proceeds from the sale of securities by the General Partner. If the Partnership takes an action affecting the Class A Units other than actions specifically described above as Adjustment Events and in the opinion of the General Partner such action would require an adjustment to the LTIP Units to maintain the one-to-one correspondence described above, the General Partner shall have the right to make such adjustment to the LTIP Units, to the extent permitted by law and by the terms of any plan pursuant to which the LTIP Units have been issued, in such manner and at such time as the General Partner, in its sole discretion, may determine to be appropriate under the circumstances. If an adjustment is made to the LTIP Units as herein provided the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the

correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall mail a notice to each holder of LTIP Units setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment.

5. Ranking.

The LTIP Units shall rank on parity with the Class A Units in all respects, subject to the proviso in the first sentence of Section 4 of this Exhibit G.

6. No Liquidation Preference.

The LTIP Units shall have no liquidation preference.

7. Right to Convert LTIP Units into Class A Units.

A. Conversion Right. A holder of LTIP Units shall have the right (the "Conversion Right"), at his or her option, at any time to convert all or a portion of his or her Vested LTIP Units into Class A Units. Holders of LTIP Units shall not have the right to convert Unvested LTIP Units into Class A Units until they become Vested LTIP Units; provided, however, that when a holder of LTIP Units is notified of the expected occurrence of an event that will cause his or her Unvested LTIP Units to become Vested LTIP Units, such Person may give the Partnership a Conversion Notice conditioned upon and effective as of the time of vesting, and such Conversion Notice, unless subsequently revoked by the holder of the LTIP Units, shall be accepted by the Partnership subject to such condition. The General Partner shall have the right at any time to cause a conversion of Vested LTIP Units into Class A Units. In all cases, the conversion of any LTIP Units into Class A Units shall be subject to the conditions and procedures set forth in this Section 7.

B. Number of Units Convertible. A holder of Vested LTIP Units may convert such Vested LTIP Units into an equal number of fully paid and non-assessable Class A Units, giving effect to all adjustments (if any) made pursuant to Section 4. Notwithstanding the foregoing, in no event may a holder of Vested LTIP Units convert a number of Vested LTIP Units that exceeds (x) the Economic Capital Account Balance of such holder, to the extent attributable to its ownership of LTIP Units, divided by (y) the Class A Unit Economic Balance, in each case as determined as of the effective date of conversion (the "Capital Account Limitation").

C. Notice. In order to exercise his or her Conversion Right, a holder of LTIP Units shall deliver a notice (a "Conversion Notice") in the form attached as Attachment A to this Exhibit G to the Partnership not less than 10 nor more than 60 days prior to a date (the "Conversion Date") specified in such Conversion Notice. Each holder of LTIP Units covenants and agrees with the Partnership that all Vested LTIP Units to be converted pursuant to this Section 7 shall be free and clear of all liens. Notwithstanding anything herein to the contrary, a holder of LTIP Units may deliver a Redemption Notice pursuant

to Section 8.6 of the Agreement relating to those Class A Units that will be issued to such holder upon conversion of such LTIP Units into Class A Units in advance of the Conversion Date; provided, however, that the redemption of such Class A Units by the Partnership shall in no event take place until the Conversion Date. For clarity, it is noted that the objective of this paragraph is to put a holder of LTIP Units in a position where, if he or she so wishes, the Class A Units into which his or her Vested LTIP Units will be converted can be redeemed by the Partnership simultaneously with such conversion, with the further consequence that, if the General Partner elects to assume the Partnership's redemption obligation with respect to such Class A Units under Section 8.6 of the Agreement by delivering to such holder Shares rather than cash, then such holder can have such Shares issued to him or her simultaneously with the conversion of his or her Vested LTIP Units into Class A Units. The General Partner shall cooperate with a holder of LTIP Units to coordinate the timing of the different events described in the foregoing sentence.

