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

FORM 10-K

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

For the fiscal year ended December 31, 2004

or

**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 No. 1-13199

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

Maryland (State or other jurisdiction incorporation or organization)	**13-3956755** (I.R.S. Employer of Identification No.)

420 Lexington Avenue, New York, NY 10170
(Address of principal executive offices - zip code)

(212) 594-2700
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.01 par value	New York Stock Exchange
7.625% Series C Cumulative Redeemable Preferred Stock, $0.01 par value, $25.00 mandatory liquidation preference	New York Stock Exchange
7.875% Series D Cumulative Redeemable Preferred Stock, $0.01 par value, $25.00 mandatory liquidation preference	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: **None**

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No o.

As of February 28, 2005, there were 41,590,123 shares of the Registrant's common stock outstanding. The aggregate market value of common stock held by non-affiliates of the Registrant (37,800,288 shares) at June 30, 2004, was $1,769,000,000. The aggregate market value was calculated by using the closing price of the common stock as of that date on the New York Stock Exchange.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Stockholders' Meeting to be held May 19, 2005 and to be filed within 120 days after the close of the Registrant's fiscal year are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

ITEM 1. BUSINESS

General

SL Green Realty Corp. is a self-managed real estate investment trust, or REIT, with in-house capabilities in property management, acquisitions, financing, development, construction and leasing. We were formed in June 1997 for the purpose of continuing the commercial real estate business of S.L. Green Properties, Inc., our predecessor entity. S.L. Green Properties, Inc., which was founded in 1980 by Stephen L. Green, our Chairman and former Chief Executive Officer, had been engaged in the business of owning, managing, leasing, acquiring and repositioning office properties in Manhattan, a borough of New York City, or Manhattan.

As of December 31, 2004, our portfolio, which included interests in 28 properties aggregating 17.0 million square feet, consisted of 20 wholly-owned commercial properties, or the wholly-owned properties, and eight partially-owned commercial properties encompassing approximately 8.8 million and 8.2 million rentable square feet, respectively, located primarily in midtown Manhattan. Our wholly-owned interests in these properties represent fee ownership (14 properties), including ownership in condominium units, leasehold ownership (four properties) and operating sublease ownership (two properties). Pursuant to the operating sublease arrangements, we, as tenant under the operating sublease, perform the functions traditionally performed by landlords with respect to its subtenants. We are responsible for not only collecting rent from subtenants, but also maintaining the property and paying expenses relating to the property. As of December 31, 2004, the weighted average occupancy (total leased square feet divided by total available square feet) of our wholly-owned properties was 94.5%. Our eight partially-owned properties, which we own through unconsolidated joint ventures, represent fee ownership. As of December 31, 2004 the weighted average occupancy of our partially-owned properties was 96.9%. We refer to our wholly-owned properties and unconsolidated joint ventures collectively as our portfolio. In addition, we manage three office properties owned by third-parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

Our corporate offices are located in midtown Manhattan at 420 Lexington Avenue, New York, New York 10170. Our corporate staff consists of approximately 156 persons, including 125 professionals experienced in all aspects of commercial real estate. We can be contacted at (212) 594-2700. We maintain a website at *www.slgreen.com*. On our website, you can obtain, free of charge, a copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as practicable after we file such material electronically with, or furnish it to, the Securities and Exchange Commission. We have also made available on our website our audit committee charter, compensation committee charter, corporate governance and nominating committee charter, code of business conduct and ethics and corporate governance principles.

Unless the context requires otherwise, all references to “we,” “our” and “us” in this annual report means SL Green Realty Corp., a Maryland corporation, and one or more of its subsidiaries, including SL Green Operating Partnership, L.P., a Delaware limited partnership, or the Operating Partnership, and the predecessors thereof, or the SL Green Predecessor, or, as the context may require, SL Green Realty Corp. only or SL Green Operating Partnership, L.P. only and “S.L. Green Properties” means S.L. Green Properties, Inc., a New York corporation, as well as the affiliated partnerships and other entities through which Stephen L. Green has historically conducted commercial real estate activities.

Corporate Structure

In connection with our initial public offering, or IPO, in August 1997, our Operating Partnership received a contribution of interests in real estate properties as well as a 95% economic, non-voting interest in the management, leasing and construction companies affiliated with S.L. Green Properties. We refer to this management entity as the “Service Corporation.” We are organized so as to qualify and have elected to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code.

Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. We are the sole managing general partner of, and as of December 31, 2004, were the owner of approximately 94.2% of the economic interests in, our Operating Partnership. All of the management and leasing operations with respect to our wholly-owned properties are conducted through SL Green Management LLC, or Management LLC. Our Operating Partnership owns a 100% interest in Management LLC.

In order to maintain our qualification as a REIT while realizing income from management, leasing and construction contracts with third parties and joint venture properties, all of these service 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 our equity interest, we expect to receive substantially all of the cash flow from the Service Corporation’s operations. All of the voting common stock of the Service Corporation (representing 5% of the total equity) is held by a Company affiliate. This controlling interest gives the affiliate the power to elect all directors of the Service Corporation. Prior to July 1, 2003, we accounted for our investment in the Service Corporation on the equity basis of accounting because we had significant influence with respect to management and operations, but did not control the entity. Since July 1, 2003, we have consolidated the operations of the Service Corporation into our financial results. Effective January 1, 2001, the Service Corporation elected to be taxed as a taxable REIT subsidiary.

Business and Growth Strategies

Our primary business objective is to maximize total return to shareholders through growth in funds from operations and appreciation in the value of our assets during any business cycle. We seek to achieve this objective by assembling a high quality portfolio of Manhattan office properties by capitalizing on current opportunities in the Manhattan office market through: (i) property acquisitions (directly or through joint ventures) - acquiring office properties at significant discounts to replacement costs with market rents at a premium to fully escalated in-place rents which provide attractive initial yields and the potential for cash flow growth; (ii) property repositioning - repositioning acquired properties that are under-performing through renovations, active management and proactive leasing; (iii) property dispositions; (iv) integrated leasing and property management; and (v) structured finance investments, inclusive of Gramercy Capital Corp., or Gramercy (NYSE: GKK), in the greater New York area. Generally, we focus on properties that are within a ten-minute walk of midtown Manhattan’s primary commuter stations.

<u>Property Acquisitions.</u> We acquire properties for long term appreciation and earnings growth (core assets) or for shorter term holding periods where we attempt to create significant increases in value which, when sold, result in capital gains that increase our investment capital base (non-core assets). In acquiring (core and non-core) properties, directly or through joint ventures with the highest quality institutional investors, we believe that we have the following advantages over our competitors: (i) senior management’s average 24 years of experience as a full service, fully integrated real estate company focused on the office market in Manhattan; (ii) enhanced access to capital as a public company (as compared to the generally fragmented institutional or venture oriented sources of capital available to private companies); (iii) the ability to offer tax-advantaged structures to sellers through the exchange of ownership interests as opposed to solely cash transactions; and (iv) the ability to close a transaction quickly despite complicated ownership structures.

<u>Property Repositioning</u>. We apply our management’s experience in enhancing property cash flow and value by renovating and repositioning properties to be among the best in their sub-markets. Many of the office buildings we own or acquire are located in or near sub-market(s) which are undergoing major reinvestment and where the properties in these markets have relatively low vacancy rates compared to other sub-markets. Because the properties feature unique architectural design, large floor plates or other amenities and functionally appealing characteristics, reinvestment in them provides us an opportunity to meet market needs and generate favorable returns.

<u>Property Dispositions</u>. We continuously evaluate our properties to identify which are most suitable to meet our long-term earnings growth objectives and contribute to increasing portfolio value. Properties such as smaller side-street properties or properties that simply no longer meet our earnings objectives are identified as non-core holdings, and are targeted for sale to create investment capital. We believe that we will be able to re-deploy capital generated from the disposition of non-core holdings into property acquisitions or investments in high-yield structured finance investments, which will provide enhanced future capital gain and earnings growth opportunities.

<u>Leasing and Property Management</u>. We seek to capitalize on our management’s extensive knowledge of the Manhattan marketplace and the needs of the tenants therein by continuing a proactive approach to leasing and management, which includes: (i) use of in-depth market research; (ii) utilization of an extensive network of third-party brokers; (iii) use of comprehensive building management analysis and planning; and (iv) a commitment to tenant satisfaction

by providing high quality tenant services at affordable rental rates. We believe proactive leasing efforts have contributed to average occupancy rates in our portfolio consistently exceeding the market average.

Structured Finance. We seek to invest in high-yield structured finance investments. These investments generally provide high current returns and, in certain cases, a potential for future capital gains. These investments may also serve as a potential source of real estate acquisitions for us. These investments include both floating rate and fixed rate investments. Our floating rate investments serve as a natural hedge for our unhedged floating rate debt. We intend to invest approximately 10% of our total market capitalization in structured finance investments. With the commencement of operations of Gramercy, in August 2004, there will be a reduced focus on direct structured finance investments made by us. We may make additional structured finance investments, subject to certain limitations, where Gramercy has determined that such investments do not fit its investment profile or where investments represent the refinancing of one of our existing investments or in connection with the sale of one of our properties. We hold a 25% non-controlling interest in Gramercy. Structured finance investments include first mortgages, mortgage participations, subordinate loans, bridge loans and preferred equity investments.

Competition

The Manhattan office market is a competitive marketplace. Although currently no other publicly traded REITs have been formed solely to own, operate and acquire Manhattan office properties, we may in the future compete with such other REITs. In addition, we face competition from other real estate companies (including other REITs that currently invest in markets other than or in addition to Manhattan) that may have greater financial resources or access to capital than we do or that are willing to acquire properties in transactions which are more highly leveraged or are less attractive from a financial viewpoint than we are willing to pursue.

Manhattan Office Market Overview

The properties in our portfolio are located in highly developed areas of Manhattan that include a large number of other office properties. Manhattan is by far the largest office market in the United States and contains more rentable square feet than the next five largest central business district office markets in the United States combined. Manhattan has a total inventory of 413 million square feet with 257 million square feet in Midtown. Over the next five years, we estimate that Midtown Manhattan will have approximately 6.0 million square feet of new construction coming on line. This represents approximately 2.0% of total Manhattan inventory. Of the current inventory under construction, 50% is pre-leased.

General Terms of Leases in the Midtown Manhattan Markets

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

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

Electricity is most often supplied by the landlord either on a sub-metered basis or rent inclusion basis (i.e., a fixed fee is included in the rent for electricity, which amount may increase based upon increases in electricity rates or increases in electrical usage by the tenant). Base building services other than electricity (such as heat, air conditioning and freight elevator service during business hours, and base building cleaning) typically are provided at no additional cost, with the tenant paying additional rent only for services which exceed base building services or for services which are provided other than during normal business hours. During the year ended December 31, 2004, we were able to recover approximately 86% of our electric costs.

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

Occupancy

The following table sets forth the occupancy rates at our properties based on space leased as of December 31, 2004, 2003 and 2002:

	Percent Occupied as of December 31,		
Property	**2004**	**2003**	**2002**
Same Store Properties (1)	95.2%	95.9%	97.1%
Joint Venture Properties	96.9%	96.3%	97.6%
Portfolio	95.6%	96.1%	97.3%

(1) Represents 15 of our 20 wholly-owned properties owned by us at December 31, 2002 and still owned by us at December 31, 2004.

Rent Growth

Previous strength in the New York City economy fueled the demand for quality commercial space in our sub-markets. Over the past four years, there has been an approximately 11% decline in average market rents. This has substantially reduced the rent growth for our Same Store Properties, measured as the difference between rents on new and renewed leases as compared to the expiring rent on those same spaces, to 0.5% for 2004. Recent strengthening in the national and New York City economies may ultimately lead to a decline in vacancies and future growth in rents.

Despite the changes to the New York City economy, we estimate that rents currently in place in our wholly-owned properties are approximately 15.3% below current market asking rents. We estimate that rents currently in place in our properties owned through joint ventures are approximately 19.1% below current market asking rents. This comparative measure was approximately 1% at December 31, 2003 for the wholly-owned properties and 14% for the joint venture properties. As of December 31, 2004, 40.7% and 41.7% of all leases in-place in our wholly-owned and joint venture properties, respectively, are scheduled to expire during the next five years. We expect to capitalize on embedded rent growth as these leases and future leases expire by renewing or replacing these tenant leases at higher prevailing market rents. There can be no assurances that our estimates of current market rents are accurate, that market rents currently prevailing will not erode in the future or that we will realize any rent growth. However, we believe the degree that rents in the current portfolio are below market provides a potential for long-term income growth.

Industry Segments

We are a REIT that owns, manages, leases, acquires and repositions 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 net operating income.

Our real estate portfolio is primarily located in one 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). As of December 31, 2004, one tenant in our wholly-owned properties contributed approximately 10% of our annualized rent. No other tenant contributed more than 4.2% of our annualized rent. In addition, two properties, 420 Lexington Avenue and 220 East 42nd Street, each contributed in excess of 10% of our consolidated revenue for 2004. See Item 2 “Properties – 420 Lexington Avenue” and “ - 220 East 42nd Street” for a further discussion on these properties. In addition, one tenant at each of 1515 Broadway and 1221 Avenue of the Americas, joint venture properties, contributed approximately 7.5% and 3.1% of portfolio annualized rent, respectively. Portfolio annualized rent includes our consolidated annualized revenue and our share of joint venture annualized revenue. In addition, one borrower accounted for more than 10.0% of the revenue earned on structured finance investments at December 31, 2004.

Employees

At December 31, 2004, we employed approximately 667 employees, over 125 of whom were managers and professionals, approximately 513 of whom were hourly paid employees involved in building operations and approximately 29 of whom were clerical, data processing and other administrative employees. There are currently three collective bargaining agreements which cover the workforce that services substantially all of our properties.

Acquisitions

During 2004, we acquired two wholly-owned properties, namely, 750 Third Avenue and a leasehold interest in 625 Madison Avenue, for an aggregate gross purchase price of $486.5 million encompassing 1.3 million rentable square feet. In addition, we acquired a 35% interest in 19 West 44th Street and a 30% interest in 485 Lexington Avenue for a gross purchase price of $91.0 million. These properties encompass 1.2 million rentable square feet.

Dispositions

During 2004, we sold 17 Battery Place North and 1466 Broadway for an aggregate gross sales price of $230.0 million. We realized total gains of $95.7 million on the sale of these properties which encompassed 708,000 rentable square feet.

Through a joint venture, we sold a 75% interest in the 913,000 square foot property located at One Park Avenue in 2004 based on a total valuation of $318.5 million for the property. The joint venture realized a gain of approximately $42.5 million. We held a 55% interest in the joint venture which owned the property.

Structured Finance

During 2004, we originated approximately $309.6 million in structured finance and preferred equity investments (net of discount). There were also approximately $178.6 million in repayments and participations in 2004.

Offering/Financings

In January 2004, we sold 1,800,000 shares of our common stock at a gross price of $42.33 per share. The net proceeds from this offering (approximately $73.6 million) were used to pay down our unsecured revolving credit facility.

In April 2004, we priced a public offering of 2,450,000 shares of our 7.875% Series D Cumulative Redeemable Preferred Stock, or Series D preferred stock, with a mandatory liquidation preference of $25.00 per share. Net proceeds from this offering (approximately $59.0 million) were used principally to repay amounts outstanding under our secured and unsecured revolving credit facilities. The Series D preferred stock 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. In July 2004, we issued an additional 1,550,000 shares of Series D preferred stock, raising additional net proceeds of approximately $37.3 million which were used to pay down our unsecured revolving credit facility.

In August 2004, we sold 1,350,000 shares of our common stock at a gross price of $48.50 per share. The net proceeds from this offering (approximately $65.0 million) were used to pay down our unsecured revolving credit facility.

We modified our three separate corporate debt facilities, increasing our aggregate borrowing capacity from $575 million to $750 million and lowering the overall cost of borrowing under the facilities by 25 to 35 basis points.

Our secured revolving credit facility was increased by $50 million to $125 million.

Our $200 million term loan was increased by $125 million to $325 million. In addition to certain covenant modifications, the agreement reduced borrowing spreads to between 1.10% and 1.40% over LIBOR, depending on our overall leverage ratio. The maturity date was extended to August 2009.

Borrowing spreads on our unsecured revolving credit facility and secured revolving credit facility were reduced to between 1.05% and 1.35% over LIBOR, depending on our overall leverage ratio.

Recent Developments

In January 2005, we entered into an agreement to acquire the fee interest in 28 West 44th Street, the former headquarters of The New Yorker magazine, for $105 million. The property was acquired from a Chicago-based real estate investment company. The transaction closed in February 2005. The property is a 21-story, 359,000 square foot building located two blocks from Grand Central Station, and is directly across the street from 19 W. 44th Street, also owned by us. The property is currently 87 percent leased. The property was acquired with funds initially drawn under our unsecured revolving credit facility and funds advanced by a lender on account of its taking by assignment an existing mortgage encumbering the property.

Our Board of Directors approved a restricted stock award to a group of our executive officers and members of senior management. The restricted stock award was issued on February 1, 2005 in an aggregate amount of 199,700 shares and will vest over a five year period subject to the recipient’s remaining our employee, with 60% of the award vesting on the fourth and fifth anniversary of the award. Recipients will have the right to receive dividends on their respective shares of restricted stock commencing on the date of issuance. We will also provide for a tax gross-up on the awards. The shares of restricted stock are being issued under our Stock Option Plan.

On March 4, 2005, we entered into an agreement to sell 1414 Avenue of the Americas for approximately $60.5 million. We expect to recognize a gain of approximately $35.0 million from the sale. The sale will be effectuated through a reverse 1031 exchange with 625 Madison Avenue, which will result in substantially all of the taxable gain on sale being deferred. The sale, which is subject to customary closing conditions, is expected to close during the second quarter of 2005.

Forward-Looking Statements May Prove Inaccurate

See Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Forward-looking Information” for additional disclosure regarding forward-looking statements.

ITEM 2. PROPERTIES

The Portfolio

General

As of December 31, 2004, we wholly-owned interests in 20 office properties encompassing approximately 8.8 million rentable square feet located primarily in midtown Manhattan. Certain of these properties include at least a small amount of retail space on the lower floors, as well as basement/storage space. As of December 31, 2004, our portfolio also included ownership interests in eight unconsolidated joint ventures, which own eight office properties located in Manhattan, encompassing approximately 8.2 million rentable square feet.

The following table sets forth certain information with respect to each of the Manhattan properties in the portfolio as of December 31, 2004:

Property Wholly-Owned	Year Built/ Renovated	Sub-market	Approximate Rentable Square Feet	Percentage of Portfolio Rentable Square Feet (%)	Percent Leased (%)	Annualized Rent (1)	Percentage of Portfolio Annualized Rent (%) (2)	Number of Tenants	Annualized Rent Per Leased Square Foot (3)	Annualized Net Effective Rent Per Leased Square Foot (4)
673 First Avenue (6)	1928/1990	Grand Central So.	422,000	2.5	80.6	$ 10,524,540	2.2	12	$ 30.23	$ 23.45
470 Park Avenue South (5)	1912/1994	Park Avenue So.	260,000	1.5	87.9	7,991,880	1.7	23	$ 34.59	$ 26.56
70 West 36th Street	1923/1994	Times Square So.	151,000	0.9	96.1	4,120,572	0.9	30	$ 26.78	$ 22.74
1414 Ave. of Americas	1923/1998	Rockefeller Center	111,000	0.6	96.8	4,970,748	1.1	22	$ 41.63	$ 37.72
1372 Broadway	1914/1998	Times Square So.	508,000	3.0	99.2	16,633,608	3.5	27	$ 31.66	$ 26.02
1140 Ave. of Americas	1926/1998	Rockefeller Center	191,000	1.1	94.7	8,361,444	1.8	22	$ 42.72	$ 33.44
110 East 42nd Street	1921/	Grand Central No.	181,000	1.0	88.9	5,766,120	1.2	27	$ 35.92	$ 28.46
420 Lexington Avenue (7)	1927/1999	Grand Central No.	1,188,000	7.0	96.8	51,537,948	11.1	259	$ 38.89	$ 31.62
440 Ninth Avenue	1927/1989	Times Square So.	339,000	2.0	100.0	9,348,384	2.0	15	$ 27.53	$ 16.25
711 Third Avenue (6) (8)	1955/	Grand Central No.	524,000	3.1	98.1	21,231,107	4.5	17	$ 39.26	$ 30.21
555 West 57th Street (6)	1971/	Midtown West	941,000	5.5	100.0	25,526,088	5.5	21	$ 26.10	$ 21.63
286 Madison Avenue	1918/1997	Grand Central So.	112,000	0.7	92.1	3,563,352	0.8	38	$ 33.65	$ 27.34
290 Madison Avenue	1952/	Grand Central So.	37,000	0.2	100.0	1,410,132	0.3	4	$ 36.99	$ 34.97
292 Madison Avenue	1923/	Grand Central So.	187,000	1.1	99.7	7,576,140	1.6	20	$ 40.38	$ 35.49
317 Madison Avenue	1920/2004	Grand Central	450,000	2.7	87.3	14,271,252	3.1	85	$ 37.99	$ 27.72
220 East 42nd Street	1929/	Grand Central East	1,135,000	6.7	97.9	37,036,008	8.0	43	$ 33.89	$ 32.17
461 Fifth Avenue (9)	1988/	Grand Central	200,000	1.2	91.4	10,697,220	2.3	20	$ 55.58	$ 55.23
125 Broad Street	1968/1997	Downtown East	525,000	3.1	100.0	16,541,640	3.6	4	$ 31.54	$ 29.25
750 Third Avenue (10)	1958/1998	Grand Central Square	780,000	4.6	100.0	31,426,140	6.8	1	$ 40.34	$ 40.34
625 Madison Avenue (9)	1956/2002	Plaza District	563,000	3.3	69.0	26,557,236	5.7	39	$ 68.49	$ 69.37
Total/Weighted average wholly-owned (11)			8,805,000	51.8	94.5	$ 315,091,559	67.7	729	$ 36.63	$ 31.71
Joint Ventures										

1250 Broadway(6) (12)	1968/2001	Penn Station	670,000	3.9	94.5	$ 21,185,784	2.5	32	$ 32.29	$ 25.25
100 Park Avenue (13)	1950/1980	Grand Central So.	834,000	4.9	93.1	31,683,144	3.4	39	$ 40.94	$ 33.67
180 Madison Avenue (13)	1926/	Grand Central So.	265,000	1.6	84.9	7,860,480	0.8	49	$ 36.63	$ 28.99
1515 Broadway (6) (12)	1972/	Times Square	1,750,000	10.3	99.7	77,953,608	9.2	14	$ 45.70	$ 41.39
One Park Avenue (14)	1925/1986	Grand Central So.	913,000	5.4	97.1	34,327,260	1.2	17	$ 38.63	$ 37.28
19 West 44th St. (15)	1916	Midtown	292,000	1.7	89.0	9,221,076	0.7	62	$ 36.83	$ 36.21
1221 Ave. of Americas (16)	1971/1997	Rockefeller Center	2,550,000	15.0	97.7	126,187,836	12.2	22	$ 52.29	$ 51.44
485 Lexington Avenue (10) (17)	1956/1998	Grand Central Square	921,000	5.4	100.0	34,233,684	2.2	1	$ 37.16	$ 37.16
Total/Weighted average joint ventures (18)			8,195,000	48.2	96.9	$ 342,652,872	32.3	236	$ 43.80	$ 40.90
Grand Total/ Weighted average portfolio			17,000,000	100.0	95.6	$ 657,744,431	—	965	$ 40.05	$ 36.09
Grand Total/ our share of annualized rent			—	—	—	$ 465,404,697	100.0	—	—	—

(1) Annualized Rent represents the monthly contractual rent under existing leases as of December 31, 2004 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2004 for the 12 months ending December 31, 2005 are approximately $2,645,000 for our wholly-owned properties and $6,197,000 for our joint venture properties.

(2) Includes our share of unconsolidated joint venture annualized rent calculated on a consistent basis.

(3) Annualized Rent Per Leased Square Foot represents Annualized Rent, as described in footnote (1) above, presented on a per leased square foot basis.

(4) Annual Net Effective Rent Per Leased Square Foot represents (a) for leases in effect at the time an interest in the relevant property was first acquired by us, the remaining lease payments under the lease from the acquisition date (excluding operating expense pass-throughs, if any) divided by the number of months remaining under the lease multiplied by 12 and (b) for leases entered into after an interest in the relevant property was first acquired by us, all lease payments under the lease (excluding operating expense pass-throughs, if any) divided by the number of months in the lease multiplied by 12, and, in the case of both (a) and (b), minus tenant improvement costs and leasing commissions, if any, paid or payable by us and presented on a per leased square foot basis. Annual Net Effective Rent Per Leased Square Foot includes future contractual increases in rental payments and therefore, in certain cases, may exceed Annualized Rent Per Leased Square Foot.

(5) 470 Park Avenue South is comprised of two buildings, 468 Park Avenue South (a 17-story office building) and 470 Park Avenue South (a 12-story office building).

(6) Includes a parking garage.

(7) We hold an operating sublease interest in the land and improvements.

(8) We hold a leasehold mortgage interest, a net sub-leasehold interest and a co-tenancy interest in this property.

(9) We hold a leasehold interest in this property.

(10) The Net Effective Rent per Leased Square Foot is presented on a triple-net basis as the property is subject to a master lease.

(11) Includes approximately 7,925,000 square feet of rentable office space, 768,000 square feet of rentable retail space and 112,000 square feet of garage space.

(12) We own a 55% interest in this joint venture and manage the property held by such venture.

(13) We own a 49.9% interest in this joint venture and manage the property held by such venture.

(14) We own a 16.7% interest in this joint venture and manage the property held by such venture.

(15) We own a 35% interest in this joint venture and manage the property owned by such venture.

(16) We own a 45% interest in this joint venture. We do not manage this property.

(17) We own a 30% interest in this joint venture and manage the property held by such venture.

(18) Includes approximately 7,291,000 square feet of rentable office space, 783,000 square feet of rentable retail space and 121,000 square feet of garage space.

Historical Occupancy. We have historically achieved consistently higher occupancy rates in comparison to the overall Midtown markets, as shown over the last five years in the following table:

	Percent of Portfolio Leased (1)	Occupancy Rate of Class A Office Properties In The Midtown Markets (2) (3)	Occupancy Rate of Class B Office Properties in the Midtown Markets (2) (3)
December 31, 2004	96%	93%	91%
December 31, 2003	96%	92%	90%
December 31, 2002	97%	94%	89%

December 31, 2001	97%	96%	92%
December 31, 2000	99%	98%	96%

(1) Includes space for leases that were executed as of the relevant date in our wholly-owned and joint venture properties owned by us as of that date.

(2) Includes vacant space available for direct lease, but does not include vacant space available for sublease, which if included, would reduce the occupancy rate as of each date shown. Source: Cushman & Wakefield.

(3) The term "Class B" is generally used in the Manhattan office market to describe office properties that are more than 25 years old but that are in good physical condition, enjoy widespread acceptance by high-quality tenants and are situated in desirable locations in Manhattan. Class B office properties can be distinguished from Class A properties in that Class A properties are generally newer properties with higher finishes and obtain the highest rental rates within their markets.

Lease Expirations

Leases in our portfolio, as at many other Manhattan office properties, typically extend for a term of seven to ten years, compared to typical lease terms of five to ten years in other large U.S. office markets. For the five years ending December 31, 2009, the average annual rollover at our wholly-owned properties and joint venture properties is approximately 701,000 square feet and 653,000 square feet, respectively, representing an average annual expiration rate of 8.1% and 8.3% respectively, per year (assuming no tenants exercise renewal or cancellation options and there are no tenant bankruptcies or other tenant defaults).

The following tables set forth a schedule of the annual lease expirations at our wholly-owned properties and joint venture properties, respectively, with respect to leases in place as of December 31, 2004 for each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Wholly-Owned Properties Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet (%)	Annualized Rent of Expiring Leases (1)	Annualized Rent Per Leased Square Foot of Expiring Leases (2)
2005 (3)(4)	145	1,370,367	15.9	$ 52,794,264	$ 38.53
2006	83	496,607	5.8	17,895,396	36.04
2007	94	421,843	4.9	16,955,483	40.19
2008	105	607,213	7.1	22,165,656	36.50
2009	77	607,911	7.1	23,317,164	38.36
2010	70	1,522,738	17.7	54,633,624	35.88
2011	39	447,211	5.2	21,588,168	48.27
2012	34	566,665	6.6	15,821,580	27.92
2013	35	735,585	8.5	26,748,792	36.36
2014 & thereafter	85	1,825,132	21.2	63,171,432	34.61
Total/weighted average	767	8,601,272	100.00	$ 315,091,559	$ 36.63

(1) Annualized Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2004 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2004 for the 12 months ending December 31, 2005, are approximately $2,645,000 for the properties.

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

(3) Includes 143,632 square feet of month-to-month holdover tenants whose leases expired prior to December 31, 2004.

(4) Underlying the Teachers Insurance Annuity Society lease at 750 Third Avenue are leases totaling 439,503 square feet which have various expiring terms between 2008 and 2021.

Joint Venture Properties Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet (%)	Annualized Rent of Expiring Leases (1)	Annualized Rent Per Leased Square Foot of Expiring Leases (2)
2005 (3)	46	1,208,193	15.4	$ 46,472,112	$ 38.46
2006	34	395,929	5.1	12,746,268	32.19
2007	28	452,270	5.8	24,768,912	54.77
2008	28	568,941	7.3	23,382,512	41.10
2009	32	640,577	8.2	28,536,444	44.55
2010	20	1,362,745	17.4	59,687,388	43.80
2011	9	195,191	2.4	7,974,012	40.85
2012	9	181,483	2.3	6,695,412	36.89
2013	7	998,802	12.8	49,859,268	49.92

2014 & thereafter	45	1,819,654	23.3	82,530,544	45.36
Total/weighted average	258	7,823,785	100.00	$ 342,652,872	$ 43.80

(1) Annualized Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2004 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2004 for the 12 months ending December 31, 2005 are approximately $6,197,000 for the joint venture properties.

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

(3) Includes 21,097 square feet of month-to-month holdover tenants whose leases expired prior to December 31, 2004.

Tenant Diversification

Our portfolio is currently leased to approximately 965 tenants, which are engaged in a variety of businesses, including professional services, financial services, media, apparel, business services and government/non-profit. The following table sets forth information regarding the leases with respect to the 25 largest tenants in our portfolio, based on the amount of square footage leased by our tenants as of December 31, 2004:

Tenant (1)	Properties	Remaining Lease Term in Months (2)	Total Leased Square Feet	Percentage of Aggregate Portfolio Leased Square Feet (%)	Percentage of Aggregate Portfolio Annualized Rent (%)
Teachers Insurance Annuity Society	750 Third Avenue 485 Lexington Ave.	12	1,700,407	10.0	9.0
Viacom International Inc.	1515 Broadway	125	1,350,392	7.9	7.5
Morgan Stanley & Co., Inc.	1221 Sixth Avenue	106	496,249	2.9	3.1
Societe Generale	1221 Sixth Avenue	105	486,662	2.9	2.3
The McGraw Hill Companies	1221 Sixth Avenue	183	420,328	2.5	1.8
Omnicom Group	220 East 42nd Street	148	419,111	2.5	2.8
Salomon Smith Barney	125 Broad Street	61	330,900	1.9	2.3
Visiting Nurse Services	1250 Broadway	168	284,052	1.7	1.0
BMW of Manhattan, Inc.	555 West 57th St.	91	227,782	1.3	0.8
CBS, Inc.	555 West 57th St.	108	188,583	1.1	1.3
New York Presbyterian Hospital	555 West 57th St.	200	181,959	1.1	1.1
The Columbia House Co.	1221 Sixth Avenue	37	175,312	1.0	0.8
City University of NY-CUNY	555 West 57th St.	121	171,733	1.0	1.2
J&W Seligman & Co., Inc.	100 Park Avenue	59	168,390	1.0	0.7
Segal Company	One Park Avenue	60	157,947	0.9	0.2
Mt. Sinai Hospital & NYU Hospital Centers	One Park Avenue	122	150,600	0.9	0.3
Sonnenschein, Nath & Rosenthal	1221 Sixth Avenue	157	147,997	0.9	0.7
Altria Corp. Services fka Phillip Morris	100 Park Avenue	36	136,118	0.8	0.7
MTA	420 Lexington Ave.	133	134,687	0.8	0.9
Tribune Newspaper/WQCD/WPIX	220 East 42nd Street	63	134,208	0.8	0.9
St. Luke’s Roosevelt Hospital Ctr.	555 West 57th St.	114	134,150	0.8	0.8
Ross Stores, Inc.	1372 Broadway	65	126,001	0.7	0.8
JP Morgan Chase Bank	1221 Sixth Avenue	60	103,991	0.6	0.7
Fahnestock & Co., Inc.	125 Broad Street	105	105,008	0.6	0.7
Minskoff/Nederlander JV	1515 Broadway	234	102,453	0.6	0.0
Total Weighted Average (3)			8,035,020	47.2	42.4

(1) This list is not intended to be representative of our tenants as a whole.
(2) Lease term from December 31, 2004 until the date of the last expiring lease for tenants with multiple leases.
(3) Weighted average calculation based on total rentable square footage leased by each tenant.

420 Lexington Avenue (The Graybar Building)

We purchased the tenant’s interest in the operating sublease, or the Graybar operating sublease, at 420 Lexington Avenue, also known as the Graybar Building, in March 1998. This 31-story office property sits at the foot of Grand Central Terminal in the Grand Central North sub-market of the midtown Manhattan office market. The Graybar Building was designed by Sloan and Robertson and completed in 1927. The building takes its name from its original owner, the Graybar Electric Company. The Graybar Building contains approximately 1.2 million rentable square feet (including approximately 1,133,000 square feet of office space, and 60,000 square feet of mezzanine and retail space), with floor plates ranging from 17,000 square feet to 50,000 square feet. We restored the grandeur of this building through the implementation of an $11.9 million capital improvement program geared toward certain cosmetic upgrades, including a new entrance and storefronts, new lobby, elevator cabs and elevator lobbies and corridors.

The Graybar Building offers unsurpassed convenience to transportation. The Graybar Building enjoys excellent accessibility to a wide variety of transportation options with a direct passageway to Grand Central Station. Grand Central Station is the major transportation destination for commutation from southern Connecticut and Westchester, Putnam and Dutchess counties. Major bus and subway lines serve this property as well. The property is ideally located to take advantage of the renaissance of Grand Central Terminal, which has been redeveloped into a major retail/transportation hub containing restaurants such as Michael Jordan's Steakhouse and retailers such as Banana Republic and Kenneth Cole.

The Graybar Building consists of the building at 420 Lexington Avenue and fee title to a portion of the land above the railroad tracks and associated structures which form a portion of the Grand Central Terminal complex in midtown Manhattan. Our interest consists of a tenant's interest in a controlling sublease, as described below.

Fee title to the building and the land parcel is owned by an unaffiliated third party, who also owns the landlord's interest under the operating lease through which we hold our interest in this property. This operating lease which expires December 31, 2008 is subject to renewal by us through December 31, 2029, or the Graybar ground lease. We control the exercise of this renewal option through the terms of subordinate leases which have corresponding renewal option terms and control provisions and which culminate in the Graybar operating sublease. An unaffiliated third-party owns the landlord's interest in the Graybar operating sublease.

The Graybar Building is our largest wholly-owned property based on total wholly-owned property square footage and consolidated revenue for 2004. It contributes Annualized Rent of approximately $51.5 million, or 11.1% of our portfolio's Annualized Rent at December 31, 2004 and 16.4% of our consolidated revenue for 2004.

As of December 31, 2004, 96.8% of the rentable square footage in the Graybar Building was leased. The following table sets forth certain information with respect to this property:

Year-End	Percent Leased	Annualized Rent per Leased Square Foot
2004	97%	$ 38.89
2003	94%	43.16
2002	95%	37.52
2001	95%	33.48
2000	100%	32.81

As of December 31, 2004, the Graybar Building was leased to 259 tenants operating in various industries, including legal services, financial services and advertising. One tenant occupied approximately 11.3% of the rentable square footage at this property and accounted for approximately 8.2% of this property's Annualized Rent. The next largest tenant occupied approximately 6.8% of the rentable square footage at this property and accounted for approximately 5.9% of this property's Annualized Rent.

The following table sets out a schedule of the annual lease expirations at the Graybar Building for leases executed as of December 31, 2004 with respect to each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet (%)	Annualized Rent of Expiring Leases (1)	Annualized Rent Per Leased Square Foot of Expiring Leases (2)
2005 (3)	53	114,323	8.6	$ 4,988,580	$ 43.64
2006	30	68,157	5.1	2,953,956	43.34
2007	47	100,106	7.6	3,862,260	38.58
2008	49	180,708	13.6	7,601,988	42.07
2009	26	147,019	11.1	5,538,804	37.67
2010	19	122,421	9.2	5,014,200	40.96
2011	15	111,814	8.5	4,939,476	44.18
2012	4	26,704	2.0	1,127,520	42.22
2013	8	138,613	10.5	5,576,412	40.23
2014 & thereafter	20	315,327	23.8	9,934,752	31.51
Subtotal/Weighted average	271	1,325,192	100.0	$ 51,537,948	$ 38.89

(1) Annualized Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2004 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2004 for the 12 months ending December 31, 2005 are approximately $50,000 for this property.

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

(3) Includes 19,000 square feet of month-to-month holdover tenants whose leases expired prior to December 31, 2004.

The aggregate undepreciated tax basis of depreciable real property at the Graybar Building for Federal income tax purposes was $163.1 million as of December 31, 2004. Depreciation and amortization are computed for Federal income tax purposes on the straight-line method over lives which range up to 39 years.

The current real estate tax rate for all Manhattan office properties is $11.558 per $100 of assessed value. The total annual tax for the Graybar Building at this rate, including the applicable BID tax for the 2004/2005 tax year, is $9.9 million (at a taxable assessed value of $84.1 million).

220 East 42nd Street

We acquired the 1.1 million square foot office property located at 220 East 42nd Street, Manhattan, known as The News Building, for a purchase price of approximately $265.0 million in February 2003. This property is located in the Grand Central and United Nations sub-market(s).

The News Building is our second largest wholly-owned property based on total wholly-owned property square footage and consolidated revenue for 2004. It contributes Annualized Rent of approximately $37.0 million, or 8.0% of our portfolio's Annualized Rent at December 31, 2004 and 11.6% of our consolidated revenue for 2004.

As of December 31, 2004, 97.9% of the rentable square footage in The News Building was leased and had an annualized rent per leased square foot of $33.89.

As of December 31, 2004, The News Building was leased to 43 tenants operating in various industries, including legal services, financial services and advertising. One tenant occupied approximately 36.9% of the rentable square footage at this property and accounted for approximately 35.7% of this property's Annualized Rent. The next largest tenant occupied approximately 11.8% of the rentable square footage at this property and accounted for approximately 10.9% of this property's Annualized Rent. The third largest tenant occupied approximately 8.0% of the rentable square footage at this property and accounted for approximately 11.0% of this property's Annualized Rent.

The following table sets out a schedule of the annual lease expirations at The News Building for leases executed as of December 31, 2004 with respect to each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet (%)	Annualized Rent of Expiring Leases (1)	Annualized Rent Per Leased Square Foot of Expiring Leases (2)
2005 (3)	4	25,482	2.3	$ 949,452	37.26
2006	2	84,804	7.8	2,397,996	28.28
2007	5	15,836	1.5	755,796	47.73
2008	3	79,596	7.3	2,187,852	27.49
2009	1	61,297	5.6	2,297,472	37.48
2010	8	252,832	23.1	9,251,556	36.59
2011	1	17,818	1.6	445,452	25.00
2012	4	14,427	1.3	697,968	48.38
2013	8	105,631	9.7	4,772,412	45.18
2014 & thereafter	11	434,972	39.8	13,280,052	30.53
Subtotal/Weighted average	47	1,092,695	100.0	$ 37,036,008	$ 33.89

(1) Annualized Rent of Expiring Leases represents the monthly contractual rent under existing leases as of December 31, 2004 multiplied by 12. This amount reflects total rent before any rent abatements and includes expense reimbursements, which may be estimated as of such date. Total rent abatements for leases in effect as of December 31, 2004 for the 12 months ending December 31, 2005 are approximately $442,000 for this property.

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

(3) Includes 2,000 square feet of month-to-month holdover tenants whose leases expired prior to December 31, 2004.

The aggregate undepreciated tax basis of depreciable real property at The News Building for Federal income tax purposes was $265.9 million as of December 31, 2004. Depreciation and amortization are computed for Federal income tax purposes on the straight-line method over lives which range up to 39 years.

The current real estate tax rate for all Manhattan office properties is $11.558 per $100 of assessed value. The total annual tax for The News Building at this rate, including the applicable BID tax for the 2004/2005 tax year, is $7.3 million (at a taxable assessed value of $61.7 million).

Environmental Matters

We engaged independent environmental consulting firms to perform Phase I environmental site assessments on our portfolio, in order to assess existing environmental conditions. All of the Phase I assessments met the ASTM Standard. Under the ASTM Standard, a Phase I environmental site assessment consists of a site visit, an historical record review, a review of regulatory agency data bases and records, and interviews with on-site personnel, with the purpose of identifying potential environmental concerns associated with real estate. These environmental site assessments did not reveal any known environmental liability that we believe will have a material adverse effect on our results of operations or financial condition.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2004, we were not involved in any material litigation nor, to management's knowledge, is any material litigation threatened against us or our portfolio other than routine litigation arising in the ordinary course of business or litigation that is adequately covered by insurance.

On October 24, 2001, an accident occurred at 215 Park Avenue South, a property which we manage, but do not own. Personal injury and wrongful death claims were filed against us and others by 11 persons. We believe that there is sufficient insurance coverage to cover the cost of such claims, as well as any other personal injury or property claims which may arise. We believe we have no monetary exposure under the lawsuit.

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

No matters were submitted to a vote of our stockholders during the fourth quarter ended December 31, 2004.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock began trading on the New York Stock Exchange, or the NYSE, on August 15, 1997 under the symbol "SLG." On February 28, 2005, the reported closing sale price per share of common stock on the NYSE was $56.38 and there were approximately 77 holders of record of our common stock. The table below sets forth the quarterly high and low closing sales prices of the common stock on the NYSE and the distributions paid by us with respect to the periods indicated.

	2004			2003		
Quarter Ended	**High**	**Low**	**Dividends**	**High**	**Low**	**Dividends**
March 31	$ 47.78	$ 41.12	$ 0.50	$ 31.95	$ 29.05	$ 0.4650
June 30	$ 48.20	$ 40.24	$ 0.50	$ 36.00	$ 31.47	$ 0.4650
September 30	$ 51.81	$ 47.19	$ 0.50	$ 37.42	$ 34.52	$ 0.4650
December 31	$ 60.55	$ 52.30	$ 0.54	$ 41.05	$ 36.12	$ 0.5000

If dividends are declared in a quarter, those dividends will be paid during the subsequent quarter. See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Dividends" for additional information regarding our dividends.

UNITS

In October 2004, the Operating Partnership issued 306,237 units of limited partnership interest in connection with the acquisition of 625 Madison Avenue.

At December 31, 2004, there were 2,530,942 units of limited partnership interest of the Operating Partnership outstanding. These units received distributions per unit in the same manner as dividends per share were distributed to common stockholders.

SALE OF UNREGISTERED AND REGISTERED SECURITIES

We issued 351,750, 211,750 and 17,500 shares of our common stock in 2004, 2003 and 2002, respectively, for deferred stock-based compensation in connection with employment contracts. These transactions were not registered under the Securities Act of 1933, pursuant to the exemption contemplated by Section 4(2) thereof for transactions not involving a public offering.

See Notes 15 and 17 to Consolidated Financial Statements in Item 8 for a description of our stock option plan and other compensation arrangements.

In January 2004, we sold 1,800,000 shares of our common stock under our shelf registration statement. The net proceeds from this offering ($73.6 million) were used to pay down our unsecured revolving credit facility.

In April and July 2004, we issued a total of 4,000,000 shares of our 7.875% Series D Cumulative Redeemable Preferred Stock under our shelf registration statement. The net proceeds from these offerings ($96.3 million) were used to pay down our secured and unsecured revolving credit facilities.

In August 2004, we sold 1,350,000 shares of our common stock under our shelf registration statement. The net proceeds from this offering (approximately $65.0 million) were used to pay down our unsecured revolving credit facility

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data and should be read in conjunction with our Financial Statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K.

In connection with this Annual Report on Form 10-K, we are restating our historical audited consolidated financial statements as a result of Statement of Financial Accounting Standards No. 144, or SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". During the periods presented below, we classified five properties as held for sale and, in compliance with SFAS No. 144, have reported revenue and expenses from these properties as discontinued operations, net of minority interest, for each period presented in our Annual Report on Form 10-K. This reclassification had no effect on our reported net income or funds from operations.

We are also providing updated summary selected financial information, which is included below reflecting the prior period reclassification as discontinued operations of the property classified as held for sale during 2004.

Operating Data (In thousands, except per share data)	**Year Ended December 31, 2004**	**2003**	**2002**	**2001**	**2000**
Total revenue	$ 348,988	$ 286,419	$ 215,241	$ 220,299	$ 198,993
Operating expenses	86,015	73,796	49,940	49,473	48,994
Real estate taxes	48,890	40,656	25,185	25,843	25,637
Ground rent	16,179	13,562	12,637	12,579	12,660
Interest	62,710	45,493	35,421	43,869	39,167
Depreciation and amortization	52,149	42,136	32,790	31,947	28,289
Marketing, general and administration	30,279	17,131	13,282	15,374	11,561
Total expenses	296,222	232,774	169,255	179,085	166,308
Income from continuing operations before items	52,766	53,645	45,986	41,214	32,685
Equity in net (loss) income from affiliates	—	(196)	292	(1,054)	378
Equity in net income of unconsolidated joint ventures	44,037	14,871	18,383	8,607	3,108
Income from continuing operations before minority interest and gain on sales	96,803	68,320	64,661	48,767	36,171
Minority interest	(5,693)	(4,169)	(3,771)	(3,476)	(6,042)
Income before gains on sale and cumulative effect of accounting charge	91,110	64,151	60,890	45,291	30,129
Gain on sale of properties/preferred investments	22,012	3,087	—	4,956	41,416
Cumulative effect of change in accounting principle	—	—	—	(532)	—
Income from continuing operations	113,122	67,238	60,890	49,715	71,545
Discontinued operations (net of minority interest)	96,308	30,921	13,441	13,286	14,672
Net income	209,430	98,159	74,331	63,001	86,217
Preferred dividends and accretion	(16,258)	(7,712)	(9,690)	(9,658)	(9,626)
Income available to common shareholders	$ 193,172	$ 90,447	$ 64,641	$ 53,343	$ 76,591
Net income per common share – Basic	$ 4.93	$ 2.80	$ 2.14	$ 1.98	$ 3.14
Net income per common share – Diluted	$ 4.75	$ 2.66	$ 2.09	$ 1.94	$ 2.93
Cash dividends declared per common share	$ 2.04	$ 1.895	$ 1.7925	$ 1.605	$ 1.475
Basic weighted average common shares outstanding	39,171	32,265	30,236	26,993	24,373
Diluted weighted average common shares and common share equivalents outstanding	43,078	38,970	37,786	29,808	31,818

Balance Sheet Data

(In thousands)	**As of December 31, 2004**	**2003**	**2002**	**2001**	**2000**
Commercial real estate, before accumulated depreciation	**$ 1,756,104**	$ 1,346,431	$ 975,776	$ 984,375	$ 895,810
Total assets	**2,751,881**	2,261,841	1,473,170	1,371,577	1,161,154
Mortgage notes payable, revolving credit facilities and term loans	**1,150,376**	1,119,449	541,503	504,831	460,716
Minority interests	**75,064**	54,791	44,718	46,430	43,326
Preferred Income Equity Redeemable Shares SM	**—**	—	111,721	111,231	110,774
Stockholders' equity	**1,347,880**	950,782	626,645	612,908	455,073

Other Data

(In thousands)	**Year Ended December 31, 2004**	**2003**	**2002**	**2001**	**2000**
Funds from operations available to common shareholders (1)	**$ 162,377**	$ 128,780	$ 116,230	$ 94,416	$ 74,698
Funds from operations available to all shareholders (1)	**162,377**	135,473	125,430	103,616	83,898
Net cash provided by operating activities	**116,264**	78,250	101,948	80,588	53,806
Net cash used in investment activities	**(220,851)**	(491,369)	(52,328)	(420,061)	(38,699)
Net cash provided by (used in) financing activities	**101,836**	393,645	(4,793)	341,873	(25,875)

(1) 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.

A reconciliation of FFO to net income computed in accordance with GAAP is provided under the heading of "Management's Discussion and Analysis of Financial Condition and Results of Operations – Funds From Operations."

ITEM 7. 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 Item 8 of this Annual Report on Form 10-K.

Improving fundamentals which we discussed in 2003 continued to improve during 2004, with a slight pause during the third quarter. New York City's unemployment rate decreased to 6.2%, the lowest rate since March 2001 and further narrowing the gap with the national unemployment rate. Payroll jobs increased with professional and business services firms leading the way in additions. Securities industry profits and employment continued their rebound since the low levels of 2002, and are projecting a 12.8% increase in industry profits and 3.5% to 4.0% growth in employment during 2005. Additionally, New York City tourism and hotel occupancies, leading indicators of an improving economy, recorded their highest levels since the year 2000.