D. Forced Conversion. The Partnership, at any time at the election of the General Partner, may cause any number of Vested LTIP Units held by a holder of LTIP Units to be converted (a "Forced Conversion") into an equal number of Class A Units, giving effect to all adjustments (if any) made pursuant to Section 4; provided, that the Partnership may not cause a Forced Conversion of any LTIP Units that would not at the time be eligible for conversion at the option of the holder of such LTIP Units pursuant to Section 7.B above. In order to exercise its right to cause a Forced Conversion, the Partnership shall deliver a notice (a "Forced Conversion Notice") in the form attached as Attachment B to this Exhibit G to the applicable holder not less than 10 nor more than 60 days prior to the Conversion Date specified in such Forced Conversion Notice. A Forced Conversion Notice shall be provided in the manner provided in Section 15.1 of the Agreement.

E. Conversion Procedures. A conversion of Vested LTIP Units for which the holder thereof has given a Conversion Notice or the Partnership has given a Forced Conversion Notice shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such holder of LTIP Units, as of which time such holder of LTIP Units shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the number of Class A Units issuable upon such conversion. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such holder of LTIP Units, upon his or her written request, a certificate of the General Partner certifying the number of Class A Units and remaining LTIP Units, if any, held by such Person immediately after such conversion.

F. Treatment of Capital Account. For purposes of making future allocations under Section 6.1.E of the Agreement and applying the Capital Account Limitation, the portion of the Economic Capital Account balance of the applicable holder of LTIP Units that is treated as attributable to his or her LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted multiplied by the Class A Unit Economic Balance.

G. Mandatory Conversion in Connection with a Transaction. If the Partnership or the General Partner shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Class A Units or other business combination or reorganization, or sale of all or substantially all of the Partnership's assets, but excluding any transaction which constitutes an Adjustment Event), in each case as a result of which Class A Units shall be exchanged for or converted into the right, or the holders of Class A Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (each of the foregoing being referred to herein as a "Transaction"), then the General Partner shall, immediately prior to the Transaction, exercise its right to cause a Forced Conversion with respect to the maximum number of LTIP Units then eligible for conversion, taking into account any allocations that occur in connection with the Transaction or that would occur in connection with the Transaction if the assets of the Partnership were sold at the Transaction price or, if applicable, at a value determined by the General Partner in good faith using the value attributed to the Partnership Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction and the conversion shall occur immediately prior to the effectiveness of the Transaction).

In anticipation of such Forced Conversion and the consummation of the Transaction, the Partnership shall use commercially reasonable efforts to cause each holder of LTIP Units to be afforded the right to receive in connection with such Transaction in consideration for the Class A Units into which his or her LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Transaction by a holder of the same number of Class A Units, assuming such holder of Class A Units is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an affiliate of a Constituent Person. In the event that holders of Class A Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the General Partner shall give prompt written notice to each holder of LTIP Units of such election, and shall use commercially reasonable efforts to afford such holders the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into Class A Units in connection with such Transaction. If a holder of LTIP Units fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held him or her (or by any of his or her transferees) the same kind and amount of consideration that a holder of a Class A Unit would receive if such holder of Class A Units failed to make such an election.

Subject to the rights of the Partnership and the General Partner under any Vesting Agreement and the terms of any plan under which LTIP Units are issued, the Partnership shall use commercially reasonable effort to cause the terms of any Transaction to be consistent with the provisions of this Section 7 and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any holders of LTIP Units whose LTIP Units will not be converted into Class A Units in connection with the

Transaction that will (i) contain provisions enabling the holders of LTIP Units that remain outstanding after such Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the Class A Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in the Agreement for the benefit of the holders of LTIP Units.

8. Redemption at the Option of the Partnership.

LTIP Units will not be redeemable at the option of the Partnership; provided, however, that the foregoing shall not prohibit the Partnership from repurchasing LTIP Units from the holder thereof if and to the extent such holder agrees to sell such Units.

9. Voting Rights.

A. Voting with Class A Units. Holders of LTIP Units shall have the right to vote on all matters submitted to a vote of the holders of Class A Units; holders of LTIP Units and Class A Units shall vote together as a single class, together with any other class or series of units of limited partnership interest in the Partnership upon which like voting rights have been conferred. In any matter in which the LTIP Units are entitled to vote, including an action by written consent, each LTIP Unit shall be entitled to vote a Percentage Interest equal on a per unit basis to the Percentage Interest of the Class A Units.