Recovery of the commercial real estate market that began in 2003 clearly solidified in 2004, with material gains in leasing activity and absorption. New leasing activity was up 30% for the year and absorption finished the year positive for the first time since 2000. The strong Midtown market accounted for much of the improvement. More than half of the total leasing activity came from Class A space in Midtown, and the overall Midtown vacancy rate dropped from 12% to 10% year over year. For the first time in nearly four years, Midtown posted positive absorption of 4.4 million square feet compared with negative 4.0 million square feet in 2003. This increase in leasing activity was led by financial services firms, law firms and accounting services firms. We signed 293 office leases totaling 1.8 million square feet during 2004. Although asking rents were down for the overall Manhattan market, they showed improvement in Midtown. New cash rents on previously occupied space by new tenants at our Same Store Properties increased by 0.5% over previous cash rent paid by the old tenant for the same space.

During 2004, only 3.9 million square feet, or 2% of total Midtown office inventory, of new office space was added, the majority of which was fully leased as of year-end. In a supply-constrained market, there are few signs of a reprieve, with only 5.6 million square feet under construction as of year-end and a handful of large blocks of contiguous space. We ended the year at 96.5% weighted average occupancy, excluding the recently acquired 625 Madison Avenue, and have signed leases totaling more than 300,000 square feet thus far in 2005.

Sales activity in 2004 surpassed the record set in 2003, as total volume reached $14.5 billion. During 2004, we sold three properties at a blended rate of $338 per square foot for total sales proceeds of $549.0 million. Properties sold included 1466 Broadway, 17 Battery Place North and a 75% interest in One Park Avenue. Proceeds from these dispositions were recycled in four separate investments totaling approximately $780.0 million, or $305 per square foot on average. Acquisitions included 625 Madison Avenue, 750 Third Avenue, 485 Lexington Avenue and 19 West 44th Street.

Our outlook for 2005 is a continuation of the solid performance demonstrated in 2004.

As of December 31, 2004, our wholly-owned properties consisted of 20 commercial properties encompassing approximately 8.8 million rentable square feet located primarily in midtown Manhattan, a borough of New York City, or Manhattan. As of December 31, 2004, the weighted average occupancy (total leased square feet divided by total available square feet) of the wholly-owned properties was 94.5%. Our portfolio also includes ownership interests in unconsolidated joint ventures, which own eight commercial properties in Manhattan, encompassing approximately 8.2 million rentable square feet, and which had a weighted average occupancy of 96.9% as of December 31, 2004. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Rental Property

On a periodic basis, our management team assesses whether there are any indicators that the value of our real estate properties, including joint venture properties and assets held for sale, and structured finance investments may be impaired. If the carrying amount of the property is greater than the estimated expected future cash flow (undiscounted and without interest charges) of the asset or sales price, impairment has occurred. We will then record an impairment loss equal to the difference between the carrying amount and the fair value of the asset. We do not believe that the value of any of our rental properties or structured finance investments was impaired at December 31, 2004 and 2003.

In accordance with SFAS 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.

Investment in Unconsolidated Joint Ventures

We accounted for our investments in unconsolidated joint ventures under the equity method of accounting as we exercise significant influence, but do not control these entities and are not considered to be the primary beneficiary under FIN 46. In all the joint ventures, the rights of the minority investor are both protective as well as participating. These rights preclude us from consolidating these investments. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Any difference between the carrying amount of these investments on our balance sheet and the underlying equity in net assets is amortized as an adjustment to equity in net income (loss) of unconsolidated joint ventures over the lesser of the joint venture term or 40 years. See Note 6. None of the joint venture debt is recourse to us.

Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the accompanying balance sheets. We establish, on a current basis, an allowance for future potential tenant credit losses which may occur against this account. The balance reflected on the balance sheet is net of such allowance.

Interest income on structured finance investments is recognized over the life of the investment using the effective interest method and recognized on the accrual basis. Fees received in connection with loan commitments are deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield. Anticipated exit fees, whose collection is expected, are also recognized over the term of the loan as an adjustment to yield. Fees on commitments that expire unused are recognized at expiration.

Income recognition is generally suspended for structured finance investments at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of income and principal becomes doubtful. Income recognition is resumed when the loan becomes contractually current and performance is demonstrated to be resumed.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our tenants to make required rent payments. If the financial condition of a specific tenant were to deteriorate, resulting in an impairment of its ability to make payments, additional allowances may be required.

Reserve for Possible Credit Losses

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

Where impairment is indicated, a valuation write-down or write-off is measured based upon the excess of the recorded investment amount over the net fair value of the collateral, as reduced by selling costs. Any deficiency between the carrying amount of an asset and the net sales price of repossessed collateral is charged to the allowance for credit losses. No reserve for impairment was required at December 31, 2004 or 2003.

Derivative Instruments

In the normal course of business, we use a variety of derivative instruments to manage, or hedge, interest rate risk. We require that hedging derivative instruments be effective in reducing the interest rate risk exposure that they are designated to hedge. This effectiveness is essential for qualifying for hedge accounting. Some derivative instruments are associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract.

To determine the fair values of derivative instruments, we use a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option-pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

Results of Operations

Comparison of the year ended December 31, 2004 to the year ended December 31, 2003

The following comparison for the year ended December 31, 2004, or 2004, to the year ended December 31, 2003, or 2003, makes reference to the following: (i) the effect of the "Same Store Properties," which represents all properties owned by us at January 1, 2003 and at December 31, 2004 and totalled 15 of our 20 wholly-owned properties, represented approximately 61% of our annualized rental revenue, (ii) the effect of the "Acquisitions," which represents all properties acquired in 2003, namely, 220 East 42nd Street (February 2003), 125 Broad Street (March 2003) and 461 Fifth Avenue (October 2003) and in 2004, namely, 750 Third Avenue (July 2004) and 625 Madison Avenue (October 2004), and (iii) "Other," which represents corporate level items not allocable to specific properties and eEmerge. Assets classified as held for sale in 2003, namely 50 West 23rd Street, 1370 Broadway and 875 Bridgeport Avenue, Shelton, CT and in 2004, namely, 1466 Broadway and 17 Battery Place are excluded from the following discussion.

Rental Revenues (in millions)	2004	2003	$ Change	% Change
Rental revenue	$ **244.9**	$ 214.0	$ 30.9	14.4%
Escalation and reimbursement revenue	**45.1**	39.8	5.3	13.3
Total	$ **290.0**	$ 253.8	$ 36.2	14.3%
Same Store Properties	$ **207.6**	$ 201.1	$ 6.5	3.2%
Acquisitions	**83.4**	50.6	32.8	64.8
Other	**(1.0)**	2.1	(3.1)	(147.6)
Total	$ **290.0**	$ 253.8	$ 36.2	14.3%

Despite a decrease in weighted average occupancy in the Same Store Properties from 95.8% in 2003 to 95.2% in 2004, rental revenue in the Same Store Properties increased because new cash rents on previously occupied space by new tenants at Same Store Properties was 0.5% higher than the previously fully escalated rent (i.e., the latest annual rent paid on the same space by the old tenant).

At December 31, 2004, we estimated that the current market rents on our wholly-owned properties were approximately 15.3% higher than then existing in-place fully escalated rents. Approximately 15.9% of the space leased at wholly-owned properties expires during 2005. This excludes approximately 440,000 square feet of in-place leases at 750 Third Avenue which will remain in place after Teachers Insurance lease ends in December 2005. We believe that occupancy rates at the Same Store Properties will increase to approximately 96% in 2005.

The increase in escalation and reimbursement revenue was primarily due to the recoveries at the Same Store Properties ($1.6 million) and the Acquisitions ($4.1 million). This was offset by a decrease in Other entities ($0.4 million). The increase in recoveries at the Same Store Properties was primarily due to real estate tax recoveries ($0.9 million) and operating expense recoveries ($0.3 million). We recovered approximately 95% of our electric costs at our Same Store Properties during 2004.

Investment and Other Income (in millions)	2004	2003	$ Change	% Change
Equity in net income of unconsolidated joint ventures	$ **44.0**	$ 14.9	$ 29.1	195.3%
Investment and preferred equity income	**39.1**	22.1	17.0	76.9
Other	**19.9**	10.5	9.4	89.5
Total	$ **103.0**	$ 47.5	$ 55.5	116.8%

The increase in equity in net income of unconsolidated joint ventures was primarily due to our acquisition of a 45% interest in 1221 Avenue of the Americas in late December 2003 ($28.4 million). This was partially offset by a reduction in our interest in One Park Avenue from 55% to 16.7% ($2.5 million). Occupancy at our joint venture properties increased from 95.8% in 2003 to 96.9% in 2004. At December 31, 2004, we estimated that current market rents at our joint venture properties were approximately 19.1% higher than then existing in-place fully escalated rents. Approximately 15.4% of the space leased at our joint venture properties expires during 2005.

The increase in investment income from structured finance investments was primarily due to the weighted average investment balance outstanding and yield being $285.0 million and 10.5%, respectively, for 2004 compared to $135.8 million and 11.7%, respectively, for 2003. In addition, we recognized a $4.2 million gain in 2004 offset by a $4.5 million gain in 2003 from a partial distribution from a joint venture, which owned a mortgage position in a portfolio of office and industrial properties. The balance of the increase is primarily from the amortization of origination fees, the receipt of exit fees and accelerated origination fees due to the redemption of certain investments (approximately $3.7 million).

The increase in other income was primarily due to lease buy-out income ($0.8 million), fee income earned by GKK Manager, an affiliate of ours and the external manager of Gramercy Capital Corp., or Gramercy, (approximately $1.3 million) and fee income earned by the service corporation ($4.2 million), which was accounted for under the equity method prior to July 1, 2003. In addition, we recognized an incentive distribution resulting from the sale of an interest in One Park ($4.3 million). This was offset by a reduction in gains from the sale of non-real estate assets ($0.4 million) and asset management fees ($1.4 million).

Property Operating Expenses (in millions)	2004	2003	$ Change	% Change

Operating expenses (excluding electric)	$ **66.5**	$ 55.8	$ 10.7	19.2%
Electric costs	**19.5**	18.0	1.5	8.3
Real estate taxes	**48.9**	40.7	8.2	20.2
Ground rent	**16.2**	13.6	2.6	19.1
Total	$ **151.1**	$ 128.1	$ 23.0	18.0%
Same Store Properties	$ **102.1**	$ 97.5	$ 4.6	4.7%
Acquisitions	**39.1**	24.5	14.6	59.6
Other	**9.9**	6.1	3.8	62.3
Total	$ **151.1**	$ 128.1	$ 23.0	18.0%

Same Store Properties operating expenses, excluding real estate taxes ($2.6 million), increased approximately $2.0 million. There were increases in payroll and cleaning costs ($0.9 million) and repairs, maintenance and security expenses ($1.3 million). This was offset by reductions in advertising, insurance, professional and management costs ($0.1 million) and utility costs ($0.1 million).

The increase in real estate taxes was primarily attributable to the Same Store Properties ($2.6 million) due to higher assessed property values and increased tax rates and the Acquisitions ($5.6 million).

Other Expenses (in millions)	2004	2003	$ Change	% Change
Interest expense	$ **62.7**	$ 45.5	$ 17.2	37.8%
Depreciation and amortization expense	**52.2**	42.1	10.1	24.0
Marketing, general and administrative expenses	**30.3**	17.1	13.2	77.2
Total	$ **145.2**	$ 104.7	$ 40.5	38.7%

The increase in interest expense was primarily attributable to costs associated with new investment activity and the funding of ongoing capital projects and working capital requirements. The weighted average interest rate decreased from 5.66% for the year ended December 31, 2003 to 5.61% for the year ended December 31, 2004. As a result of the new investment activity, the weighted average debt balance increased from $756.4 million as of December 31, 2003 to $1.1 billion as of December 31, 2004.

Marketing, general and administrative expenses increased primarily as a result of higher compensation costs including a one-time charge related to a restricted stock award, administrative and compensation costs associated with GKK Manager, and higher professional fees primarily due to implementation of the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Marketing, general and administrative costs represented 8.7% of total revenues in 2004 compared to 6.0% in 2003.

Comparison of the year ended December 31, 2003 to the year ended December 31, 2002

The following comparison for the year ended December 31, 2003, or 2003, to the year ended December 31, 2002, or 2002, makes reference to the following: (i) the effect of the "Same Store Properties," which represented all properties owned by us at January 1, 2002 and at December 31, 2003 and totalled 15 of our 20 wholly-owned properties, representing approximately 75% of our annualized rental revenue, (ii) the effect of the "Acquisitions," which represents all properties acquired in 2003, namely, 220 East 42nd Street (February 2003), 125 Broad Street (March 2003) and 461 Fifth Avenue (October 2003), and (iii) "Other," which represents corporate level items not allocable to specific properties and eEmerge. Assets classified as held for sale in 2003, namely 50 West 23rd Street, 1370 Broadway and 875 Bridgeport Avenue, Shelton, CT. and in 2004, namely 1466 Broadway and 17 Battery Place, are excluded from the following discussion.

Rental Revenues (in millions)	2003	2002	$ Change	% Change
Rental revenue	$ 214.0	$ 161.1	$ 52.9	32.8%
Escalation and reimbursement revenue	39.8	25.4	14.4	56.7
Total	$ 253.8	$ 186.5	$ 67.3	36.1%
Same Store Properties	$ 201.1	$ 187.0	$ 14.1	7.5%
Acquisitions	50.6	—	50.6	—
Other	2.1	(0.5)	2.6	520.0
Total	$ 253.8	$ 186.5	$ 67.3	36.1%

Despite a decrease in occupancy in the Same Store Properties from 96.9% in 2002 to 95.8% in 2003, rental revenue in the Same Store Properties increased because new cash rents on previously occupied space by new tenants at Same Store Properties was 6.5% higher than the previously fully escalated rent (i.e., the latest annual rent paid on the same space by the old tenant).

At December 31, 2003, we estimated that the current market rents on our wholly-owned properties were approximately 1.0% higher than then existing in-place fully escalated rents. Approximately 8.0% of the space leased at wholly-owned properties expires during 2004. We believed that occupancy rates would remain relatively flat at the Same Store Properties in 2004.

The increase in escalation and reimbursement revenue was primarily due to the recoveries at the Same Store Properties ($9.0 million) and the Acquisitions ($5.4 million). The increase in recoveries at the Same Store Properties was due to real estate tax recoveries ($6.5 million), operating expense recoveries ($1.4 million) and electric recoveries ($1.1 million). We recovered approximately 90% of our electric costs at our Same Store Properties during 2003.

Investment and Other Income (in millions)	2003	2002	$ Change	% Change
Equity in net income of unconsolidated joint ventures	$ 14.9	$ 18.4	$ (3.5)	(19.0)%
Investment and preferred equity income	22.1	23.2	(1.1)	(4.7)
Other	10.5	5.5	5.0	90.9
Total	$ 47.5	$ 47.1	$ 0.4	0.9%

The decrease in equity in net income of unconsolidated joint ventures was primarily due to lower occupancy levels in 2003 compared to 2002. Occupancy at our joint venture properties decreased from 97.3% in 2002 to 95.8% in 2003. At December 31, 2003, we estimated that current market rents at our joint venture properties would be approximately 14.4% higher than then existing in-place fully escalated rents. Approximately 3.7% of the space leased at our joint venture properties was expected to expire during 2004. Our acquisition of a 45% interest in 1221 Avenue of the Americas in late December 2003 was expected to significantly increase our equity in net income of unconsolidated joint ventures in 2004.

The decrease in investment income from structured finance investments primarily represents a decrease in preferred equity income ($3.7 million) as a result of the redemption of the preferred equity investment in 220 East 42nd Street in March 2003. This was partially offset by an increase in investment income from mezzanine transactions ($2.7 million). The weighted average investment balance outstanding and yield were $135.8 million and 11.72%, respectively, for 2003 compared to $160.4 million and 13.1%, respectively, for 2002.

The increase in other income was primarily due to lease buyout income ($0.7 million) and gains from the sale of non-real estate assets ($1.1 million). The balance represents fee income earned by the service corporation ($3.3 million), which was accounted for under the equity method prior to July 1, 2003.

Property Operating Expenses (in millions)	2003	2002	$ Change	% Change
Operating expenses (excluding electric)	$ 55.8	$ 36.2	$ 19.6	54.1%
Electric costs	18.0	13.7	4.3	31.4
Real estate taxes	40.7	25.2	15.5	61.5
Ground rent	13.6	12.6	1.0	7.9
Total	$ 128.1	$ 87.7	$ 40.4	46.1%
Same Store Properties	$ 97.5	$ 84.4	$ 13.1	15.5%
2003 Acquisitions	24.5	—	24.5	—
Other	6.1	3.3	2.8	84.9
Total	$ 128.1	$ 87.7	$ 40.4	46.1%

Same Store Properties operating expenses, excluding real estate taxes ($7.2 million), increased approximately $5.9 million. There were increases in insurance premiums from policy renewals ($2.1 million), advertising, professional and management costs ($1.2 million), repairs, maintenance and security expenses ($0.4 million) and utility costs ($1.8 million).

The increase in electric costs was primarily due to higher electric usage in 2003 compared to 2002 as well as an increase in the square footage of wholly-owned properties.

The increase in real estate taxes was primarily attributable to the Same Store Properties ($7.2 million) due to higher assessed property values and increased tax rates and the Acquisitions ($8.3 million).

Other Expenses (in millions)	2003	2002	$ Change	% Change
Interest expense	$ 45.5	$ 35.4	$ 10.1	28.5%
Depreciation and amortization expense	42.1	32.8	9.3	28.4
Marketing, general and administrative expenses	17.1	13.3	3.8	28.6
Total	$ 104.7	$ 81.5	$ 23.2	28.5%

The increase in interest expense was primarily attributable to costs associated with new investment activity ($15.1 million) and the funding of ongoing capital projects and working capital requirements ($0.3 million). This was partially offset by reduced interest costs due to dispositions ($4.4 million) and floating rate debt ($0.5 million), due to the weighted average interest rate decreasing from 6.31% for the year ended December 31, 2002 to 5.66% for the year ended December 31, 2003. As a result of the new investment activity, the weighted average debt balance increased from $555.6 million as of December 31, 2002 to $756.4 million as of December 31, 2003.

Marketing, general and administrative expenses increased primarily as a result of higher compensation awards. Despite this, we have reduced our marketing, general and administrative costs to 6.0% of total revenues in 2003 compared to 6.2% in 2002.

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 secured and unsecured revolving credit facilities; (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 unsecured and secured revolving credit facilities, 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 Capital Corp. (NYSE:GKK) in August 2004, there will be a reduced focus on direct structured finance investments made by us.

Cash Flows

2004 Compared to 2003

Net cash provided by operating activities increased $38.0 million to $116.3 million for the year ended December 31, 2004 compared to $78.3 million for the year ended December 31, 2003. Operating cash flow was primarily generated by the Same Store Properties and Acquisitions, as well as the structured finance investments.

Net cash used in investing activities decreased $270.5 million to $220.9 million for the year ended December 31, 2004 compared to $491.4 million used during the year ended December 31, 2003. The primary reason for the decrease was due to the net proceeds received upon the sales of 17 Battery Place North and 1466 Broadway in 2004 ($220.3 million) compared to the proceeds from the sales of 50 West 23rd Street, 1370 Broadway and Shaws in 2003 ($119.1 million). In addition, we had increased distributions from our joint ventures due to the refinancing of 1515 Broadway, 1250 Broadway and One Park as well as the sale of an interest in One Park ($193.1 million), which was offset by new joint venture investments, including 19 West 44th Street, 485 Lexington Avenue and Gramercy Capital Corp. ($79.8 million). In comparison, during 2003, we purchased an interest in 1221 Avenue of the Americas of which our share of the cash invested was approximately $385.1 million and received distributions from our joint ventures ($36.5 million). There was an increase in acquisitions and capital improvements in 2004 ($388.2 million and $31.3 million, respectively) as compared to 2003 ($81.2 million and $22.5 million, respectively). This relates primarily to the acquisitions of 625 Madison Avenue and 750 Third Avenue in 2004 compared to the acquisitions of 220 East 42nd Street and condominium interests in 125 Broad Street in 2003. We made new structured finance investments, net of redemptions, totaling $132.9 million in 2004 compared to $126.7 million in 2003.

Net cash provided by financing activities decreased $291.8 million to $101.8 million for the year ended December 31, 2004 compared to $393.6 million used during the year ended December 31, 2003. The decrease was primarily due to the receipt of proceeds from the January and August 2004 common stock offering (approximately $138.6 million) and the May and July 2004 preferred stock offerings ($96.3 million) which was offset by the December 2003 preferred stock offering ($152.5 million). This was offset by net mortgage debt and credit facility borrowings (approximately $379.8 million).

2003 Compared to 2002

Net cash provided by operating activities decreased $23.6 million to $78.3 million for the year ended December 31, 2003 compared to $101.9 million for the year ended December 31, 2002. Operating cash flow was primarily generated by the Same Store Properties and 2003 Acquisitions, as well as the structured finance investments, but was reduced by the decrease in operating cash flow from the properties sold in 2003.

Net cash used in investing activities increased $439.1 million to $491.4 million for the year ended December 31, 2003 compared to $52.3 million for the year ended December 31, 2002. The increase was due primarily to the purchase of 1221 Avenue of the Americas in 2003 of which our share of the cash invested was approximately $385.1 million. This was offset by the receipt of net proceeds from the sale of 50 West 23rd Street, 1370 Broadway and 875 Bridgeport Avenue, Shelton, CT ($119.1 million). In addition, there was an increase in acquisitions and capital improvements in 2003 ($81.2 million and $22.5 million, respectively) as compared to 2002 (none and $26.7 million, respectively). This relates primarily to the acquisitions of 220 East 42nd Street, condominium interests in 125 Broad Street and 461 Fifth Avenue. In addition, there were net originations of structured finance investments ($169.3 million) in 2003 compared to 2002.

Net cash provided by financing activities increased $398.4 million to $393.6 million for the year ended December 31, 2003 compared to $4.8 million of net cash used for the year ended December 31, 2002. The increase was primarily due to new mortgage financings and draws under our credit facilities and term loans ($598.0 million) being greater than repayments ($346.9 million). In addition we received net proceeds of $152.5 million from the sale of our 7.625% Series C cumulative redeemable preferred stock in 2003.

Capitalization

As of December 31, 2004, we had 40,875,989 shares of common stock, 2,530,942 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.

In August 2004, we sold 1,350,000 shares of our common stock. The net proceeds from this offering (approximately $65.0 million) were used to pay down our unsecured revolving credit facility.

In April 2004, we issued 2,450,000 shares of our Series D preferred stock for cash. The shares of Series D preferred stock have a liquidation preference of $25.00 per share and will be redeemable at par for cash at our option on or after May 27, 2009. The net proceeds from this offering (approximately $59.0 million) were used principally to repay amounts outstanding under our secured and unsecured revolving credit facilities. In July 2004, we issued an additional 1,550,000 shares of our Series D preferred stock, raising additional net proceeds of approximately $37.3 million.

In January 2004, we sold 1,800,000 shares of our common stock. The net proceeds from this offering (approximately $73.6 million) were used to pay down our unsecured revolving credit facility.

On December 12, 2003, we sold 6,300,000 shares of our Series C preferred stock. A portion of the net proceeds from this offering ($152.0 million) were used to pay down our secured and unsecured revolving credit facilities.

On September 30, 2003, we converted our 4,600,000 PIERS into 4,698,880 shares of our common stock.

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 common shareholders will be entitled to purchase from us a newly 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 years ended December 31, 2004 and 2003, we issued 194,863 and 68,453 common shares and received approximately $8.9 million and $2.5 million of proceeds from dividend reinvestments and/or stock purchases under the DRIP, respectively. DRIP shares may be issued at a discount to the market price.

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, "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 $0.65 million and $0.5 million related to this plan was recorded during the years ended December 31, 2004 and 2003, respectively.

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 six months ended December 31, 2004, 1,000 phantom stock units were earned. As of December 31, 2004, there were approximately 1,000 phantom stock units outstanding.

Market Capitalization

At December 31, 2004, borrowings under our mortgage loans, secured and unsecured revolving credit facilities and term loans (excluding our share of joint venture debt of $565.2 million) represented 28.5% of our consolidated market capitalization of $4.0 billion (based on a common stock price of $60.55 per share, the closing price of our common stock on the New York Stock Exchange on December 31, 2004). Market capitalization includes our consolidated debt, common and preferred stock and the conversion of all units of limited partnership interest in our Operating Partnership, but excludes our share of joint venture debt.

Indebtedness

The table below summarizes our consolidated mortgage debt, secured and unsecured revolving credit facilities and term loans outstanding at December 31, 2004 and 2003, respectively (in thousands).

Debt Summary:	December 31, 2004	December 31, 2003
Balance		
Fixed rate	$ **614,476**	$ 515,871
Variable rate — hedged	**425,000**	270,000
Total fixed rate	**1,039,476**	785,871
Variable rate	—	267,578
Variable rate-supporting variable rate assets	**110,900**	66,000
Total variable rate	**110,900**	333,578
Total	$ **1,150,376**	$ 1,119,449
Percent of Total Debt:		
Total fixed rate	**90.36**%	70.20%
Variable rate	**9.64**%	29.80%
Total	**100.00**%	100.00%
Effective Interest Rate for the Year:		

Fixed rate	**6.12**%	6.77%
Variable rate	**2.86**%	2.85%
Effective interest rate	**5.61**%	5.66%

The variable rate debt shown above bears interest at an interest rate based on LIBOR (2.40% and 1.12% at December 31, 2004 and 2003, respectively). Our consolidated debt at December 31, 2004 had a weighted average term to maturity of approximately 5.6 years.

As of December 31, 2004, we had ten structured finance investments collateralizing our secured revolving credit facility.

Certain of our structured finance investments, totaling $138.3 million, are variable rate investments which mitigate our exposure to interest rate changes on our unhedged variable rate debt.

Mortgage Financing

As of December 31, 2004, our total mortgage debt (excluding our share of joint venture debt of approximately $565.2 million) consisted of approximately $614.5 million of fixed rate debt, including hedged variable rate debt, with an effective weighted average interest rate of approximately 6.76% and no unhedged variable rate debt.

Revolving Credit Facilities

Unsecured Revolving Credit Facility

We currently have a $300.0 million unsecured revolving credit facility, which matures in March 2006. This unsecured revolving credit facility has an automatic one-year extension option provided that there are no events of default under the loan agreement. In September 2004, this unsecured revolving credit facility was modified to reduce interest rate spreads by between 25 basis points and 35 basis points and currently carries a spread of 120 basis points over the 30-day LIBOR. At December 31, 2004, nothing was outstanding under this unsecured revolving credit facility. Availability under this unsecured revolving credit facility at December 31, 2004 was reduced by the issuance of letters of credit in the amount of $4.0 million.

Secured Revolving Credit Facilities

In March 2004, we increased our $75.0 million secured revolving credit facility to $125.0 million and extended the maturity date to December 2006. This secured revolving credit facility is secured by various structured finance investments. In September 2004, this secured revolving credit facility was modified to reduce interest rate spreads by between 25 basis points and 35 basis points and currently carries a spread of 120 basis points over the 30-day LIBOR. At December 31, 2004, $92.0 million was outstanding under this secured revolving credit facility and carried an effective all-in annual weighted average interest rate of 4.13%.

In connection with a structured finance transaction, which closed in June 2004, we entered into a secured term loan for $18.9 million. This loan, which matured in January 2005, carried an interest rate of 200 basis points over the one-month LIBOR (effective all-in rate of 3.77% for the year ended December 31, 2004). This loan was repaid in January 2005.

Term Loans

In December 2002, we obtained a $150.0 million unsecured term loan. Effective June 2003, this unsecured term loan was increased to $200.0 million and the term was extended by six months to June 2008. In August 2004, the unsecured term loan was increased to $325.0 million and the maturity date was further extended to August 2009. As part of the amendment, the interest rate spreads were reduced by between 25 basis points and 30 basis points. As of December 31, 2004, 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 effective all-in annual weighted average interest rate on the unsecured term loan was 4.96% for 2004.

In December 2003, we entered into an unsecured non-recourse term loan for $67.6 million and repaid the mortgage on 555 West 57th Street. The terms of this loan were the same as those on the 555 West 57th Street mortgage. As a result, this loan, which was to mature in November 2004, carried an effective interest rate of 8.10%. This loan was repaid on April 30, 2004.

In December 2003, we closed on a $100.0 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 150 basis points over the current LIBOR rate and carried an effective all-in annual weighted average interest rate of 3.54%. 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.

Restrictive Covenants

The terms of our unsecured and secured revolving credit facilities and 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, 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 December 31, 2004 and 2003, 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 2004 and 2003, would increase our annual interest cost by approximately $1.1 million and $3.4 million and would increase our share of joint venture annual interest cost by approximately $2.8 million and $2.3 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 $1.0 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 December 31, 2004 ranged from LIBOR plus 90 basis points to LIBOR plus 286 basis points.

Contractual Obligations

Combined aggregate principal maturities of mortgages and notes payable, revolving credit facilities, term loan, our share of joint venture debt, excluding extension options, estimated interest expense, and our obligations under our capital lease and ground leases, as of December 31, 2004 are as follows:

	Property Mortgages	Revolving Credit Facilities	Term Loans	Capital Lease	Ground Leases	Estimated Interest Expense	Total	Joint Venture Debt
2005	$ 51,405	$ 18,900	$ —	$ 1,322	$ 18,381	$ 62,427	$ 152,435	$ 17,240
2006	4,388	92,000	—	1,416	17,488	58,306	173,598	376,728
2007	83,012	—	1,324	1,416	16,594	53,275	155,621	53,723
2008	9,857	—	98,676	1,416	16,594	47,677	174,220	21,923
2009	33,031	—	325,000	1,416	16,594	36,339	412,380	779
Thereafter	432,783	—	—	53,320	329,971	75,953	892,027	94,817
	$ 614,476	$ 110,900	$ 425,000	$ 60,306	$ 415,622	$ 333,977	$ 1,960,281	$ 565,210

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. Additional information about the debt of our unconsolidated joint ventures is included in "Contractual Obligations" above.

Capital Expenditures

We estimate that for the year ending December 31, 2005, we will incur approximately $60.0 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 $23.4 million. Of those total capital expenditures, approximately $6.8 million for wholly-owned properties and $7.8 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 the 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 $2.16 per share, we would pay approximately $89.8 million in dividends to our common stockholders. 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 unsecured term loan, we must first meet both our operating requirements and scheduled debt service on our mortgages and loans payable.

Related Party Transactions

Cleaning Services

First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services with respect to certain of the properties owned by us. First Quality is owned by Gary Green, a son of Stephen L. Green, our chairman of the Board and former chief executive officer. First Quality also provides additional services directly to tenants on a separately negotiated basis. The aggregate amount of fees paid by us to First Quality for services provided (excluding services provided directly to tenants) was approximately $4.6 million in 2004, $4.3 million in 2003 and $3.4 million in 2002. 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. First Quality leases 12,290 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2012 and provides for annual rental payments of approximately $323,000.

Security Services

Classic Security LLC, or Classic Security, provides security services with respect to certain properties owned by us. Classic Security is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by us for such services was approximately $4.1 million in 2004, $3.7 million in 2003 and $3.2 million in 2002.

Messenger Services

Bright Star Couriers LLC, or Bright Star, provides messenger services with respect to certain properties owned by us. Bright Star is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by us for such services was approximately $203,000 in 2004, $145,000 in 2003 and $87,000 in 2002.

Leases

Nancy Peck and Company leases 2,013 square feet of space at 420 Lexington Avenue, New York, New York pursuant to a lease that expires on June 30, 2005 and provides for annual rental payments of approximately $65,000. 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 $10,000 per month, an 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 $258,000 in 2004, $237,000 in 2003 and $242,000 in 2002.

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 bears interest at a rate of 6.60% per annum and is 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) is 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. The balance outstanding on this loan, including accrued interest, was $200,000 on December 31, 2004. In addition, the $300,000 loan shall be forgiven if and when the $1,000,000 loan that Mr. Holliday received pursuant to his amended and restated employment and non-competition agreement is forgiven.

Brokerage Services

Sonnenblick-Goldman Company, a nationally recognized real estate investment banking firm, provided mortgage brokerage services with respect to securing approximately $80.0 million of first mortgage financing in 2003. Mr. Morton Holliday, the father of Mr. Marc Holliday, was a Managing Director of Sonnenblick at the time of the financing. The fees paid by us to Sonnenblick for such services was approximately $400,000 in 2003. In 2003, we also paid $623,000 to Sonnenblick in connection with the acquisition of 461 Fifth Avenue. In 2004, our 1515 Broadway joint venture paid approximately $885,000 to Sonnenblick in connection with securing a $425.0 million first mortgage for the property.

Gramercy Capital Corp.

Our related party transactions with Gramercy are discussed in Note 13, “Related Party Transactions” in the accompanying financial statements.

Other

Insurance

We carry comprehensive all risk (fire, flood, extended coverage and rental loss insurance) and liability insurance with respect to our property portfolio. This policy has a limit of $350 million of terrorism coverage for the properties in our portfolio and expires in October 2005. 1515 Broadway has stand-alone insurance coverage, which provides for full all risk coverage, but has a limit of $425 million in terrorism coverage. This policy will expire in October 2005. We also have a separate policy for 1221 Avenue of the Americas in which we participate with the Rockefeller Group Inc. in a blanket policy providing $1.4 billion of all risk property insurance along with $1.0 billion of insurance for terrorism. While we believe our insurance coverage is appropriate, in the event of a major catastrophe resulting from an act of terrorism, we may not have sufficient coverage to replace a significant property. We do not know if sufficient insurance coverage will be available when the current policies expire, nor do we know the costs for obtaining renewal policies containing terms similar to our current policies. In addition, our policies may not cover properties that we may acquire in the future, and additional insurance may need to be obtained prior to October 2005.

Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases and our secured and unsecured revolving credit facilities 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 would adversely affect our ability to finance and/or refinance our properties and to expand our portfolio or 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 years ended December 31, 2004, 2003 and 2002 are as follows (in thousands):

	Year Ended December 31,		
	2004	**2003**	**2002**
Net income available to common shareholders	**$ 193,172**	$ 90,447	$ 64,641
Add:			
Depreciation and amortization	**52,149**	42,136	32,790
Minority interest	**5,693**	4,169	3,771
FFO from discontinued operations	**9,846**	16,091	21,215
FFO adjustment for unconsolidated joint ventures	**23,817**	13,982	11,025
Accretion of convertible preferred shares	**—**	394	490
Less:			
Income from discontinued operations	**(5,938)**	(9,594)	(13,441)
Gain on sale of discontinued operations	**(90,370)**	(21,327)	—
Gain on sale of joint venture property	**(22,012)**	(3,087)	—
Amortization of deferred financing costs and depreciation on non-rental real estate assets	**(3,980)**	(4,431)	(4,261)
Funds from Operations - available to common shareholders	**162,377**	128,780	116,230
Dividends on convertible preferred shares	**—**	6,693	9,200
Funds from Operations - available to all shareholders	**$ 162,377**	$ 135,473	$ 125,430
Cash flows provided by operating activities	**$ 116,264**	$ 78,250	$ 101,948
Cash flows used in investing activities	**$ (220,851)**	$ (491,369)	$ (52,328)
Cash flows provided by (used in) financing activities	**$ 101,836**	$ 393,645	$ (4,793)

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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Rate Risk" for additional information regarding our exposure to interest rate fluctuations.

The table below presents principal cash flows based upon maturity dates of our debt obligations and mortgage receivables and the related weighted-average interest rates by expected maturity dates as of December 31, 2004 (in thousands):

	Long-Term Debt				Mortgage Receivables	
Date	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate	Amount	Weighted Yield
2005	$ 51,405	5.77%	$ 18,900	3.22%	$ 26,045	13.32%
2006	4,388	5.76%	92,000	3.20%	112,278	8.38%
2007	84,336	5.75%	—	—%	—	—%
2008	108,533	5.92%	—	—%	—	—%
2009	358,031	6.29%	—	—%	211,704	10.68%
Thereafter	432,783	5.81%	—	—%	—	—%
Total	**$ 1,039,476**	**5.85%**	**$ 110,900**	**3.21%**	**$ 350,027**	**10.05%**
Fair Value	$ 1,051,262		$ 110,900		$ 350,027	

The table below presents the gross principal cash flows based upon maturity dates of our share of our joint venture debt obligations and the related weighted-average interest rates by expected maturity dates as of December 31, 2004 (in thousands):

	Long Term Debt			
Date	Fixed Rate	Average Interest Rate	Variable Rate	Average Interest Rate
2005	$ 914	5.63%	$ 16,326	3.48%
2006 (1)	147,728	5.63%	229,000	3.40%
2007	1,048	6.30%	52,675	4.04%
2008	21,923	6.30%	—	—%
2009	779	6.50%	—	—%
Thereafter	94,817	5.94%	—	—%
Total	**$ 267,209**	**6.00%**	**$ 298,001**	**3.51%**
Fair Value	$ 270,842		$ 298,001	

(1) Included in this item is $297,000 based on the contractual maturity dates of the debt on 1515 Broadway and 1250 Broadway. These loans have three one-year as-of-right extension options.

The table below lists all of our derivative instruments, which are hedging variable rate debt, including joint ventures, and their related fair value as of December 31, 2004 (in thousands):

	Asset Hedged	Benchmark Rate	Notional Value	Strike Rate	Effective Date	Expiration Date	Fair Value
Interest Rate Swap	Term loan	LIBOR	$ 65,000	4.010%	11/2001	8/2005	(501)
Interest Rate Swap	Term loan	LIBOR	—	3.300%	8/2005	9/2006	146
Interest Rate Swap	Term loan	LIBOR	—	4.330%	9/2006	6/2008	(315)
Interest Rate Swap	Term loan	LIBOR	100,000	4.060%	12/2003	12/2007	(1,468)
Interest Rate Swap	Term loan	LIBOR	35,000	4.113%	12/2004	6/2008	(547)
Interest Rate Swap	Term loan	LIBOR	100,000	2.330%	4/2004	5/2006	1,057

Interest Rate Swap	Term loan	LIBOR	—	4.650%	5/2006	12/2008	(1,435)
Interest Rate Swap	Term loan	LIBOR	125,000	2.710%	9/2004	9/2006	1,091
Interest Rate Swap	Term loan	LIBOR	—	4.352%	9/2006	8/2009	(450)
Interest Rate Swap (1)	—	LIBOR	94,000	4.463%	12/2004	12/2014	1,075
Total Consolidated Hedges			$ 519,000				$ (1,347)
Interest Rate Swap (2)	1250 Broadway	LIBOR	$ 46,750	4.038%	11/2001	1/2005	$ (21)
Interest Rate Swap (2)	1515 Broadway	LIBOR	100,000	1.855%	6/2004	6/2005	369
Total Joint Venture Hedges			$ 146,750				$ 348

In addition to these derivative instruments, our joint venture loan agreements require the joint ventures to purchase interest rate caps on their debt. All these interest rate caps were out of the money and had no value at December 31, 2004.

(1) This hedge has been established in contemplation of a 10-year mortgage refinancing.
(2) This represents a hedge on a portion of our share of the unconsolidated joint venture debt.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements and Schedules

SL GREEN REALTY CORP.

Schedules

All other schedules are omitted because they are not required or the required information is shown in the financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of SL Green Realty Corp.

We have audited management's assessment, included in the accompanying Item 9A. Controls and Procedures "- Management's Report on Internal Control over Financial Reporting," that SL Green Realty Corp. maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). SL Green Realty Corp.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that SL Green Realty Corp. maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, SL Green Realty Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of SL Green Realty Corp. as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004 of SL Green Realty Corp. and our report dated March 3, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York
March 3, 2005

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of SL Green Realty Corp.

We have audited the accompanying consolidated balance sheets of SL Green Realty Corp. as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index as Item 15(a)(2). These financial statements and schedule are the responsibility of SL Green Realty Corp.'s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SL Green Realty Corp. at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of SL Green Realty Corp.'s internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York
March 3, 2005, except for
Note 24 as to which the date is March 4, 2005

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

	December 31, 2004	December 31, 2003
Assets		
Commercial real estate properties, at cost:		
Land and land interests	**$ 206,824**	$ 168,032
Building and improvements	**1,065,654**	849,013
Building leasehold and improvements	**471,418**	317,178
Property under capital lease	**12,208**	12,208
	1,756,104	1,346,431
Less: accumulated depreciation	**(176,238)**	(156,768)
	1,579,866	1,189,663
Cash and cash equivalents	**35,795**	38,546
Restricted cash	**56,417**	59,542
Tenant and other receivables, net of allowance of $8,921 and $7,533 in 2004 and 2003, respectively	**15,248**	14,533
Related party receivables	**5,027**	5,242
Deferred rents receivable, net of allowance of $6,541 and $7,017 in 2004 and 2003, respectively	**61,302**	63,131
Structured finance investments, net of discount of $1,895 and $44 in 2004 and 2003, respectively	**350,027**	218,989
Investments in unconsolidated joint ventures	**557,089**	590,064
Deferred costs, net	**47,869**	39,277
Other assets	**43,241**	42,854
Total assets	**$ 2,751,881**	$ 2,261,841

Liabilities and Stockholders' Equity				
Mortgage notes payable	$	**614,476**	$	515,871
Revolving credit facilities		**110,900**		236,000
Term loans		**425,000**		367,578
Derivative instruments at fair value		**1,347**		9,009
Accrued interest payable		**4,494**		3,500
Accounts payable and accrued expenses		**72,298**		43,835
Deferred revenue/gain		**18,648**		8,526
Capitalized lease obligation		**16,442**		16,168
Deferred land leases payable		**15,723**		15,166
Dividend and distributions payable		**27,553**		18,647
Security deposits		**22,056**		21,968
Total liabilities		**1,328,937**		1,256,268
Commitments and Contingencies				
Minority interest in Operating Partnership		**74,555**		54,281
Minority interest in partially-owned entities		**509**		510
Stockholders' Equity				
Series C preferred stock, $0.01 par value, $25.00 liquidation preference, 6,300 issued and outstanding at December 31, 2004 and 2003, respectively		**151,981**		151,981
Series D preferred stock, $0.01 par value, $25.00 liquidation preference, 4,000 and none issued and outstanding at December 31, 2004 and 2003, respectively		**96,321**		—
Common stock, $0.01 par value 100,000 shares authorized and 40,876 and 36,016 issued and outstanding at December 31, 2004 and 2003, respectively		**409**		360
Additional paid-in-capital		**917,613**		728,882
Deferred compensation plans		**(15,273)**		(8,446)
Accumulated other comprehensive income (loss)		**5,647**		(961)
Retained earnings		**191,182**		78,966
Total stockholders' equity		**1,347,880**		950,782
Total liabilities and stockholders' equity	$	**2,751,881**	$	2,261,841

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

SL Green Realty Corp.
Consolidated Statements Of Income
(Amounts in thousands, except per share data)

	Year Ended December 31,					
		2004		**2003**		**2002**
Revenues						
Rental revenue, net	$	**244,886**	$	214,041	$	161,124
Escalation and reimbursement		**45,110**		39,825		25,404
Investment income		**28,232**		17,988		15,396
Preferred equity income		**10,862**		4,098		7,780
Other income		**19,898**		10,467		5,537
Total revenues		**348,988**		286,419		215,241
Expenses						
Operating expenses including $8,956 (2004), $8,081 (2003) and $6,745 (2002) to affiliates		**86,015**		73,796		49,940
Real estate taxes		**48,890**		40,656		25,185
Ground rent		**16,179**		13,562		12,637
Interest		**62,710**		45,493		35,421
Depreciation and amortization		**52,149**		42,136		32,790
Marketing, general and administrative		**30,279**		17,131		13,282
Total expenses		**296,222**		232,774		169,255
Income from continuing operations before equity in net (loss) income from affiliates, equity in net income of unconsolidated joint ventures, minority interest, and discontinued operations		**52,766**		53,645		45,986
Equity in net (loss) income from affiliates		—		(196)		292
Equity in net income of unconsolidated joint ventures		**44,037**		14,871		18,383
Income from continuing operations before gain on sale, minority interest, and discontinued operations		**96,803**		68,320		64,661
Equity in net gain on sale of interest in unconsolidated joint venture		**22,012**		3,087		—
Minority interest in partially-owned entities		—		(79)		—
Minority interest in Operating Partnership attributable to continuing operations		**(5,693)**		(4,090)		(3,771)
Income from continuing operations		**113,122**		67,238		60,890
Net income from discontinued operations, net of minority interest		**5,938**		9,594		13,441
Gain on sale of discontinued operations, net of minority interest		**90,370**		21,327		—
Net income		**209,430**		98,159		74,331
Preferred stock dividends		**(16,258)**		(7,318)		(9,200)
Preferred stock accretion		—		(394)		(490)
Net income available to common shareholders	$	**193,172**	$	90,447	$	64,641

Basic earnings per share:			
Net income from continuing operations before gain on sale and discontinued operations	**$ 1.91**	$ 1.75	$ 1.69
Net income from discontinued operations	**0.15**	0.30	0.45
Gain on sale of discontinued operations	**2.31**	0.66	—
Gain on sale of joint venture property	**0.56**	0.09	—
Net income available to common shareholders	**$ 4.93**	$ 2.80	$ 2.14
Diluted earnings per share:			
Net income from continuing operations before gain on sale and discontinued operations	**$ 1.87**	$ 1.73	$ 1.71
Net income from discontinued operations	**0.15**	0.26	0.38
Gain on sale of discontinued operations	**2.22**	0.59	—
Gain on sale of joint venture property	**0.51**	0.08	—
Net income available to common shareholders	**$ 4.75**	$ 2.66	$ 2.09
Basic weighted average common shares outstanding	**39,171**	32,265	30,236
Diluted weighted average common shares and common share equivalents outstanding	**43,078**	38,970	37,786

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

SL Green Realty Corp.
Consolidated Statements of Stockholders' Equity
(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	Deferred Compensation Plans	Accumulated Other Comprehensive Loss	Retained Earnings	Total	Comprehensive Income
Balance at December 31, 2001	**$ —**	**$ —**	**29,978**	**$ 300**	**$ 583,350**	**$ (7,515)**	**$ (2,911)**	**$ 39,684**	**$ 612,908**	**$ 61,010**
Comprehensive Income:										
Net income								74,331	74,331	$ 74,331
Net unrealized loss on derivative instruments							(7,829)		(7,829)	(7,829)
SL Green's share of joint venture net unrealized loss on derivative instruments										(3,434)
Preferred dividends & accretion requirement								(9,690)	(9,690)	
Redemption of units			155	1	3,128				3,129	
Deferred compensation plan & stock award, net			(33)		(537)	534			(3)	
Amortization of deferred compensation plan						1,419			1,419	
Proceeds from stock options exercised			322	3	6,644				6,647	
Cash distributions declared ($1.7925 per common share of which none represented a return of capital for federal income tax purposes)								(54,267)	(54,267)	
Balance at December 31, 2002	**—**	**—**	**30,422**	**304**	**592,585**	**(5,562)**	**(10,740)**	**50,058**	**626,645**	**$ 63,068**
Comprehensive Income:										
Net income								98,159	98,159	$ 98,159
Net unrealized gain on derivative instruments							9,779		9,779	9,779
SL Green's share of joint venture net unrealized gain on derivative instruments										1,474
Preferred dividends & accretion requirement								(7,712)	(7,712)	
Redemption of units			267	3	5,699				5,702	
Proceeds from dividend reinvestment plan			68	1	3,650				3,651	
Deferred compensation plan & stock award, net			213	2	6,668	(6,670)			—	
Amortization of deferred compensation plan						3,786			3,786	
Conversion of preferred stock			4,699	47	112,059				112,106	
Net proceeds from preferred stock offering	151,981								151,981	
Proceeds from stock options exercised			347	3	7,589				7,592	
Stock-based compensation — fair value					632				632	
Cash distributions declared ($1.8950 per common share of which none represented a return of capital for federal income tax purposes)								(61,539)	(61,539)	
Balance at December 31, 2003	**151,981**	**—**	**36,016**	**360**	**728,882**	**(8,446)**	**(961)**	**78,966**	**950,782**	**$ 109,412**
Comprehensive Income:										
Net income								209,430	209,430	$ 209,430
Net unrealized gain on derivative instruments							6,608		6,608	6,608
SL Green's share of joint venture net unrealized gain on derivative instruments										2,155
Preferred dividends								(16,258)	(16,258)	
Redemption of units			81	1	1,912				1,913	
Proceeds from dividend reinvestment plan			195	2	7,728				7,730	
Deferred compensation plan & stock award, net			353	4	14,141	(14,144)			1	
Amortization of deferred compensation plan						7,317			7,317	
Net proceeds from common stock offerings			3,150	31	138,599				138,630	
Net proceeds from preferred stock offerings		96,321							96,321	
Proceeds from stock options exercised			1,081	11	25,372				25,383	
Stock-based compensation – fair value					979				979	
Cash distributions declared ($2.04 per common share of which none represented a return of capital for federal income tax purposes)								(80,956)	(80,956)	
Balance at December 31, 2004	**$ 151,981**	**$ 96,321**	**40,876**	**$ 409**	**$ 917,613**	**$ (15,273)**	**$ 5,647**	**$ 191,182**	**$ 1,347,880**	**$ 218,193**

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

SL Green Realty Corp.
Consolidated Statements Of Cash Flows
(Amounts in thousands, except per share data)

	Year Ended December 31, 2004	2003	2002
Operating Activities			
Net income	$ 209,430	$ 98,159	$ 74,331
Adjustment to reconcile net income to net cash provided by operating activities:			
Non-cash adjustments related to income from discontinued operations	9,221	8,074	7,833
Depreciation and amortization	52,149	42,136	32,790
Amortization of discount on structured finance investments	(210)	(161)	388
Gain on sale of discontinued operations	(95,680)	(22,849)	—
Equity in net loss (income) from affiliates	—	196	(292)
Equity in net income from unconsolidated joint ventures	(44,037)	(14,870)	(18,383)
Equity in gain on sale of unconsolidated joint venture	(22,012)	(3,087)	—
Minority interest	5,693	4,168	3,771
Deferred rents receivable	(7,741)	(9,094)	(8,929)
Allowance for bad debts	1,388	1,606	2,298
Amortization of deferred compensation	7,317	3,786	1,419
Changes in operating assets and liabilities:			
Restricted cash - operations	3,430	3,313	6,455
Tenant and other receivables	(5,553)	(8,184)	(604)
Related party receivables	215	(1,742)	(1,370)
Deferred lease costs	(16,409)	(5,446)	(7,297)
Other assets	(2,348)	(16,290)	(6,452)
Accounts payable, accrued expenses and other liabilities	25,528	(5,062)	15,479
Deferred revenue	(4,674)	3,057	(29)
Deferred land lease payable	557	540	540
Net cash provided by operating activities	116,264	78,250	101,948
Investing Activities			
Acquisitions of real estate property	(388,157)	(81,214)	—
Additions to land, buildings and improvements	(31,295)	(22,532)	(26,675)
Restricted cash – capital improvements/acquisitions	(2,127)	(33,773)	2,887
Investment in and advances to affiliates	—	2,361	(490)
Distribution from affiliate	—	—	739
Investments in unconsolidated joint ventures	(79,827)	(385,067)	(93,881)
Distributions from unconsolidated joint ventures	193,144	36,469	22,482
Net proceeds from disposition of rental property	220,300	119,075	—
Structured finance investments net of repayments/participations	(132,889)	(126,688)	42,610
Net cash used in investing activities	(220,851)	(491,369)	(52,328)
Financing Activities			
Proceeds from mortgage notes payable	—	245,000	—
Repayments of mortgage notes payable	(3,395)	(298,294)	(21,496)
Proceeds from revolving credit facilities and term loans	840,900	628,000	275,000
Repayments of revolving credit facilities and term loans	(908,578)	(266,000)	(195,931)
Proceeds from stock options exercised and dividend reinvestment plan	25,383	11,243	6,647
Net proceeds from sale of common/preferred stock	234,951	152,539	—
Capitalized lease obligation	274	306	288
Dividends and distributions paid	(85,240)	(70,868)	(66,592)
Deferred loan costs	(2,459)	(8,281)	(2,709)
Net cash provided by (used in) financing activities	101,836	393,645	(4,793)
Net (decrease) increase in cash and cash equivalents	(2,751)	(19,474)	44,827
Cash and cash equivalents at beginning of period	38,546	58,020	13,193
Cash and cash equivalents at end of period	$ 35,795	$ 38,546	$ 58,020
Supplemental cash flow disclosures			
Interest paid	$ 61,716	$ 44,256	$ 36,725

In December 2004, 2003 and 2002, the Company declared quarterly distributions per share of $0.54, $0.50 and $0.465, respectively. These distributions were paid in January 2005, 2004 and 2003, respectively.