B. Special Approval Rights. In addition to, and not in limitation of, the provisions of Section 9.A above (and notwithstanding anything appearing to be contrary in the Agreement), the General Partner and/or the Partnership shall not, without the affirmative consent of the holders of sixty-six and two-thirds percent (66 2/3%) of the then outstanding LTIP Units, given in person or by proxy, either in writing or at a meeting, take any action that would materially and adversely alter, change, modify or amend the rights, powers or privileges of the LTIP Units; but subject in any event to the following provisions: (i) no consent of the holders of LTIP Units will be required if and to the extent that any such alteration, change, modification or amendment would similarly alter, change, modify or amend the rights, powers or privileges of the Class A Units; (ii) with respect to the occurrence of any merger, consolidation or other business combination or reorganization, so long as the LTIP Units either (x) are all converted into Class A Units immediately prior to the effectiveness of the transaction, (y) remain outstanding with the terms thereof materially unchanged or (z) if the Partnership is not the surviving entity in such transaction, are exchanged for a security of the surviving entity with terms that are materially the same with respect to rights to allocations, distributions, redemption,

conversion and voting as the LTIP Units and without any income, gain or loss expected to be recognized by the holder upon the exchange for federal income tax purposes (and with the terms of the Class A Units or such other securities into which the LTIP Units (or the substitute security therefor) are convertible materially the same with respect to rights to allocations, distributions, redemption, conversion and voting), the occurrence of any such event shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the LTIP Units, provided further, that if some, but not all, of the LTIP Units are converted into Class A Units immediately prior to the effectiveness of the transaction (and neither clause (y) or (z) above is applicable), then the consent required pursuant to this Section will be the consent of the holders of sixty-six and two-thirds percent (66 2/3%) of the LTIP Units to be outstanding following such conversion; (iii) any creation or issuance of any Class A Units or of any class of series of common or preferred units of the Partnership (whether ranking junior to, on a parity with or senior to the LTIP Units with respect to payment of distributions, redemption rights and the distribution of assets upon liquidation, dissolution or winding up), which either (x) does not require the consent of the holders of Class A Units or (y) does require such consent and is authorized by a vote of the holders of Class A Units and LTIP Units voting together as a single class, together with any other class or series of units of limited partnership interest in the Partnership upon which like voting rights have been conferred, shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the LTIP Units; and (iv) any waiver by the Partnership of restrictions or limitations applicable to any outstanding LTIP Units with respect to any holder or holders thereof shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the LTIP Units with respect to other holders. The foregoing voting provisions will not apply if, as of or prior to the time when the action with respect to which such vote would otherwise be required will be taken or be effective, all outstanding LTIP Units shall have been converted and/or redeemed, or provision is made for such redemption and/or conversion to occur as of or prior to such time.

Attachment A to Exhibit G

Notice of Election by Partner to Convert
LTIP Units into Class A Units

The undersigned holder of LTIP Units hereby irrevocably elects to convert the number of Vested LTIP Units in SL Green Operating Partnership, L.P. (the "Partnership") set forth below into Class A Units in accordance with the terms of the First Amended and Restated Agreement of Limited Partnership of the Partnership, as amended. The undersigned hereby represents, warrants, and certifies that the undersigned: (a) has title to such LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of Holder:

(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted:

Conversion Date:

(Signature of Holder: Sign Exact Name as Registered with Partnership)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by: ______________________________

Attachment B to Exhibit G

Notice of Election by Partnership to Force Conversion
of LTIP Units into Class A Units

SL Green Operating Partnership, L.P. (the "Partnership") hereby irrevocably elects to cause the number of LTIP Units held by the holder of LTIP Units set forth below to be converted into Class A Units in accordance with the terms of the First Amended and Restated Agreement of Limited Partnership of the Partnership, as amended.

Name of Holder:

(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted:

Conversion Date:

Exhibit 31.1

CERTIFICATION

I, Marc Holliday, Chief Executive Officer, 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;

   (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, 2006

/s/ Marc Holliday

Name: Marc Holliday
Title: Chief Executive Officer

CERTIFICATION

I, Gregory F. Hughes, Chief Financial Officer, 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;

   (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, 2006

/s/ Gregory F. Hughes

Name: Gregory F. Hughes
Title: Chief Financial Officer

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, 2006

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 Financial Officer

May 10, 2006