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

SL Green Realty Corp.
Notes to Consolidated Financial Statements
December 31, 2004

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 December 31, 2004, minority investors held, in the aggregate, a 5.8% limited partnership interest in the Operating Partnership.

As of December 31, 2004, our wholly-owned properties consisted of 20 commercial properties encompassing approximately 8.8 million rentable square feet located primarily in midtown Manhattan, a borough of New York City, or Manhattan. As of December 31, 2004, the weighted average occupancy (total leased square feet divided by total available square feet) of the wholly-owned properties was 94.5%. Our portfolio also includes ownership interests in unconsolidated joint ventures, which own eight commercial properties in Manhattan, encompassing approximately 8.2 million rentable square feet, and which had a weighted average occupancy of 96.9% as of December 31, 2004. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

Partnership Agreement

In accordance with the partnership agreement of the Operating Partnership, or the Operating Partnership Agreement, we allocate all distributions and profits and losses in proportion to the percentage ownership interests of the respective partners. As the managing general partner of the Operating Partnership, we are required to take such reasonable efforts, as determined by us in our sole discretion, to cause the Operating Partnership to distribute sufficient amounts to enable the payment of sufficient dividends by us to avoid any Federal income or excise tax at the Company level. Under the Operating Partnership Agreement each limited partner 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.

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." See Note 5 and Note 6. 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. In December 2003, the FASB issued a revision of FIN 46, "Interpretation No. 46R," to clarify the provisions of FIN 46. The application of Interpretation No. 46R is required in financial statements of public companies for periods ending after March 15, 2004. The adoption of this pronouncement effective July 1, 2003 for the Service Corporation had no impact on our results of operations or cash flows, but resulted in a gross-up of assets and liabilities by approximately $2,543,000 and $629,000, respectively. See Note 7. The adoption of this pronouncement effective January, 2004, for our structured finance portfolio and joint ventures, had no impact on our financial condition, net income or cash flows as none of these investments were determined to be variable interest entities. See Note 6. All significant intercompany balances and transactions have been eliminated.

Investment in Commercial Real Estate Properties

Rental properties are stated at cost less accumulated depreciation and amortization. Costs directly related to the acquisition and redevelopment of rental properties are capitalized. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

In accordance with Statement of Financial Accounting Standards, or SFAS, No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", a property to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less its cost to sell. Once an asset is held for sale, depreciation expense and straight-line rent adjustments are no longer recorded and the historic results are reclassified as discontinued operations. See Note 4.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Category	Term
Building (fee ownership)	40 years
Building improvements	shorter of remaining life of the building or useful life
Building (leasehold interest)	lesser of 40 years or remaining term of the lease
Property under capital lease	remaining lease term
Furniture and fixtures	four to seven years
Tenant improvements	shorter of remaining term of the lease or useful life

Depreciation expense (including amortization of the capital lease asset) amounted to approximately $43.1 million, $38.3 million and $29.5 million for the years ended December 31, 2004, 2003 and 2002, respectively.

On a periodic basis, we assess whether there are any indicators that the value of our real estate properties may be impaired or that its carrying value may not be recoverable. A property's value is considered impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. We do not believe that the value of any of our rental properties was impaired at December 31, 2004 and 2003.

Results of operations of properties acquired are included in the Statement of Operations from the date of acquisition.

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 recorded a deferred asset of approximately $10.0 million and $3.0 million representing the net value of acquired above and below market leases and assumed lease origination costs for the years ended December 31, 2004 and 2003, respectively. For the years ended December 31, 2004 and 2003, we recognized an increase of $62,000, and a decrease of $155,000 in rental revenue, respectively, for the amortization of above market leases and a reduction in lease origination costs, resulting from the reallocation of the purchase price of the applicable properties. We also recorded a deferred liability of approximately $3.2 million representing the value of a mortgage loan assumed at an above market interest rate. For the years ended December 31, 2004 and 2003, we recognized a $657,000 and $457,000 reduction in interest expense for the amortization of the above market mortgage, respectively.

Cash and Cash Equivalents
We consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investment in Unconsolidated Joint Ventures
We accounted for our investments in unconsolidated joint ventures under the equity method of accounting as we exercise significant influence, but do not control these entities and are not considered to be the primary beneficiary under FIN 46. In all the joint ventures, the rights of the minority investor are both protective as well as participating. These rights preclude us from consolidating these investments. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions. Any difference between the carrying amount of these investments on our balance sheet and the underlying equity in net assets is amortized as an adjustment to equity in net income (loss) of unconsolidated joint ventures over the lesser of the joint venture term or 40 years. See Note 6. None of the joint venture debt is recourse to us.

Restricted Cash
Restricted cash primarily consists of security deposits held on behalf of our tenants as well as capital improvement and real estate tax escrows required under certain loan agreements.

Deferred Lease Costs
Deferred lease costs consist of fees and direct costs incurred to initiate and renew operating leases and are amortized on a straight-line basis over the related lease term. Certain of our employees provide leasing services to the wholly-owned properties. A portion of their compensation, approximating $1.7 million for each of the years ended December 31, 2004, 2003 and 2002, respectively, was capitalized and is amortized over an estimated average lease term of seven years.

Deferred Financing Costs
Deferred financing costs represent commitment fees, legal and other third party costs associated with obtaining commitments for financing which result in a closing of such financing. These costs are amortized over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is refinanced or repaid before maturity. Costs incurred in seeking financial transactions which do not close are expensed in the period in which it is determined that the financing will not close.

Revenue Recognition
Rental revenue is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rents receivable on the accompanying balance sheets. We establish, on a current basis, an allowance for future potential tenant credit losses which may occur against this account. The balance reflected on the balance sheet is net of such allowance.

In addition to base rent, our tenants also generally will pay their pro rata share of increases in real estate taxes and operating expenses for the building over a base year. In some leases, in lieu of paying additional rent based upon increases in building operating expenses, the tenant will pay additional rent based upon increases in the wage rate paid to porters over the porters' wage rate in effect during a base year or increases in the consumer price index over the index value in effect during a base year. In addition, many of our leases contain fixed percentage increases over the base rent to cover escalations.

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

These escalations are based on actual expenses incurred in the prior calendar year. If the expenses in the current year are different from those in the prior year, then during the current year, the escalations will be adjusted to reflect the actual expenses for the current year.

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of its tenants to make required rent payments. If the financial condition of a specific tenant were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Interest income on structured finance investments is recognized over the life of the investment using the effective interest method and recognized on the accrual basis. Fees received in connection with loan commitments are deferred until the loan is funded and are then recognized over the term of the loan as an adjustment to yield. Anticipated exit fees, whose collection is expected, are also recognized over the term of the loan as an adjustment to yield. Fees on commitments that expire unused are recognized at expiration.

Income recognition is generally suspended for structured finance investments at the earlier of the date at which payments become 90 days past due or when, in the opinion of management, a full recovery of income and principal becomes doubtful. Income recognition is resumed when the loan becomes contractually current and performance is demonstrated to be resumed.

Asset management fees are recognized on a straight-line basis over the term of the asset management agreement.

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

Where impairment is indicated, a valuation write-down or write-off is measured based upon the excess of the recorded investment amount over the net fair value of the collateral, as reduced by selling costs. Any deficiency between the carrying amount of an asset and the net sales price of repossessed collateral is charged to the allowance for credit losses. No reserve for impairment was required at December 31, 2004 or 2003.

Rent Expense
Rent expense is recognized on a straight-line basis over the initial term of the lease. The excess of the rent expense recognized over the amounts contractually due pursuant to the underlying lease is included in the deferred land lease payable in the accompanying balance sheets.

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 no income or are marginally profitable, resulting in minimal or no Federal income tax liability for these entities.

Underwriting Commissions and Costs
Underwriting commissions and costs incurred in connection with our stock offerings are reflected as a reduction of additional paid-in-capital.

Stock-Based Employee Compensation Plans
We have a stock-based employee compensation plan, described more fully in Note 15. 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 apply 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 is effective for us commencing in the third quarter of 2005. 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. We are in the process of evaluating the impact of such key differences between SFAS No. 123 and SFAS No. 123-R, but do not currently believe that the adoption of SFAS No. 123-R will have a material 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 business day preceding 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 2004, 2003 and 2002.

	2004	2003	2002
Dividend yield	**5.00**%	5.00%	5.50%
Expected life of option	**5 years**	5 years	5 years
Risk-free interest rate	**4.00**%	4.00%	5.00%
Expected stock price volatility	**14.40**%	17.91%	18.91%

The following table illustrates the effect on net income available to common shareholders and earnings per share if the fair value method had been applied to all outstanding and unvested stock options for the years ended December 31, 2004, 2003 and 2002 (in thousands):

	Year Ended December 31,		
	2004	2003	2002
Net income available to common shareholders	**$ 193,172**	$ 90,447	$ 64,641
Deduct stock option expense-all awards	**(1,677)**	(1,529)	(2,130)
Add back stock option expense included in net income	**331**	147	—
Allocation of compensation expense to minority interest	**93**	102	145
Pro forma net income available to common shareholders	**$ 191,919**	$ 89,167	$ 62,656
Basic earnings per common share-historical	**$ 4.93**	$ 2.80	$ 2.14
Basic earnings per common share-pro forma	**$ 4.90**	$ 2.76	$ 2.07
Diluted earnings per common share-historical	**$ 4.75**	$ 2.66	$ 2.09
Diluted earnings per common share-pro forma	**$ 4.71**	$ 2.62	$ 2.03

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

Derivative Instruments

In the normal course of business, we use a variety of derivative instruments to manage, or hedge, interest rate risk. We require that hedging derivative instruments are effective in reducing the interest rate risk exposure that they are designated to hedge. This effectiveness is essential for qualifying for hedge accounting. Some derivative instruments are associated with an anticipated transaction. In those cases, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Instruments that meet these hedging criteria are formally designated as hedges at the inception of the derivative contract.

To determine the fair values of derivative instruments, we use a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments including most derivatives, long-term investments and long-term debt, standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost, and termination cost are used to determine fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

In the normal course of business, we are exposed to the effect of interest rate changes and limit these risks by following established risk management policies and procedures including the use of derivatives. To address exposure to interest rates, derivatives are used primarily to fix the rate on debt based on floating-rate indices and manage the cost of borrowing obligations.

We use a variety of commonly used derivative products that are considered plain vanilla derivatives. These derivatives typically include interest rate swaps, caps, collars and floors. We expressly prohibit the use of unconventional derivative instruments and using derivative instruments for trading or speculative purposes. Further, we have a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors.

We may employ swaps, forwards or purchased options to hedge qualifying forecasted transactions. Gains and losses related to these transactions are deferred and recognized in net income as interest expense in the same period or periods that the underlying transaction occurs, expires or is otherwise terminated.

Hedges that are reported at fair value and presented on the balance sheet could be characterized as either cash flow hedges or fair value hedges. Interest rate caps and collars are examples of cash flow hedges. Cash flow hedges address the risk associated with future cash flows of debt transactions. All hedges held by us are deemed to be fully effective in meeting the hedging objectives established by our corporate policy governing interest rate risk management and as such no net gains or losses were reported in earnings. The changes in fair value of hedge instruments are reflected in accumulated other comprehensive loss. For derivative instruments not designated as hedging instruments, the gain or loss, resulting from the change in the estimated fair value of the derivative instruments, is recognized in current earnings during the period of change.

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 the tenant at 750 Third Avenue, which is subject to a master lease through December 2005 and who contributes approximately 10.0% of our annualized rent, no single tenant in the wholly-owned properties contributes more than 4.2% of our annualized rent at December 31, 2004. Approximately 20% and 9% of our annualized rent was attributable to 420 Lexington Avenue and 555 West 57th Street, respectively, for the year ended December 31, 2002. Approximately 18% and 13% of our annualized rent was attributable to 420 Lexington Avenue and 220 East 42nd Street, respectively, for the year ended December 31, 2003. Approximately 16%, 12% and 10% of our annualized rent was attributable to 420 Lexington Avenue, 220 East 42nd Street and 750 Third Avenue, respectively, for the year ended December 31, 2004. One borrower accounted for more than 10.0% of the revenue earned on structured finance investments at December 31, 2004. Currently 76.9% of our workforce which service substantially all of our properties is covered by three collective bargaining agreements.

Reclassification
Certain prior year balances have been reclassified to conform with the current year presentation and to comply with SFAS No. 144.

3. Property Acquisitions

2004 Acquisitions
In July 2004, we acquired the 780,000 square foot office property located at 750 Third Avenue, or 750 Third, for $255.0 million. The acquisition was initially funded using proceeds from our unsecured revolving credit facility. At closing, TIAA-CREF, a AAA-rated company, entered into an operating lease for the entire building. At the expiration of such operating lease, in December 2005, the building will be approximately 25% vacant.

In October 2004, we acquired the long-term leasehold in the 563,000 square foot office property at 625 Madison Avenue, or 625 Madison, for $231.5 million. The property was acquired with borrowings under our unsecured revolving credit facility, approximately 306,000 units of limited partnership interest in our Operating Partnership, having an aggregate value of approximately $15.5 million, and the assumption of a $102.0 million mortgage loan held by the New York State Teacher's Retirement System. The mortgage has a fixed annual interest rate of 6.27% and will mature in November 2015. The property is subject to a ground lease with a final expiration date of June 30, 2054.

2003 Acquisitions
In February 2003, we acquired the 1.1 million square foot office property located at 220 East 42nd Street, Manhattan, known as The News Building, a property located in the Grand Central and United Nations marketplace, for a purchase price of approximately $265.0 million. Prior to the acquisition, we held a $53.5 million preferred equity investment in the property that was redeemed in full at closing. In connection with the redemption, we earned a redemption premium totaling approximately $4.4 million, which was accounted for as a reduction in the cost basis, resulting in an adjusted purchase price of $260.6 million. In connection with this acquisition, we assumed a $158.0 million mortgage, which was due to mature in September 2004 and bore interest at LIBOR plus 1.76%, and issued approximately 376,000 units of limited partnership interest in our Operating Partnership having an aggregate value of approximately $11.3 million. The remaining $42.2 million of the purchase price was funded from proceeds from the sales of 50 West 23rd Street and 875 Bridgeport Avenue, Shelton, CT, and borrowings under our unsecured revolving credit facility, which included the repayment of a $28.5 million mezzanine loan on the property. In December 2003, we refinanced the $158.0 million mortgage with a new $210.0 million 10-year mortgage at a fixed interest rate of 5.23%. See Note 9. We agreed that for a period of seven years after the acquisition, we would not take certain action that would adversely affect the tax positions of certain of the partners who received units of limited partnership interest in our Operating Partnership and who held interests in this property prior to the acquisition.

In March 2003, we acquired condominium interests in 125 Broad Street, Manhattan, encompassing approximately 525,000 square feet of office space for approximately $92.0 million. We assumed the $76.6 million first mortgage currently encumbering this property. The mortgage matures in October 2007 and bears interest at 8.29%. In addition, we issued 51,667 units of limited partnership interest in our Operating Partnership having an aggregate value of approximately $1.6 million. The balance of the purchase price was funded from proceeds from the sales of 50 West 23rd Street and 875 Bridgeport Avenue. At acquisition this property was encumbered by a ground lease. However, we acquired our portion of the underlying fee interest for approximately $6.0 million in June 2004. We agreed that for a period of three years following the acquisition, we would not take certain action that would adversely affect the tax positions of certain of the partners who received units of limited partnership interest in our Operating Partnership and who held interests in this property prior to the acquisition.

In October 2003, we acquired the long-term leasehold interest in 461 Fifth Avenue, Manhattan, for $60.9 million. The leasehold acquisition was funded, in part, with the proceeds from the sale of 1370 Broadway, Manhattan, which closed in July 2003. As a 1031 tax-free exchange, the transaction enabled us to defer gains from the sale of 1370 Broadway and from the sale of 17 Battery Place South, Manhattan, which gain was initially re-invested in 1370 Broadway. The balance of the acquisition was funded using our unsecured revolving credit facility.

2002 Acquisitions
During the year ended December 31, 2002, we did not acquire any wholly-owned properties.

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 years ended December 31, 2004 and 2003 as though the acquisitions of 220 East 42nd Street (February 2003) and 125 Broad Street (March 2003), the $210.0 million refinancing of 220 East 42nd Street (December 2003), the equity investment in 1221 Avenue of the Americas (December 2003) (see Note 6), the acquisition of 750 Third and the equity investment in 485 Lexington (July 2004) and the acquisition of 625 Madison Avenue (October 2004) were completed on January 1, 2003 and the December 2003 7.625% Series C cumulative redeemable preferred stock, or the Series C preferred stock, the January and August 2004 common stock and the April and July 2004 7.875% Series D cumulative redeemable preferred stock, or the Series D preferred stock, were issued on that date.

	2004	2003
Pro forma revenues	**$ 378,924**	$ 347,054

Pro forma net income	$ **191,280**	$ 102,407
Pro forma earnings per common share-basic	$ **4.77**	$ 2.89
Pro forma earnings per common share and common share equivalents-diluted	$ **4.61**	$ 2.79
Pro forma common shares-basic	**40,111**	35,415
Pro forma common share and common share equivalents-diluted	**44,308**	42,427

4. Property Dispositions and Assets Held for Sale

In October 2004, we sold 17 Battery Place North for approximately $70.0 million, realizing a gain of approximately $22.5 million. The net proceeds were reinvested into the acquisition of 750 Third to effectuate a 1031 tax-free exchange.

In November 2004, we sold 1466 Broadway for approximately $160.0 million, realizing a gain of approximately $73.2 million. The net proceeds were reinvested into the acquisition of 750 Third to effectuate a 1031 tax-free exchange.

In March 2003, we sold 50 West 23rd Street for $66.0 million. We acquired the building at the time of our initial public offering in August of 1997, at a purchase price of approximately $36.6 million. Since that time, the building was upgraded and repositioned enabling us to realize a gain of approximately $19.2 million. The proceeds of the sale were used to pay off an existing $21.0 million first mortgage and substantially all of the balance was reinvested into the acquisitions of The News Building and 125 Broad Street to effectuate a partial 1031 tax-free exchange.

In May 2003, we sold 875 Bridgeport Avenue, Shelton, CT, or Shaws, for approximately $16.2 million and the buyer assumed the existing $14.8 million first mortgage. The net proceeds were reinvested into the acquisitions of The News Building and 125 Broad Street to effectuate a partial 1031 tax-free exchange.

In July 2003, we sold 1370 Broadway for $57.5 million, realizing a gain of approximately $4.0 million. The net proceeds were reinvested into the acquisition of 461 Fifth Avenue to effectuate a 1031 tax-free exchange.

During the year ended December 31, 2002, we did not dispose of any wholly-owned properties.

At December 31, 2004, discontinued operations included the results of operations of real estate assets sold during the three years then ended or held for sale at that date. This included 50 West 23rd Street which was sold in March 2003, Shaws which was sold in May 2003, 1370 Broadway which was sold in July 2003, 17 Battery Place North which was sold in October 2004 and 1466 Broadway which was sold in November 2004. 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 years ended December 31, 2004, 2003 and 2002 (in thousands).

	Year Ended December 31,		
	2004	**2003**	**2002**
Revenues			
Rental revenue	$ **16,678**	$ 26,035	$ 34,849
Escalation and reimbursement revenues	**2,174**	3,590	3,860
Other income	**219**	557	203
Total revenues	**19,071**	30,182	38,912
Operating expense	**5,934**	8,014	9,349
Real estate taxes	**3,288**	5,125	5,494
Interest	**—**	896	2,795
Depreciation and amortization	**3,562**	5,867	6,852
Total expenses	**12,784**	19,902	24,490
Income from discontinued operations	**6,287**	10,280	14,422
Gain on disposition of discontinued operations	**95,680**	22,850	—
Minority interest in operating partnership	**(5,659)**	(2,209)	(981)
Income from discontinued operations, net of minority interest	$ **96,308**	$ 30,921	$ 13,441

5. Structured Finance Investments

During the years ended December 31, 2004 and 2003, we originated approximately $309.6 million and $165.5 million in structured finance and preferred equity investments (net of discount), respectively. There were also approximately $178.6 million and $92.1 million in repayments and participations during those years, respectively. At December 31, 2004, 2003 and 2002 all loans were performing in accordance with the terms of the loan agreements.

As of December 31, 2004 and 2003, we held the following structured finance investments, excluding preferred equity investments, with a current yield of 10.2% (in thousands):

Loan Type	Gross Investment	Senior Financing	2004 Principal Outstanding	2003 Principal Outstanding	Initial Maturity Date
Mezzanine Loan (1) (2)	$ 15,000	$ 102,000	$ 14,471	$ 12,445	October 2013
Mezzanine Loan (1) (3)	3,500	28,000	3,500	3,500	September 2021
Mezzanine Loan (1)	40,000	184,000	40,000	—	February 2014
Mezzanine Loan	20,000	90,000	20,000	—	June 2006
Mezzanine Loan (4)	31,500	110,000	31,278	—	January 2006
Mezzanine Loan (5)	—	—	—	24,957	April 2004
Mezzanine Loan	—	—	—	15,000	January 2005
Junior Participation (6)	11,000	46,500	11,000	11,000	May 2005
Junior Participation (6) (7)	30,000	125,000	15,045	30,000	September 2005
Junior Participation (1)	37,500	477,500	37,500	—	January 2014
Junior Participation (1)	4,000	44,000	3,964	3,993	August 2010

Junior Participation	36,000	130,000	36,000	—	April 2006
Junior Participation	25,000	39,000	25,000	—	June 2006
Junior Participation	6,994	133,000	5,269	—	June 2014
Junior Participation (1)	11,000	53,000	11,000	—	November 2009
Junior Participation (1)	21,000	115,000	21,000	—	November 2009
Junior Participation	—	—	—	500	December 2004
Junior Participation (8)	—	—	—	14,926	November 2004
Junior Participation	—	—	—	15,000	September 2005
	$ 292,494	$ 1,677,000	$ 275,027	$ 131,321	

(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) This investment was subject to an $18.9 million loan at a rate of 200 basis points over the 30-day LIBOR. The loan matured and was repaid in January 2005.
(5) In July 2001, this loan was contributed to a joint venture with Prudential Real Estate Investors, or PREI. We retained a 50% interest in the loan. The original investment was $50.0 million. This investment was redeemed in April 2004.
(6) These loans are subject to three one-year extension options from the initial maturity date.
(7) This loan is fully funded. A portion of the initially funded loan was sold to a third party at par value.
(8) On April 12, 2002, this loan, with an original investment of $30.0 million was contributed to our joint venture with PREI. The Company retained a 50% interest in the loan. This loan was redeemed in January 2004.

Preferred Equity Investments

As of December 31, 2004 and 2003, we held the following preferred equity investments with a current yield of 10.43% (in thousands):

Type	Gross Investment	Senior Financing	2004 Amount Outstanding	2003 Amount Outstanding	Initial Maturity Date
Preferred equity (1) (2)	$ —	$ —	$ —	$ 7,809	May 2006
Preferred equity (1) (3)	75,000	481,000	75,000	—	July 2014
Preferred equity (1) (4)	—	—	—	59,380	April 2004
Preferred equity (5)	—	—	—	5,479	July 2007
Preferred equity (5)	—	—	—	8,000	January 2006
Preferred equity (6)	—	—	—	7,000	August 2006
	$ 75,000	$ 481,000	$ 75,000	$ 87,668	

(1) This is a fixed rate investment.
(2) The investment is subject to extension options. We will also participate in the appreciation of the property upon sale to a third party above a specified threshold. This investment was redeemed in December 2004.
(3) An affiliate of ours owns an interest in the first mortgage of the underlying property.
(4) This investment was redeemed on April 1, 2004.
(5) This investment was redeemed in July 2004.
(6) This investment was redeemed in March 2004 in connection with the acquisition of 19 West 44th Street. See Note 6.

6. Investment in Unconsolidated Joint Ventures

Rockefeller Group International Inc. Joint Venture

In December 2003, we purchased a 45% ownership interest in 1221 Avenue of the Americas for $450.0 million from The McGraw-Hill Companies, or MHC. MHC is a tenant at the property and accounted for approximately 14.6% of property's annualized rent at December 31, 2004. Rockefeller Group International, Inc. retained its 55% ownership interest in 1221 Avenue of the Americas and continues to manage the property. For the year ended December 31, 2004, we recognized an increase in net equity in unconsolidated joint ventures of approximately $685,000 as a result of amortizing the SFAS No. 141 adjustment.

1221 Avenue of the Americas, known as The McGraw-Hill Companies building, is an approximately 2.55 million square foot, 50-story class "A" office building located in Rockefeller Center.

The gross purchase price of $450.0 million was partially funded by the assumption of 45% of underlying property indebtedness of $175.0 million, or $78.8 million, and the balance was paid in cash. This loan, which matures in December 2006, has an interest rate based on the Eurodollar plus 95 basis points (effective all-in weighted average interest rate for the year ended December 31, 2004 was 2.36%). We funded the cash component, in part, with proceeds from our offering of our Series C preferred stock (net proceeds of approximately $152.0 million) that closed in December 2003. The balance of the proceeds was funded with our unsecured revolving credit facility and a $100.0 million non-recourse term loan.

Morgan Stanley Joint Ventures

MSSG I
In December 2000, we, together with Morgan Stanley Real Estate Fund, or MSREF, through the MSSG I joint venture, acquired 180 Madison Avenue, Manhattan, for approximately $41.3 million, excluding closing costs. The property is a 265,000 square foot, 23-story building. In addition to holding a 49.9% ownership interest in the property, we act as the operating member for the joint venture, and are responsible for leasing and managing the property. During 2004, 2003 and 2002, we earned approximately $362,000, $281,000 and $331,000 for such services, respectively. The acquisition was partially funded by a $32.0 million mortgage from M&T Bank. The loan, which was to mature in December 2005, carried a fixed interest rate of 7.81%. The mortgage was interest only until January 2002, at which time principal payments began. In July 2003, this mortgage was repaid and replaced with a five year $45.0 million first mortgage. The mortgage carries a fixed interest rate of 4.57% per annum and is interest only for the first year, after which time principal repayments begin. The joint venture agreement provides us with the opportunity to gain certain economic benefits based on the financial performance of the property.

MSSG II
In January 2001, we, together with MSREF, through the MSSG II joint venture, acquired 469 Seventh Avenue, Manhattan, for approximately $45.7 million, excluding closing costs. The property is a 253,000 square foot, 16-story office building. In addition to holding a 35% ownership interest in the property, we acted as the operating member for the joint venture, and were responsible for leasing and managing the property. During 2002, we earned approximately $137,000, for such services. The acquisition was partially funded by a $36.0 million mortgage from LBHI. The loan, which was to mature in February 2003, carried a fixed interest rate of 7.84% from the acquisition date through March 2001, and thereafter, the interest rate was LIBOR plus 210 basis points.

In June 2002, the MSSG II joint venture sold 469 Seventh Avenue for a gross sales price of $53.1 million, excluding closing costs. MSSG II realized a gain of approximately $4.8 million on the sale of which our share was approximately $1.7 million. In addition, the $36.0 million mortgage was repaid in full. As part of the sale, we made a preferred equity investment of $6.0 million in the entity acquiring the asset. As a result of this continuing investment, we deferred recognition of our share of the gain until our preferred investment was redeemed in 2004.

MSSG III
In May 2000, we sold a 65% interest, for cash, in the property located at 321 West 44th Street to MSREF, valuing the property at approximately $28.0 million. We realized a gain of approximately $4.8 million on this transaction and retained a 35% interest in the property (with a carrying value of approximately $6.5 million), which was contributed to MSSG I. We acquired the 203,000 square foot building, located in the Times Square sub-market of Manhattan in March 1998. Simultaneous with the closing of this joint venture, the venture received a $22.0 million mortgage for the acquisition and capital improvement program, which was estimated at approximately $3.3 million. The interest only mortgage was scheduled to mature in April 2004 and had an interest rate based on LIBOR plus 250 basis points. In addition to retaining a 35% economic interest in the property, we, acting as the operating member for the joint venture, were responsible for redevelopment, construction, leasing and management of the property. During 2003 and 2002, we earned approximately $147,000 and $227,000 respectively, for such services. The venture agreement provided us with the opportunity to gain certain economic benefits based on the financial performance of the property.

In December 2003, the MSSG III joint venture, sold the property for a gross sales price of $35.0 million, excluding closing costs. MSSG III realized a gain of approximately $271,000 on the sale of which our share was approximately $95,000. We also recognized a gain of approximately $3.0 million, which had been deferred at the time we sold the property to the joint venture.

City Investment Fund Joint Ventures

19 West 44th Street
In March 2004, we, through a joint venture with The City Investment Fund, or CIF, acquired the property located at 19 West 44th Street, or 19 West, for $67.0 million, including the assumption of a $47.2 million mortgage, with the potential for up to an additional $2.0 million in consideration based on property performance. This was satisfied in December 2004 for $1.25 million. We previously held a $7.0 million preferred equity investment in the property that was redeemed at the closing. We now hold a 35% equity interest in the property. The joint venture financed the transaction by assuming the existing $31.8 million first mortgage and a $15.4 million mezzanine loan with all-in weighted interest rates of 2.35% and 8.5%, respectively. The effective all-in weighted average interest rate for the year ended December 31, 2004 was 4.54%. The mortgage matures in September 2005 and is open for prepayment in April 2005.

19 West is an approximately 292,000 square foot office building located between Fifth and Sixth Avenues. We act as the operating partner for the joint venture and are responsible for leasing and managing the property. During the year ended December 31, 2004, we earned approximately $171,000 for such services. The joint venture agreement provides us with the opportunity to gain certain economic benefits based on the financial performance of the property.

485 Lexington Avenue
In July 2004, we acquired a 30.0% equity interest in the 921,000 square foot office building located at 485 Lexington Avenue, or 485 Lexington, through a joint venture with CIF and the Witkoff Group. The purchase price for 485 Lexington was $225.0 million. The joint venture has arranged for a loan facility to fund 75% of the acquisition and anticipated re-tenanting costs of 485 Lexington. Consistent with our prior joint venture arrangements, we act as the operating partner and day-to-day manager of the venture and are entitled to management fees, leasing commissions and incentive fees. During the year ended December 31, 2004, we earned approximately $104,000 for such services. At closing, TIAA-CREF entered into an operating lease for the entire building. Upon expiration of the operating lease in December 2005, it is anticipated that TIAA-CREF will vacate all of the space it occupies in 485 Lexington (approximately 870,000 square feet).

Simultaneous with the closing of 485 Lexington, the joint venture closed on a $240.0 million loan. The loan, which bears interest at 200 basis points over the 30-day LIBOR, is for three years and has two one-year extension options. At closing, the joint venture drew down approximately $175.3 million. The balance will be used to fund the redevelopment program on an as-needed basis. The effective all-in weighted average interest rate for the year ended December 31, 2004 was 3.84%.

SITQ Immobilier Joint Ventures

One Park Avenue
In May 2001, we entered into a joint venture with respect to the ownership of our interests in One Park Avenue, Manhattan, or One Park, with SITQ Immobilier, a subsidiary of Caisse de depot et placement du Quebec, or SITQ. The property is a 913,000 square foot office building. Under the terms of the

joint venture, SITQ purchased a 45% interest in our interests in the property based upon a gross aggregate price of $233.9 million, exclusive of closing costs and reimbursements. No gain or loss was recorded as a result of this transaction. The $150.0 million mortgage was assumed by the joint venture. The interest only mortgage, which was scheduled to mature in January 2004, was extended for one year. This mortgage had an interest rate based on LIBOR plus 150 basis points (2.74% at December 31, 2003). We provided management and leasing services for One Park. During 2004, 2003 and 2002, we earned approximately $0.8 million, $1.7 million and $1.1 million, respectively, for such services. During 2004, 2003 and 2002, we earned approximately $618,000, $757,000 and $797,000 in asset management fees, respectively. The various ownership interests in the mortgage positions of One Park, held through this joint venture, provided for substantially all of the economic interest in the property and gave the joint venture the sole option to purchase the ground lease position. Accordingly, we accounted for this joint venture as having an ownership interest in the property.

In May 2004, the joint venture sold a 75% interest to an affiliate of Credit Suisse First Boston (see below).

1250 Broadway

In November 2001, we sold a 45% interest in 1250 Broadway, Manhattan, or 1250 Broadway, to SITQ based on the property's valuation of approximately $121.5 million. No gain or loss was recorded as a result of this transaction. This property is a 670,000 square foot office building. This property was subject to an $85.0 million mortgage. The interest only mortgage was scheduled to mature in October 2004 and had a one-year renewal option. The mortgage had an interest rate based on LIBOR plus 250 basis points (3.62% at December 31, 2003). We entered into a swap agreement on our share of the joint venture first mortgage. The swap effectively fixed the LIBOR rate at 4.04% through January 2005. In July 2004, we refinanced 1250 Broadway with a $115.0 million mortgage. The interest only loan carries an interest rate of 120 basis points over the 30-day LIBOR (effective all-in weighted average interest rate of 6.29% for the year ended December 31, 2004). The loan matures in August 2006 and is subject to three one-year as-of-right renewal extensions. We provide management and leasing services for 1250 Broadway. During 2004, 2003 and 2002, we earned approximately $781,000, $695,000 and $642,000, respectively, for such services. During each of the years ended December 31, 2004, 2003 and 2002, we earned $240,000, $900,000 and $900,000, respectively, in asset management fees.

1515 Broadway

In May 2002, we, along with SITQ, acquired 1515 Broadway, Manhattan, or 1515 Broadway, for a gross purchase price of approximately $483.5 million. The property is a 1.75 million square foot, 54-story office tower located on Broadway between 44th and 45th Streets. The property was acquired in a joint venture with us retaining an approximate 55% non-controlling interest in the asset. 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. We provide management and leasing services for 1515 Broadway. During 2004, 2003 and 2002, we earned approximately $2.6 million, $1.4 million and $828,000, respectively, for such services. During 2004, 2003 and 2002, we earned approximately $979,000, $898,000 and $612,000, respectively, in asset management fees.

1515 Broadway was acquired with a $275.0 million first mortgage and $60.0 million of mezzanine loans, or the Mezzanine Loans. The balance of the proceeds were funded from our unsecured line of credit and from SITQ's capital contribution to the joint venture. The $275.0 million first mortgage carried an interest rate of 145 basis points over the 30-day LIBOR. The Mezzanine Loans consisted of two $30.0 million loans. The first mezzanine loan carried an interest rate of 350 basis points over the 30-day LIBOR. The second mezzanine loan carried an interest rate of 450 basis points over the 30-day LIBOR. We entered into a swap agreement on $100.0 million of our share of the joint venture first mortgage. The swap effectively fixed the LIBOR rate on the $100.0 million at 2.299% through June 2004. This swap was extended for one year at a fixed LIBOR rate of 1.855%. In June 2004, we refinanced the property with a $425.0 million first mortgage. The interest only mortgage carries an interest rate of 90 basis points over the 30-day LIBOR. The all-in weighted average effective interest rate was 3.62% for the year ended December 31, 2004. The mortgage matures in July 2006 and is subject to three one-year as-of-right renewal options.

One tenant, whose leases end between 2008 and 2015, represents approximately 81.4% of this joint venture's annualized rent at December 31, 2004.

Credit Suisse First Boston Joint Venture

In May 2004, Credit Suisse First Boston LLC, or CSFB, 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. Simultaneous with the closing of the acquisition, the new joint venture completed a refinancing of the property with an affiliate of CSFB.

CSFB's affiliated entity acquired its equity interest for $60.0 million. The acquisition was based on a total valuation of approximately $318.5 million. The $238.5 million 10-year interest only loan bears interest at a fixed rate of 5.8% and replaced the existing $150.0 million floating rate loan, which was scheduled to mature in January 2005. We received $83.0 million in net proceeds, which were used to pay down our unsecured revolving credit facility. We have retained a 16.7% interest in the new venture, which may be increased substantially based upon the financial performance of the property. SITQ retained an 8.3% interest. We will manage the venture, in addition to continuing our responsibility of leasing and managing the property. During 2004, we earned approximately $940,000 for these services. During the year ended December 31, 2004, we earned approximately $17,000 in asset management fees.

We accounted for the transaction as a sale of interests and recognized a gain on sale of approximately $22 million. Our initial book basis in the new joint venture is approximately $4.0 million and it will be accounted for under the equity method. In addition, we earned a $4.3 million incentive fee earned pursuant to the prior joint venture agreement with SITQ.

Prudential Real Estate Investors Joint Venture

In February 2000, we acquired a 49.9% interest in a joint venture, which owned 100 Park Avenue, Manhattan, or 100 Park, for $95.8 million. 100 Park is an 834,000 square foot, 36-story office building. The purchase price was funded through a combination of cash and a seller provided mortgage on the property of $112.0 million. In August 2000, AIG/SunAmerica issued a $120.0 million mortgage collateralized by the property located at 100 Park, which replaced the pre-existing $112.0 million mortgage. The 8.00% fixed rate loan has a ten-year term. Interest only was payable through October 1, 2001 and thereafter principal repayments are due through maturity. We provide managing and leasing services for 100 Park. During 2004, 2003 and 2002, we earned approximately $767,000, $757,000 and $631,000 for such services, respectively.

Gramercy Capital Corp.

In April 2004, we formed Gramercy Capital Corp., or Gramercy, a specialty finance company focused on originating and acquiring loans and other fixed-income investments secured by commercial and multi-family real estate. Gramercy will continue our structured finance business as a separate public company. Gramercy intends to operate as and qualify as a REIT for federal income tax purposes. In July 2004, Gramercy sold 12,500,000 shares of common stock in its initial public offering at a price of $15.00 per share, for a total offering of $187.5 million. Gramercy's common stock is listed on the New York Stock Exchange under the symbol "GKK." As part of the offering, which closed on August 2, 2004, we purchased 3,125,000 shares, or 25%, of Gramercy, for a total investment of approximately $46.9 million. The market value of our investment in Gramercy was approximately $64.4 million on December 31, 2004. In January 2005, we purchased an additional 1,275,000 shares of common stock of Gramercy, increasing out total investment to approximately $68.9 million. We currently hold 4,710,000 shares of Gramercy common stock. 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 subject to certain termination rights. Gramercy will pay us an annual management fee equal to 1.75% of their stockholders' equity (as defined in the management agreement). For the period from April 12, 2004 through December 31, 2004, we received an aggregate of approximately $1.3 million in fees under this agreement.

We, along with the Manager, hold Class B limited partner interests for a nominal percentage of Gramercy's operating partnership. We and the Manager currently own 85 units and 15 units of the Class B limited partner interests, respectively. In the future this may be reduced to 70 units and 30 units, respectively. To provide an incentive for the Manager to enhance the value of the common stock, we, along with the Manager, are entitled to an incentive return payable through the Class B limited partner interests 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 an 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. No amounts were earned or accrued under this agreement as of December 31, 2004. Due to the control we have over the Manager, we consolidate the accounts of the Manager into ours.

Gramercy is obligated to reimburse the Manager for its costs incurred under an asset servicing agreement and an outsource agreement between us and the Manager. The asset servicing agreement provides for an annual fee of 0.15% of the book value of Gramercy's investments, excluding certain defined investments. The outsourcing agreement provides a fee of $1.25 million per year, increasing 3% annually over the prior year. For the period from April 12, 2004 through December 31, 2004, the Manager received an aggregate of approximately $637,000 under the outsourcing and asset servicing agreements.

During that same period Gramercy reimbursed approximately $2.4 million to us for organizational costs incurred in connection with the formation of Gramercy, the formation of its affiliates, the initial public offering, and to reimburse us for consulting fees paid to Gramercy's Chief Operating Officer and Chief Financial Officer, respectively.

The condensed combined balance sheets for the unconsolidated joint ventures, including Gramercy, at December 31, 2004 and 2003, are as follows (in thousands):

	2004	2003
Assets		
Commercial real estate property, net	**$ 2,420,851**	$ 2,045,337
Structured finance investments	**411,478**	—
Other assets	**304,230**	290,373
Total assets	**$ 3,136,559**	$ 2,335,710
Liabilities and members' equity		
Mortgage payable	**$ 1,576,201**	$ 907,875
Other liabilities	**98,960**	88,629
Members' equity	**1,461,398**	1,339,206
Total liabilities and members' equity	**$ 3,136,559**	$ 2,335,710
Company's net investment in unconsolidated joint ventures	**$ 557,089**	$ 590,064

The condensed combined statements of operations for the unconsolidated joint ventures from acquisition date through December 31, 2004 are as follows (in thousands):

	2004	2003	2002
Total revenues	**$ 345,389**	$ 176,889	$ 154,685
Operating expenses	**83,249**	48,988	39,831
Real estate taxes	**59,545**	33,741	23,430
Interest	**48,839**	34,295	32,019
Depreciation and amortization	**56,820**	30,232	24,362
Total expenses	**248,453**	147,256	119,642
Net income before gain on sale	**$ 96,936**	$ 29,633	$ 35,043
Company's equity in net income of unconsolidated joint ventures	**$ 44,037**	$ 14,871	$ 18,383

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 our affiliate. This controlling interest gives the affiliate the power to elect all directors of the Service Corporation. Prior to July 1, 2003, we accounted for our investment in the Service Corporation on the equity basis of accounting because we had significant influence with respect to management and operations, but did not control the entity. 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 year ended December 31, 2004 and the six months ended December 31, 2003, the Service Corporation earned approximately $7.7 million and $3.3 million of revenue and incurred approximately $6.3 million and $3.3 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, our Operating Partnership formed eEmerge, Inc., a Delaware corporation, or eEmerge, in partnership with Fluid Ventures LLC, or Fluid. In March 2001, we bought out Fluid's entire ownership interest in eEmerge. eEmerge is a separately managed, self-funded company that provides fully-wired and furnished office space, services and support to businesses.

We, through our Operating Partnership, owned all the non-voting common stock of eEmerge. Through dividends on our equity interest, our Operating Partnership received approximately 100% of the cash flow from eEmerge operations. All of the voting common stock was held by an affiliate. This controlling interest gave the affiliate the power to elect all the directors of eEmerge. We accounted for our investment in eEmerge on the equity basis of accounting because although we had significant influence with respect to management and operations, we did not control the entity. Effective March 2002, we acquired all the voting common stock previously held by the affiliate. 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 50,200 square foot fractional office suites business. ENYC entered into a 10-year lease with our Operating Partnership for its premises, which is located at 440 Ninth Avenue, 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 December 31, 2004 and 2003 was approximately $3.4 million and $4.0 million, respectively. Management currently believes that, assuming future increases in rental revenue in excess of inflation, it will be possible to recover the net book value of the investment through future operating cash flows. However, there is a possibility that eEmerge will not generate sufficient future operating cash flows for us to recover our investment. As a result of this risk factor, management may in the future determine that it is necessary to write down a portion of the net book value of the investment.

8. Deferred Costs

Deferred costs at December 31 consisted of the following (in thousands):

	2004	2003
Deferred financing	**$ 20,356**	$ 22,464
Deferred leasing	**62,184**	49,131
	82,540	71,595
Less accumulated amortization	**(34,671)**	(32,318)
	$ 47,869	$ 39,277

9. Mortgage Notes Payable

The first mortgage notes payable collateralized by the respective properties and assignment of leases at December 31, 2004 and 2003, respectively, were as follows (in thousands):

Property	Maturity Date	Interest Rate	2004	2003
1414 Avenue of the Americas (1)	5/1/09	7.87%	**$ 13,325**	$ 13,532
70 West 36th Street (1)	5/1/09	7.87%	**11,611**	11,791
711 Third Avenue (1)	9/10/05	8.13%	**47,602**	48,036
420 Lexington Avenue (1)	11/1/10	8.44%	**119,412**	121,324
673 First Avenue (1)	2/11/13	5.67%	**35,000**	35,000
125 Broad Street (2)	10/11/07	8.29%	**75,526**	76,188
220 East 42nd Street (1)	12/9/13	5.23%	**210,000**	210,000
625 Madison Avenue	11/1/15	6.27%	**102,000**	—
Total fixed rate debt			**614,476**	515,871
Total floating rate debt			**—**	—
Total mortgage notes payable			**$ 614,476**	$ 515,871

(1) Held in bankruptcy remote special purpose entity.

(2) This mortgage has an initial maturity date of October 11, 2007 and a contractual maturity date of October 11, 2030.

At December 31, 2004 and 2003 the net book value of the properties collateralizing the mortgage notes was approximately $852.1 million and $594.7 million, respectively.

For the year ended December 31, 2004, we incurred approximately $62.7 million of interest expense, excluding approximately $433,000 which was capitalized.

Principal Maturities

Combined aggregate principal maturities of mortgages and notes payable, secured and unsecured revolving credit facilities, term loans and our share of joint venture debt as of December 31, 2004, excluding extension options, were as follows (in thousands):

	Scheduled Amortization	Principal Repayments	Revolving Credit Facilities	Term Loans	Total	Joint Venture Debt
2005	$ 4,158	$ 47,247	$ 18,900	$ —	$ 70,305	$ 17,240
2006	4,388	—	92,000	—	96,388	376,728
2007	9,671	73,341	—	1,324	84,336	53,723
2008	9,857	—	—	98,676	108,533	21,923
2009	10,207	22,824	—	325,000	358,031	779
Thereafter	38,404	394,379	—	—	432,783	94,817
	$ 76,685	$ 537,791	$ 110,900	$ 425,000	$ 1,150,376	$ 565,210

Mortgage Recording Tax - Hypothecated Loan

Our Operating Partnership mortgage tax credit loans totaled approximately $45.5 million from LBHI at December 31, 2003. As of December 31, 2004, the LBHI facility was discontinued. All mortgage tax credit loans had been utilized. These loans were collateralized by the mortgage encumbering the Operating Partnership's interests in 290 Madison Avenue. The loans were also collateralized by an equivalent amount of our cash, which was held by LBHI and invested in US Treasury securities. Interest earned on the cash collateral was applied by LBHI to service the loans with interest rates commensurate with that of a portfolio of six-month US Treasury securities, which was to mature on June 1, 2005. Our Operating Partnership and LBHI each had the right of offset and therefore the loans and the cash collateral were presented on a net basis in the consolidated balance sheet. Under the terms of the LBHI facility, no fees were due to the lender until such time as the facility was utilized. When a preserved mortgage was assigned to a third party or was used by us in a financing transaction, finance costs were incurred and were only calculated at that time. These costs were then accounted for based on the nature of the transaction. If the mortgage credits were sold to a third party, the finance costs were written off directly against the gain on sale of the credits. If the mortgage credits were used by us, the finance costs were deferred and amortized over the term of the new related mortgage. The amortization period was dependent on the term of the new mortgage. The purpose of these loans was to temporarily preserve mortgage recording tax credits for future potential acquisitions of real property, which we may make, the financing of which may include property level debt, or refinancings for which these credits would be applicable and provide a financial savings. At the same time, the underlying mortgage remain as a bona fide debt to LBHI. The loans were considered utilized when the loan balance of the facility decreased due to the assignment of the preserved mortgage to a property, which we were acquiring with debt or was being financed by us, or to a third party for the same purposes.

10. Revolving Credit Facilities

Unsecured Revolving Credit Facility

In September 2004, we modified our $300.0 million unsecured revolving credit facility. We have a one-time option to increase the capacity under the unsecured revolving credit facility to $375.0 million at any time prior to the maturity date. The unsecured revolving credit facility matures in March 2006, and has a one-year extension option. It bears interest at a spread ranging from 105 basis points to 135 basis points over LIBOR, based on our leverage ratio, currently 120 basis points. The unsecured revolving credit facility also requires a 15 to 25 basis point fee on the unused balance payable annually in arrears. At December 31, 2004, nothing was outstanding under this facility. Availability under the unsecured revolving credit facility at December 31, 2004 was further reduced by the issuance of letters of credit in the amount of $4.0 million. The unsecured revolving credit facility includes certain restrictions and covenants (see restrictive covenants below).

Secured Revolving Credit Facility

In December 2001, we obtained a $75.0 million secured revolving credit facility. The secured revolving credit facility had a term of two years with a one-year extension option. The extension option was exercised in December 2003. This facility was further extended and now matures in December 2006. The facility was increased to $125.0 million in March 2004. In September 2004, we reduced the interest rate spread to a spread ranging from 105 basis points to 135 basis points over LIBOR, based on our leverage ratios, currently 120 basis points, and is secured by various structured finance investments. At December 31, 2004, $92.0 million was outstanding and carried an effective all-in annual weighted average interest rate of 4.13%. The secured revolving credit facility includes certain restrictions and covenants which are similar to those under the unsecured revolving credit facility (see restrictive covenants below).

In connection with a structured finance transaction, which closed in June 2004, we entered into a secured term loan for $18.9 million. This loan, which was scheduled to mature in December 2004, was extended to January 2005. It carried an interest rate of 200 basis points over the one-month LIBOR (effective all-in rate of 3.77% for the year ended December 31, 2004). This loan was repaid in January 2005.

Term Loans

In December 2002, we obtained a $150.0 million unsecured term loan. Effective June 2003, the unsecured term loan was increased to $200.0 million and the term was extended by six months to June 2008. In August 2004, the unsecured term loan was further increased to $325.0 million and the maturity date was further extended to 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 December 31, 2004, 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 4.96% for the year ended at December 31, 2004.

In December 2003, we entered into an unsecured non-recourse term loan for $67.6 million, and repaid the mortgage on 555 West 57th Street. The terms of this loan were the same as those on the 555 West 57th Street mortgage. As a result, this loan carried an effective quarterly interest rate of 8.10 percent due to a LIBOR floor of 6.10% plus 200 basis points. This loan was repaid in April 2004.

In December 2003, we closed on a $100.0 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 150 basis points over the current LIBOR rate (effective all-in rate of 3.54% for the year ended December 31, 2004). During April 2004, we entered into a serial step-swap commencing April 2004 with an initial 24-month all-in rate of 3.83% and a blended all-in rate of 5.10% with a final maturity date in December 2008.

Restrictive Covenants
The terms of the unsecured and secured revolving credit facilities 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 December 31, 2004 and 2003, we were in compliance with all such covenants.

11. Fair Value of Financial Instruments

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

Cash equivalents, accounts receivable, accounts payable, and revolving credit facilities balances reasonably approximate their fair values due to the short maturities of these items. Mortgage notes payable and the unsecured term loans have an estimated fair value based on discounted cash flow models of approximately $1.1 billion, which exceeded the book value of the related fixed rate debt by approximately $11.8 million. Structured finance investments are carried at amounts, which reasonably approximate their fair value as determined by us.

Disclosure about fair value of financial instruments is based on pertinent information available to us as of December 31, 2004. Although we are not aware of any factors that would significantly affect the reasonable fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

12. Rental Income

The Operating Partnership is the lessor and the sublessor to tenants under operating leases with expiration dates ranging from January 1, 2005 to 2023. The minimum rental amounts due under the leases are generally either subject to scheduled fixed increases or adjustments. The leases generally also require that the tenants reimburse us for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum rents to be received over the next five years and thereafter for non-cancelable operating leases in effect at December 31, 2004 for the wholly-owned properties and our share of joint venture properties are as follows (in thousands):

	Wholly-Owned Properties	Joint Venture Properties
2005	$ **266,574**	$ 126,684
2006	**240,971**	120,911
2007	**230,446**	115,903
2008	**210,555**	104,709
2009	**189,754**	99,564
Thereafter	**690,709**	435,058
	$ **1,829,009**	$ 1,002,829

13. Related Party Transactions

Cleaning Services
First Quality Maintenance, L.P., or First Quality, provides cleaning, extermination and related services with respect to certain of the properties owned by us. First Quality is owned by Gary Green, a son of Stephen L. Green, the chairman of our board of directors and former chief executive officer. First Quality also provides additional services directly to tenants on a separately negotiated basis. The aggregate amount of fees paid by us to First Quality for services provided (excluding services provided directly to tenants) was approximately $4.6 million in 2004, $4.3 million in 2003 and $3.4 million in 2002. 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. First Quality leases 12,290 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2012 and provides for annual rental payments of approximately $323,000.

Security Services
Classic Security LLC, or Classic Security, provides security services with respect to certain properties owned by us. Classic Security is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by us for such services was approximately $4.1 million in 2004, $3.7 million in 2003

and $3.2 million in 2002.

Messenger Services
Bright Star Couriers LLC, or Bright Star, provides messenger services with respect to certain properties owned by us. Bright Star is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees paid by us for such services was approximately $203,000 in 2004, $145,000 in 2003 and $87,000 in 2002.

Leases
Nancy Peck and Company leases 2,013 square feet of space at 420 Lexington Avenue, pursuant to a lease that expires on June 30, 2005 and provides for annual rental payments of approximately $65,000. 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 $10,000 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 with respect to securing approximately $80.0 million of first mortgage financing in 2003. Mr. Morton Holliday, the father of Mr. Marc Holliday, was a Managing Director of Sonnenblick at the time of the financings. We paid approximately $400,000 in 2003 to Sonnenblick for such services. In 2003, we also paid $623,000 to Sonnenblick in connection with the acquisition of 461 Fifth Avenue. In 2004, our 1515 Broadway joint venture paid approximately $855,000 to Sonnenblick in connection with securing a $425.0 million first mortgage for the property.

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 $258,000 in 2004, $237,000 in 2003, and $242,000 in 2002.

Amounts due from (to) related parties at December 31 consisted of the following (in thousands):

	2004	2003
17 Battery Condominium Association	**$ 207**	$ 290
Due from joint ventures	**—**	282
Officers and employees	**1,681**	1,743
Other	**3,139**	2,927
Related party receivables	**$ 5,027**	$ 5,242

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 bears interest at a rate of 6.60% per annum and is 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) is 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. The balance outstanding on this loan, including accrued interest, was approximately $200,000 on December 31, 2004. In addition, the $300,000 loan shall be forgiven if and when the $1.0 million loan that Mr. Holliday received pursuant to his amended and restated employment and non-competition agreement is forgiven.

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

14. Convertible Preferred Stock

Our 4,600,000 8% Preferred Income Equity Redeemable Shares, or PIERS, were converted into 4,698,880 shares of common stock on September 30, 2003. No charge was recorded to earnings as the conversion was not a redemption or an induced conversion to common stock. They were non-voting and were convertible at any time at the option of the holder into our common stock at a conversion price of $24.475 per share. The PIERS received annual dividends of $2.00 per share paid on a quarterly basis and dividends were cumulative, subject to certain provisions. The PIERS were initially recorded net of underwriters discount and issuance costs. These costs were being accreted over the expected term of the PIERS using the effective interest method.

15. 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 December 31, 2004, 40,875,989 shares of common stock and no shares of excess stock were issued and outstanding.

In January 2004, we sold 1,800,000 shares of our common stock at a gross price of $42.33 per share. The net proceeds from this offering (approximately $73.6 million) were used to pay down our unsecured revolving credit facility.

In August 2004, we sold 1,350,000 shares of our common stock at a gross price of $48.50 per share. The net proceeds from this offering (approximately $65.0 million) were used to pay down our unsecured revolving credit facility.

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 7.625% Series C cumulative redeemable preferred stock, or the 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 stock 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 April 2004, we issued 2,450,000 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 this offering (approximately $59.0 million) were used principally to repay amounts outstanding under our secured and unsecured revolving credit facilities. The Series D preferred stock 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. In July 2004, we issued an additional 1,550,000 shares of Series D preferred stock, raising additional net proceeds of approximately $37.3 million.

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 the Company 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 years ended December 31, 2004 and 2003, 194,863 and 68,453 shares were issued and approximately $8.9 million and $2.5 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 has 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. 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 $650,000 and $485,000 was recorded during the years ended December 31, 2004 and 2003, respectively.

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 six months ended December 31, 2004, 1,000 phantom stock units were earned. As of December 31, 2004, there were approximately 1,000 phantom stock units outstanding.

Stock Option Plan
During August 1997, we instituted the 1997 Stock Option and Incentive Plan, or the Stock Option Plan. The Stock Option Plan was amended in December 1997, March 1998, March 1999 and May 2002. The Stock Option 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 December 31, 2004, approximately 3,113,873 shares of our common stock were reserved for issuance under the Stock Option Plan.

Options granted under the Stock Option Plan are exercisable at the fair market value on the date of grant and, subject to termination of employment, 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 December 31, 2004, 2003 and 2002 and changes during the years then ended are presented below:

	2004			2003			2002		
	Options Outstanding		Weighted Average Exercise Price	Options Outstanding		Weighted Average Exercise Price	Options Outstanding		Weighted Average Exercise Price
Balance at beginning of year	**3,250,231**	**$**	**26.80**	3,278,663	$	25.49	2,598,066	$	23.76
Granted	**132,333**	**$**	**43.77**	327,000	$	35.09	1,050,000	$	28.25
Exercised	**(1,080,835)**	**$**	**23.40**	(347,099)	$	22.14	(321,846)	$	20.64
Lapsed or cancelled	**(131,967)**	**$**	**28.67**	(8,333)	$	24.52	(47,557)	$	23.32
Balance at end of year	**2,169,762**	**$**	**29.39**	3,250,231	$	26.80	3,278,663	$	25.49
Options exercisable at end of year	**789,785**	**$**	**26.54**	1,404,467	$	23.41	1,182,902	$	22.62
Weighted average fair value of options granted during the year	**$ 475,000**			$ 1,150,000			$ 3,515,000		

All options were granted within a price range of $18.44 to $54.82. The remaining weighted average contractual life of the options was 7.2 years.

Earnings Per Share

Earnings per share for the years ended December 31, is computed as follows (in thousands):

Numerator (Income)	2004	2003	2002
Basic Earnings:			
Income available to common shareholders	**$ 193,172**	$ 90,447	$ 64,641
Effect of Dilutive Securities:			
Redemption of units to common shares	**11,352**	6,299	4,752
Preferred Stock (as converted to common stock)	**—**	7,087	9,690
Stock options	**—**	—	—
Diluted Earnings:			
Income available to common shareholders	**$ 204,524**	$ 103,833	$ 79,083

Denominator Weighted Average (Shares)	2004	2003	2002
Basic Shares:			
Shares available to common shareholders	**39,171**	32,265	30,236
Effect of Dilutive Securities:			
Redemption of units to common shares	**2,302**	2,305	2,208
Preferred Stock (as converted to common stock)	**—**	3,491	4,699
Stock-based compensation plans	**1,605**	909	643
Diluted Shares	**43,078**	38,970	37,786

16. Minority Interest

The unit holders represent the minority interest ownership in our Operating Partnership. As of December 31, 2004 and 2003, the minority interest unit holders owned 5.8% (2,530,942 units) and 6.0% (2,305,955 units) of our Operating Partnership, respectively. At December 31, 2004, 2,530,942 shares of our common stock were reserved for the conversion of units of limited partnership interest in our Operating Partnership.

In February 2003, our Operating Partnership issued 376,000 units of limited partnership interest in connection with the acquisition of 220 East 42nd Street.

In March 2003, our Operating Partnership issued 51,667 units of limited partnership interest in connection with the acquisition of condominium interests in 125 Broad Street.

In October 2004, our Operating Partnership issued 306,000 units of limited partnership interest in connection with the acquisition of 625 Madison Avenue.

17. Benefit Plans

The building employees are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. Contributions to these plans amounted to approximately $3.4 million, $3.3 million and $2.7 million during the years ended December 31, 2004, 2003 and 2002, respectively. Separate actuarial information regarding such plans is not made available to the contributing employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit.

Executive Stock Compensation
During July 1998, we issued 150,000 shares in connection with an employment contract. These shares vest annually at rates of 15% to 35% and were recorded at fair value. At December 31, 2004, 143,650 of these shares had vested. We recorded compensation expense of approximately $604,000, $445,000 and $713,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

Effective January 1, 1999, we implemented a deferred compensation plan, or the Deferred Plan, covering certain of our executives. In connection with the Deferred Plan, we issued 351,750, 211,750 and 17,500 restricted shares in 2004, 2003 and 2002, respectively. The shares issued under the Deferred Plan were granted to certain executives and vesting will occur annually upon our meeting established financial performance criteria. Annual vesting occurs at rates ranging from 15% to 35% once performance criteria are reached. As of December 31, 2004, 421,020 of these shares had vested and 110,650 had been retired. We recorded compensation expense of approximately $7.1 million, including a one-time charge related to a restricted stock award, $2.0 million and $685,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

401(K) Plan
During August 1997, we implemented a 401(K) Savings/Retirement Plan, or the 401(K) Plan, to cover eligible employees of ours, and any designated affiliate. The 401(K) Plan permits eligible employees to defer up to 15% of their annual compensation, subject to certain limitations imposed by the Code. The employees' elective deferrals are immediately vested and non-forfeitable upon contribution to the 401(K) Plan. During 2000, we amended our 401(K) Plan to include a matching contribution, subject to ERISA limitations, equal to 50% of the first 4% of annual compensation deferred by an employee. During 2003, we amended our 401(K) Plan to provide for discretionary matching contributions only. For the years ended December 31, 2004, 2003 and 2002, we made matching contributions of approximately $149,000, none and $140,000, respectively.

18. 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.

On October 24, 2001, an accident occurred at 215 Park Avenue South, a property which we manage, but do not own. Personal injury and wrongful death claims were filed against us and others by 11 persons. We believe that there is sufficient insurance coverage to cover the cost of such claims, as well as any other personal injury or property claims which may arise. We believe that we have no monetary exposure under the lawsuit.

We entered into employment agreements with certain executives. Six executives have employment agreements which expire between November 2005 and January 2010. The minimum cash-based compensation, including base salary and guaranteed bonus payments, associated with these employment agreements totals approximately $3.8 million for 2005.

During March 1998, we acquired an operating sub-leasehold position at 420 Lexington Avenue. The operating sub-leasehold position requires annual ground lease payments totaling $6.0 million and sub-leasehold position payments totaling $1.1 million (excluding an operating sub-lease position purchased January 1999). The ground lease and sub-leasehold positions expire 2008. We may extend the positions through 2029 at market rents.

The property located at 1140 Avenue of the Americas operates under a net ground lease ($348,000 annually) with a term expiration date of 2016 and with an option to renew for an additional 50 years.

The property located at 711 Third Avenue operates under an operating sub-lease which expires in 2083. Under the sub-lease, we are responsible for ground rent payments of $1.6 million annually which increased to $3.1 million in July 2001 and will continue for the next ten years. The ground rent is reset after year ten based on the estimated fair market value of the property.

The property located at 461 Fifth Avenue operates under a ground lease (approximately $1.8 million annually) with a term expiration date of 2006 and with three options to renew for an additional 21 years each, followed by a fourth option for 15 years. We also have an option to purchase the ground lease for a fixed price on a specific date.

In April 1988, the SL Green predecessor entered into a lease agreement for property at 673 First Avenue, which has been capitalized for financial statement purposes. Land was estimated to be approximately 70% of the fair market value of the property. The portion of the lease attributed to land is classified as an operating lease and the remainder as a capital lease. The initial lease term is 49 years with an option for an additional 26 years. Beginning in lease years 11 and 25, the lessor is entitled to additional rent as defined by the lease agreement.

We continue to lease the 673 First Avenue property, which has been classified as a capital lease with a cost basis of $12.2 million and cumulative amortization of $4.2 million and $3.9 million at December 31, 2004 and 2003, respectively.

The following is a schedule of future minimum lease payments under capital leases and noncancellable operating leases with initial terms in excess of one year as of December 31, 2004 (in thousands):

December 31,	Capital lease	Non-cancellable operating leases
2005	$ 1,322	$ 18,381
2006	1,416	17,488
2007	1,416	16,594
2008	1,416	16,594
2009	1,416	16,594
Thereafter	53,320	329,971
Total minimum lease payments	60,306	$ 415,622
Less amount representing interest	(43,864)	
Present value of net minimum lease payments	$ 16,442	

19. Financial Instruments: Derivatives and Hedging

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which became effective January 1, 2001, requires us to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. 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 December 31, 2004. 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	4.010%	11/2001	8/2005	(501)
Interest Rate Swap	$ —	3.300%	8/2005	9/2006	146
Interest Rate Swap	$ —	4.330%	9/2006	6/2008	(315)
Interest Rate Swap	$ 100,000	4.060%	12/2003	12/2007	(1,468)
Interest Rate Swap	$ 35,000	4.113%	12/2004	6/2008	(547)
Interest Rate Swap	$ 100,000	2.330%	4/2004	5/2006	1,057
Interest Rate Swap	$ —	4.650%	5/2006	12/2008	(1,435)
Interest Rate Swap	$ 125,000	2.710%	9/2004	9/2006	1,091
Interest Rate Swap	$ —	4.352%	9/2006	8/2009	(450)
Interest Rate Swap (1)	$ 94,000	4.463%	12/2004	12/2014	1,075

(1) We anticipate entering into a 10-year financing during the first half of 2005 in connection with the refinancing of a property mortgage.

On December 31, 2004, the derivative instruments were reported as an obligation at their fair value of approximately $1.4 million. Offsetting adjustments are represented as deferred gains or losses in Accumulated Other Comprehensive Income of $5.7 million, including a gain of approximately $7.2 million from the settlement of a forward swap. This gain is being amortized over the ten-year term of its related mortgage obligation from December 2003. Currently, all of our derivative instruments are designated as effective hedging instruments.

Over time, the realized and unrealized gains and losses held in Accumulated Other Comprehensive Income (Loss) will be reclassified into earnings as interest expense in the same periods in which the hedged interest payments affect earnings. We estimate that approximately $1.2 million of the current balance held in Accumulated Other Comprehensive Loss will be reclassified into earnings within the next 12 months.

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

20. 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 the properties were sold.

21. 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 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 years ended December 31, 2004, 2003 and 2002, and selected asset information as of December 31, 2004 and 2003, regarding our operating segments are as follows (in thousands):

	Real Estate Segment	Structured Finance Segment	Total Company
Total revenues			
Year ended:			
December 31, 2004	$ 309,894	$ 39,094	$ 348,988
December 31, 2003	264,334	22,086	286,420
December 31, 2002	192,065	23,176	215,241

Income from continuing operations:						
Year ended:						
December 31, 2004	$	82,533	$	30,589	$	113,122
December 31, 2003		48,488		18,751		67,239
December 31, 2002		45,444		15,446		60,890
Total assets						
As of:						
December 31, 2004	$	2,401,854	$	350,027	$	2,751,881
December 31, 2003		2,042,852		218,989		2,261,841

Income from continuing operations represents total revenues less total expenses for the real estate segment and total revenues 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 $30.3 million, $17.1 million and $13.3 million for the years ended December 31, 2004, 2003 and 2002, respectively) to the structured finance segment, since it bases 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 shareholders for the years ended December 31, 2004, 2003 and 2002 (in thousands):

	Years ended December 31, 2004	2003	2002
Income from continuing operations before adjustments	**$ 96,803**	$ 68,320	$ 64,661
Equity in net gain on sale of joint venture property	**22,012**	3,087	—
Minority interest in operating partnership attributable to continuing operations	**(5,693)**	(4,090)	(3,771)
Minority interest in partially-owned entities	—	(79)	—
Net income from continuing operations	**113,122**	67,238	60,890
Income from discontinued operations, net of minority interest	**5,938**	9,594	13,441
Gain on sale of discontinued operations, net of minority interest	**90,370**	21,327	—
Net income	**209,430**	98,159	74,331
Preferred stock dividends and accretion	**(16,258)**	(7,712)	(9,690)
Net income available for common shareholders	**$ 193,172**	$ 90,447	$ 64,641

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

	Years ended December 31, 2004	2003
Issuance of common stock as deferred compensation	**$ 14,144**	$ 6,670
Derivative instruments at fair value	**(1,347)**	(9,009)
Issuance of units of limited partnership interest in connection with acquisition	**15,466**	12,845
Assumption of mortgage notes payable upon acquisition of real estate	**102,000**	234,641
Fair value of above and below market leases (SFAS No. 141) in connection with acquisitions	**10,050**	(2,995)
Fair value of debt assumed (SFAS No. 141) in connection with acquisition	—	3,232
Redemption premium purchase price adjustment	—	4,380
Assignment of mortgage note payable upon sale of real estate	—	14,814
Conversion of preferred equity investment	—	53,500
Conversion of Series A preferred stock	—	112,112
Assumption of our share of joint venture mortgage note payable	—	78,750
Tenant improvements and leasing commissions payable	**3,611**	14,533

23. Quarterly Financial Data (unaudited)

As a result of the adoption of SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” and SFAS No. 145, “Rescission of FASB Statements No. 4, 44, and 62, Amendment of FASB Statement No. 13, and Technical Corrections,” we are providing updated summary selected quarterly financial information, which is included below reflecting the prior period reclassification as discontinued operations of the properties classified as held for sale during 2004.

Quarterly data for the last two years is presented in the tables below.

2004 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	**$ 95,491**	$ 87,268	$ 83,996	$ 82,234
Income net of minority interest and before gain on sale	**25,131**	23,098	25,417	17,633
Equity in net gain on sale of joint venture property	**—**	—	22,012	—
Discontinued operations	**1,164**	2,052	1,402	1,322
Gain on sale of discontinued operations	**90,199**	—	—	—
Net income before preferred dividends	**116,494**	25,150	48,831	18,955
Preferred dividends and accretion	**(4,969)**	(4,843)	(3,446)	(3,000)
Income available to common shareholders	**$ 111,525**	$ 20,307	$ 45,385	$ 15,955
Net income per common share-Basic	**$ 2.75**	$ 0.52	$ 1.18	$ 0.42
Net income per common share-Diluted	**$ 2.64**	$ 0.49	$ 1.13	$ 0.40

2003 Quarter Ended	December 31	September 30	June 30	March 31
Total revenues	**$ 80,924**	$ 75,920	$ 68,601	$ 60,975
Income net of minority interest and before gain on sale	**17,278**	16,251	15,651	15,036
Equity in net gain on sale of joint venture property	**3,087**	—	—	—
Discontinued operations	**1,832**	1,645	2,622	3,487
Gain on sale of discontinued operations	**—**	3,745	(300)	17,824
Net income before preferred dividends	**22,197**	21,641	17,973	36,347
Preferred dividends and accretion	**(625)**	(2,224)	(2,431)	(2,431)
Income available to common shareholders	**$ 21,572**	$ 19,417	$ 15,542	$ 33,916
Net income per common share-Basic	**$ 0.60**	$ 0.62	$ 0.50	$ 1.11
Net income per common share-Diluted	**$ 0.58**	$ 0.59	$ 0.49	$ 1.01

24. Subsequent Events

In January 2005, we entered into an agreement to acquire the fee interest in 28 West 44th Street, the former headquarters of The New Yorker magazine, for $105.0 million. The property was acquired from a Chicago-based real estate investment company. The transaction closed in February 2005. The property is a 21-story, 359,000 square foot building located two blocks from Grand Central Station, and is directly across the street from 19 W. 44th Street, also owned by us. The property is currently 87% leased. The property was acquired with funds initially drawn under our unsecured revolving credit facility and funds advanced by a lender on account of its taking by assignment an existing mortgage encumbering the property.

Our Board of Directors approved a restricted stock award to a group of our executive officers and members of senior management. The restricted stock award was issued on February 1, 2005 in an aggregate amount of 199,700 shares and will vest over a five year period subject to the recipients remaining our employee, with 60% of the award vesting on the fourth and fifth anniversary of the award. Recipients will have the right to receive dividends on their respective shares of restricted stock commencing on the date of issuance. We will also provide for a tax gross-up on the awards. The shares of restricted stock are being issued under our Stock Option Plan.

On March 4, 2005, we entered into an agreement to sell 1414 Avenue of the Americas for approximately $60.5 million. We expect to recognize a gain of approximately $35.0 million from the sale. The sale will be effectuated through a reverse 1031 exchange with 625 Madison Avenue, which will result in substantially all of the taxable gain on sale being deferred. The sale, which is subject to customary closing conditions, is expected to close during the second quarter of 2005.

SL Green Realty Corp.
Schedule III-Real Estate And Accumulated Depreciation
December 31, 2004

(Dollars in thousands)

Column A	Column B	Column C Initial Cost		Column D Cost Capitalized Subsequent To Acquisition		Column E Gross Amount at Which Carried at Close of Period			Column F	Column G	Column H	Column I
Description (1)	Encumbrances	Land	Building & Improvements	Land	Building & Improvements	Land	Building & Improvements	Total	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation is Computed
70 West 36th Street	$ 11,611	$ 1,517	$ 7,830	$ 13	$ 6,587	$ 1,530	$ 14,417	$ 15,947	$ 6,570		12/19/84	Various
1414 Ave. of Amer.	13,325	2,948	6,936	60	4,371	3,008	11,307	14,315	2,533		6/18/96	Various
673 First Ave.	35,000	—	43,618	—	4,735	—	48,353	48,353	20,131		8/20/97	Various
470 Park Ave. So.	—	3,750	22,040	1	17,588	3,751	39,628	43,379	16,376		8/20/97	Various
1372 Broadway	—	10,478	42,187	67	10,758	10,545	52,945	63,490	11,823		8/20/97	Various
1140 Ave. of Amer.	—	—	21,304	—	5,893	—	27,197	27,197	5,058		8/20/97	Various
110 E. 42nd Street	—	3,680	14,842	26	5,313	3,706	20,155	23,861	5,553		9/15/97	Various
420 Lexington Ave.	119,412	—	107,824	—	57,922	—	165,746	165,746	32,442		3/18/98	Various
440 Ninth Ave.	—	6,326	25,402	—	20,346	6,326	45,748	52,074	12,215		6/1/98	Various
711 Third Avenue	47,602	19,843	42,486	—	15,230	19,843	57,716	77,559	12,027		5/20/98	Various
555 W. 57th Street	—	18,845	78,698	—	15,958	18,845	94,656	113,501	14,825		1/1/99	Various
286 Madison Ave	—	2,474	10,332	—	2,857	2,474	13,189	15,663	1,877		5/24/99	Various
290 Madison Ave.	—	1,576	6,616	—	369	1,576	6,985	8,561	993		5/24/99	Various
292 Madison Ave.	—	5,949	24,141	—	5,848	5,949	29,989	35,938	4,069		5/24/99	Various
317 Madison Ave.	—	21,205	85,551	—	11,973	21,205	97,524	118,729	9,700		6/7/01	Various
220 East 42nd Street	210,000	50,373	201,184	635	12,586	51,008	213,770	264,778	10,424		2/13/03	Various
125 Broad Street	75,526	5,965	96,611	—	636	5,965	97,247	103,212	4,243		3/28/03	Various
461 Fifth Avenue	—	—	62,652	—	542	—	63,194	63,194	1,963		10/1/03	Various
750 Third Avenue	—	51,093	205,307	—	6	51,093	205,313	256,406	2,184		7/28/04	Various
625 Madison Ave.	102,000	—	244,097	—	104	—	244,201	244,201	1,230		10/19/04	Various
	$ 614,476	$ 206,022	$ 1,349,658	$ 802	$ 199,622	$ 206,824	$ 1,549,280	$ 1,756,104	$ 176,238			

(1) All properties located in New York, New York

The changes in real estate for the three years ended December 31, 2004 are as follows:

	2004	2003	2002
Balance at beginning of year	$ 1,346,431	$ 975,777	$ 984,375
Property acquisitions	509,102	410,937	—
Improvements	34,380	31,617	32,123
Retirements/disposals	(133,809)	(71,900)	(40,721)
Balance at end of year	$ 1,756,104	$ 1,346,431	$ 975,777

The aggregate cost of land, buildings and improvements, before depreciation, for Federal income tax purposes at December 31, 2004 was approximately $1.4 billion.

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the three years ended December 31, 2004, are as follows:

	2004	2003	2002
Balance at beginning of year	$ 156,768	$ 126,669	$ 100,776
Depreciation for year	42,417	37,614	30,907
Retirements/disposals	(22,947)	(7,515)	(5,014)
Balance at end of year	$ 176,238	$ 156,768	$ 126,669

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. 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.

Management's Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2004 based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, we concluded that our internal control over financial reporting was effective as of December 31, 2004.

Management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included elsewhere herein.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting during the year ended December 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reports.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information set forth under the captions "Election of Directors" and "Principal and Management Stockholders – Compliance with Section 16(a) of the Securities Exchange Act of 1934" and the information regarding a code of ethics in our Definitive Proxy Statement for our 2005 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Securities and Exchange Act of 1934, as amended, prior to April 30, 2005 (the "2005 Proxy Statement"), is incorporated herein by reference.

ITEM 11. EXECUTIVE AND DIRECTOR COMPENSATION

The information set forth under the captions "Election of Directors – Director Compensation" and "Executive Compensation" in the 2005 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth under the captions “Principal and Management Stockholders” and “Equity Compensation Plan Information” in the 2005 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth under the caption “Certain Relationships and Related Transactions” in the 2005 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information regarding principal accounting fees and services and the audit committee’s pre-approval policies and procedures required by this Item 14 is incorporated herein by reference to the 2005 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) Consolidated Financial Statements

SL GREEN REALTY CORP.

(a)(2) Financial Statement Schedules

Schedules other than those listed are omitted as they are not applicable or the required or equivalent information has been included in the financial statements or notes thereto.

(a)(3) Exhibits

See Index to Exhibits on following page

INDEX TO EXHIBITS

3.1 Articles of Incorporation of the Company incorporated by reference to the Company’s Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.

3.2 Amended and Restated Bylaws of the Company, incorporated by reference to the Company’s Form 8-K, dated July 9, 2004, filed with the Commission on July 14, 2004.

3.3 Articles Supplementary Establishing and Fixing the Rights and Preferences of the PIERS incorporated by reference to the Company’s Registration Statement on Form S-11 (No. 333-50311), declared effective by the Commission on May 12, 1998.

3.4 Articles Supplementary Establishing and Fixing the Rights and Preferences of the Series B Junior Participating Preferred Stock included as an exhibit to Exhibit 4.1.

3.5 Articles Supplementary designating the Company’s 7.625% Series C Cumulative Redeemable Preferred Stock, liquidation preference $25.00 per share, par value $.01 per share incorporated by reference to the Company’s Form 8-K, dated December 3, 2003, filed with the Commission on December 10, 2003.

3.6 Articles Supplementary designating the Company’s 7.875% Series D Cumulative Redeemable Preferred Stock, liquidation preference $25.00 per share, par value $.01 per share, incorporated by reference to the Company’s Form 8-K, dated May 18, 2004, filed with the Commission on May 20, 2004.

3.7 Articles Supplementary designating the Company’s 7.875% Series D Cumulative Redeemable Preferred Stock, liquidation preference $25.00 per share, par value $.01 per share, incorporated by reference to the Company’s Form 8-K dated July 9, 2004, filed with the Commission on July 14, 2004.

4.1 Rights Agreement, dated as of March 6, 2000, between the Company and American Stock Transfer & Trust Company which includes as Exhibit A thereto the Articles Supplementary Establishing and Fixing the Rights and Preferences of the Series B Junior Participating Preferred Stock and as

Exhibit B thereto, the Form of Rights Certificates incorporated by reference to the Company's Form 8-K, dated March 16, 2000, filed with the Commission on March 16, 2000.

4.2 Specimen Common Stock Certificate incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.

4.3 Form of stock certificate evidencing the 7.625% Series C Cumulative Redeemable Preferred Stock of the Company, liquidation preference $25.00 per share, par value $.01 per share incorporated by reference to the Company's Form 8-K, dated December 3, 2003, filed with the Commission on December 10, 2003.

4.4 Form of stock certificate evidencing the 7.875% Series D Cumulative Redeemable Preferred Stock of the Company, liquidation preference $25.00 per share, par value $.01 per share, incorporated by reference to the Company's Form 8-K, dated April 29, 2004, filed with the Commission on May 20, 2004.

10.1 Form of Agreement of Limited Partnership of the Operating Partnership incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.

10.2 First Amended and Restated Agreement of Limited Partnership of the Operating Partnership incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.3 First Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.4 Second Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership incorporated by reference to the Company's Form 10-Q, for the quarter ended June 30, 2002, filed with the Commission on July 31, 2002.

10.5 Third Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated December 12, 2003, incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.

10.6 Form of Articles of Incorporation and Bylaws of the Management Corporation incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.

10.7 Form of Registration Rights Agreement between the Company and the persons named therein incorporated by reference to the Company's Registration Statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.

10.8 Amended 1997 Stock Option and Incentive Plan incorporated by reference to the Company's Registration Statement on Form S-8 (No. 333-89964), filed with the Commission on June 6, 2002.

10.9 Employment and Non-competition Agreement between Stephen L. Green and the Company, dated August 20, 2002 incorporated by reference to the Company's Form 8-K, dated February 20, 2003, filed with the Commission on February 21, 2003.

10.10 Employment and Non-competition Agreement between Michael W. Reid and the Company, dated February 26, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.11 Amended and Restated Employment and Non-competition Agreement between Marc Holliday and the Company, dated January 17, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.12 Amended and Restated Employment and Non-competition Agreement between Gerard T. Nocera and the Company, dated September 30, 1998 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.13 Employment and Non-competition Agreement between Thomas E. Wirth and the Company, dated August 23, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.14 Amended and Restated Employment and Non-competition Agreement between Marc Holliday and the Company, dated January 1, 2004, incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.

10.15 Employment and Non-competition Agreement between Andrew Mathias and the Company, dated January 1, 2004, incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.

10.16 Employment and Non-competition Agreement between Gregory Hughes and the Company, dated February 3, 2004, incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.

10.17 Form of June 27, 2000 Revolving Credit and Guaranty Agreement incorporated by reference to the Company's Form 8-K, dated June 27, 2000, filed with the Commission on July 12, 2000.

10.18 Amended and Restated Revolving Credit and Guaranty Agreement, dated March 17, 2003, incorporated by referenced to the Company's Form 10-Q, dated May 7, 2003, filed with the Commission on May 7, 2003.

10.19 First Amendment to Amended and Restated Revolving Credit and Guaranty Agreement, dated December 16, 2003, incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.

10.20 Revolving Secured Credit and Guaranty Agreement, effective December 20, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.21 First Amendment to Revolving Secured Credit and Guaranty Agreement, dated March 30, 2001 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.22 Amended and Restated Revolving Secured Credit and Guaranty Agreement, dated December 16, 2003, incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.

10.23 Amended and Restated Credit and Guaranty Agreement, dated February 6, 2003 incorporated by reference to the Company's Form 8-K, dated February 20, 2003, filed with the Commission on February 21, 2003.

10.24 First Amendment to Amended and Restated Credit and Guaranty Agreement, dated June 5, 2003, incorporated by referenced to the Company's Form 10-Q, dated August 12, 2003, filed with the Commission on August 12, 2003.

10.25 Second Amendment to Amended and Restated Credit and Guaranty Agreement, dated December 16, 2003, incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.

10.26 Form of Contribution Agreement by and among Astor Plaza Venture, L.P., 1515 Broadway Associates, L.P., The Equitable Life Assurance Society of the United States and SL Green Realty Acquisition LLC incorporated by reference to the Company's Form 10-Q, for the quarter ended March 30, 2002, filed with the Commission on April 30, 2002.

10.27 Form of Contribution and Purchase and Sale Agreement between 220 News Buildings LLC and the Operating Partnership incorporated by reference to the Company's Form 8-K, dated December 12, 2002, filed with the Commission on December 13, 2002.

10.28 Modified Agreement of lease of Graybar Building dated December 30, 1957 between New York State Realty and Terminal Company with Webb & Knapp, Inc. and Graysler Corporation incorporated by reference to the Company's Form 8-K, dated February 20, 2003, filed with the Commission on February 21, 2003.

10.29 Sublease between Webb & Knapp, Inc. and Graysler Corporation and Mary F. Finnegan dated December 30, 1957 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.30 Operating Lease between Mary F. Finnegan and Rose Iacovone dated December 30, 1957 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.31 Operating Sublease between Precision Dynamic Corporation and Graybar Building Company dated June 1, 1964 incorporated by reference to the Company's Form 8-K, dated October 23, 2002, filed with the Commission on October 23, 2002.

10.32 Form of Agreement of Sale and Purchase dated as of January 30, 1998 between Graybar Building Company, as Seller and SL Green Operating Partnership, L.P., as Purchaser incorporated by reference to the Company's Form 8-K, dated March 18, 1998, filed with the Commission on March 31, 1998.

10.33 Share purchase agreement dated as of December 24, 2003, by and between The McGraw-Hill Companies, Inc., as seller and Green Hill Acquisition LLC as purchaser incorporated by reference to the Company's Form 8-K/A, dated December 29, 2003, filed with the Commission on January 9, 2004.

10.34 2003 Long-Term OutPerformance Compensation Program, dated April 1, 2003, incorporated by reference to the Company's Form 10-Q, dated August 12, 2003, filed with the Commission on August 12, 2003.

10.35 Separation agreement between Michael W. Reid and the Company dated February 3, 2004, incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.

10.36 Interim employment agreement between Thomas E. Wirth and the Company dated February 3, 2004, incorporated by reference to the Company's Form 10-K for the year ended December 31, 2003, filed with the Commission on March 15, 2004.

10.37 Fourth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operated Partnership, filed herewith.

10.38 Amended and Restated Fourth Amendment to the First Amended and Restated Agreement of Limited Partnership of the Operated Partnership, filed herewith.

10.39 First Amendment to Second Amended and Restated Revolving Secured Credit and Guaranty Agreement, incorporated by reference to the Company's Form 8-K, dated September 8, 2004, filed with the Commission on September 14, 2004.

10.40 Second Amendment to Amended and Restated Revolving Credit and Guaranty Agreement dated September 8, 2004, incorporated by reference to the Company's Form 8-K, dated September 8, 2004, filed with the Commission on September 14, 2004.

10.41 Second Amended and Restated Credit and Guaranty Agreement dated August 25, 2004, incorporated by reference to the Company's Form 8-K, dated August 25, 2004, filed with the Commission on September 14, 2004.

10.42 Employment and Non-competition Agreement between Gerard Nocera and the Company, dated May 1, 2004, incorporated by reference to the Company's Form 10-Q, dated August 9, 2004, filed with the Commission on August 9, 2004.

10.43 Contract of Sale between Teachers Insurance and Annuity Association of America and 750-485 Fee Owner LLC dated June 15, 2004, incorporated by reference to the Company's Form 10-Q, dated August 9, 2004, filed with the Commission on August 9, 2004.

10.44 Purchase, Sale and Contribution Agreement among 625 Madison Avenue Associates, L.P. and SL Green Operating Partnership, L.P. dated August 17, 2004, incorporated by reference to the Company's Form 10-Q, dated November 9, 2004, filed with the Commission on November 9, 2004.

10.45 Independent Directors' Deferral Plan, filed herewith.

10.46 Origination Agreement dated August 2, 2004 by and among Gramercy Capital Corp., GKK Capital L.P. and the Company, filed herewith.

10.47 Management Agreement dated August 2, 2004 by and between Gramercy Capital Corp. and GKK Manager LLC, filed herewith.

10.48 Asset Servicing Agreement dated August 2, 2004 by and between GKK Manager LLC and SLG Gramercy Services LLC, filed herewith.

10.49 Outsource Agreement dated August 2, 2004 by and between GKK Manager LLC and SLG Operating Partnership, L.P., filed herewith.

12.1 Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends, filed herewith.

14.1 The Company's Code of Business Conduct and Ethics, filed herewith.

21.1 Subsidiaries of the Company, filed herewith.

23.1 Consent of Ernst & Young LLP, 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 Section 13 or 15(d) 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.

Dated: March 15, 2005

By: /s/ Gregory F. Hughes
Gregory F. Hughes
Chief Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of SL Green Realty Corp. hereby severally constitute Marc Holliday and Gregory F. Hughes, and each of them singly, our true and lawful attorneys and with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K filed herewith and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable SL Green Realty Corp. to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
/s/ Stephen L. Green Stephen L. Green	Chairman of the Board of Directors	March 15, 2005
/s/ Marc Holliday Marc Holliday	Chief Executive Officer, President and Director	March 15, 2005
/s/ Gregory F. Hughes Gregory F. Hughes	Chief Financial Officer	March 15, 2005
/s/ John H. Alschuler, Jr. John H. Alschuler, Jr.	Director	March 15, 2005

/s/ Edwin Thomas Burton, III Edwin Thomas Burton, III	Director	March 15, 2005
/s/ John S. Levy John S. Levy	Director	March 15, 2005

Fourth Amendment to the

First Amended and Restated Agreement

of Limited Partnership

of

SL Green Operating Limited Partnership, L.P.

This Amendment is made as of May 27, 2004 by SL Green Realty Corp., a Maryland corporation, as managing general partner (the "Company" or the "Managing General Partner") of SL Green Operating Limited Partnership, L.P., a Delaware limited partnership (the "Partnership"), and as attorney-in-fact for the Persons named on Exhibit A to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Limited Partnership, dated as of August 20, 1997, as amended from time to time, (the "Partnership Agreement") for the purpose of amending the Partnership Agreement. Capitalized terms used herein and not defined shall have the meanings given to them in the Partnership Agreement.

WHEREAS, the Board of Directors of the Company (the "Board"), by action at a meeting on April 7, 2004 and by action of the Pricing Committee of the Board on pursuant to delegated authority, classified and designated on April 28, 2004 shares of Preferred Stock (as defined in the Articles of Incorporation of the Company (the "Charter")) as Series D Preferred Stock (as defined below);

WHEREAS, the Board filed Articles Supplementary to the Charter (the "Articles Supplementary") with the State Department of Assessments and Taxation of Maryland on May 20, 2004 establishing the Series D Preferred Stock, with such preferences, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption as described in the Articles Supplementary;

WHEREAS, on May 27, 2004, the Company issued 2,400,000 shares of the Series D Preferred Stock;

WHEREAS, the Managing General Partner has determined that, in connection with the issuance of the Series D Preferred Stock, it is necessary and desirable to amend the Partnership Agreement to create additional Partnership Units (as defined in the Partnership Agreement) having designations, preferences and other rights which are substantially the same as the economic rights of the Series D Preferred Stock.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Managing General Partner hereby amends the Partnership Agreement as follows:

1. Article 1 of the Partnership Agreement is hereby amended by adding the following definitions:

"Series D Preferred Stock" means the 7.875% Series D Cumulative Redeemable Preferred Stock of the Company, with such preferences, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption as described in the Articles Supplementary; and

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"Series D Preferred Units" means the series of Partnership Units established pursuant to this Amendment, representing units of Limited Partnership Interest designated as the 7.875% Series D Cumulative Redeemable Preferred Units, with the preferences, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption of units as described herein; and

2. In accordance with Section 4.02.A of the Partnership Agreement, set forth below are the terms and conditions of the Series D Preferred Units hereby established and issued to the Company in consideration of the Company's contribution to the Partnership of the net proceeds following the issuance and sale of the Series D Preferred Stock by the Company:

A. Designation and Number. A series of Partnership Units, designated as Series D Preferred Units, is hereby established. The number of Series D Preferred Units shall be 2,760,000.

B. Rank. The Series D Preferred Units, with respect to rights to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, rank (a) senior to the Class A Units, Class B Units and all Partnership Interests issued by the Partnership the terms of which specifically provide that such Partnership Interests rank junior to the Series D Preferred Units; (b) on a parity with the 7.625% Series C Cumulative Redeemable Preferred Units and all Partnership Interests issued by the Partnership the terms of which specifically provide that such Partnership Interests rank on a parity with the Series D Preferred Units; and (c) junior to all Partnership Interests issued by the Partnership the terms of which specifically provide that such Partnership Interests rank senior to the Series D Preferred Units.

C. Distributions.

(i) Pursuant to Section 5.01 of the Partnership Agreement but subject to the rights of holders of any Units ranking senior to the Series D Preferred Units as to the payment of distributions, the Managing General Partner, in its capacity as the holder of the then outstanding Series D Preferred Units, shall be entitled to receive, when, as and if authorized by the Managing General Partner, out of Available Cash, cumulative quarterly preferential cash distributions in an amount per unit equal to 7.875% of the $25.00 liquidation preference per annum (equivalent to a fixed annual amount of $1.96875 per unit). Distributions on the Series D Preferred Units shall accrue and be fully cumulative from the date of original issuance and shall be payable quarterly when, as and if authorized by the Managing General Partner, in equal amounts in arrears on the fifteenth day of each July, October, January and April or, if not a business day, the next succeeding business day (each, a "Series D Preferred Unit Distribution Payment Date"). Any distribution (including the initial distribution) payable on the Series D Preferred Units for any partial distribution period shall be prorated and computed on the basis of a 360-day year consisting of twelve 30-day months. Distribution period shall mean the period from and the date of original issuance and ending on and excluding the next Series D Preferred Unit Distribution Payment Date, and each subsequent period from but including such Series D Preferred Unit Distribution Payment Date and ending on and excluding the next following Series D Preferred Unit Distribution Payment Date.

(ii) No distribution on the Series D Preferred Units shall be authorized by the Managing General Partner or declared or paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Managing General Partner or the Partnership, including any agreement relating to its indebtedness, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach thereof, or a default thereunder, or if such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law. No interest, or sum of money in lieu

of interest, shall be payable in respect of any distribution payment or payments on the Series D Preferred Units which may be in arrears.

(iii) Notwithstanding the foregoing, distributions with respect to the Series D Preferred Units shall accumulate whether or not any of the foregoing restrictions exist, whether or not there is sufficient Available Cash for the payment thereof and whether or not such distributions are authorized. Accumulated but unpaid distributions on Series D Preferred Units shall not bear interest and holders of the Series D Preferred Units shall not be entitled to any distributions in excess of full cumulative distributions. Any distribution payment made on the Series D Preferred Units shall first be credited against the earliest accumulated but unpaid distribution due with respect to such units which remains payable.

(iv) Except as provided in subsection 2.C.(iv), unless full cumulative distributions have been or contemporaneously are declared and paid or authorized, declared and a sum sufficient for the payment thereof set apart for such payment on the Series D Preferred Units for all past distribution periods and the then current distribution period, no distributions (other than in Partnership Interests ranking junior to the Series D Preferred Units as to the payment of dividends and the distribution of assets upon any liquidation, dissolution or winding up of the Partnership) shall be authorized, declared or paid or set apart for payment nor shall any other distribution be authorized, declared or made upon the Class A Units, the Class B Units, or any other Partnership Interests ranking, as to the payment of distributions or the distribution of assets upon any liquidation, dissolution or winding up of the Partnership, junior to or on a parity with the Series D Preferred Units for any period, nor shall any Class A Units, Class B Units, or any other Partnership Interests ranking junior to or on a parity with the Series D Preferred Units as to the payment of distributions or the distribution of assets upon any liquidation, dissolution or winding up of the Partnership, be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such Partnership Interests) by the Partnership (except by conversion into or exchange for Partnership Interests ranking junior to the Series D Preferred Units as to the payment of distributions and the distribution of assets upon any liquidation, dissolution or winding up of the affairs of the Partnership).

(v) When distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series D Preferred Units and any other Partnership Interests ranking on a parity as to the payment of distributions with the Series D Preferred Units, all distributions authorized and declared upon the Series D Preferred Units and any other Partnership Interests ranking on a parity as to the payment of distributions with the Series D Preferred Units shall be declared pro rata so that the amount of distributions authorized and declared per Series D Preferred Unit and such other Partnership Interests shall in all cases bear to each other the same ratio that accumulated distributions per each Series D Preferred Unit and such other Partnership Interests (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such other Partnership Interests do not have a cumulative distribution) bear to each other.

(vi) Holders of Series D Preferred Units shall not be entitled to any distribution, whether payable in cash, property or Partnership Interests, in excess of full cumulative distributions on the Series D Preferred Units as described above. Accrued but unpaid distributions on the Series D Preferred Units will accumulate as of the Series D Preferred Units Distribution Payment Date on which they first become payable.

D. Allocations.

Allocations of the Partnership's items of income, gain, loss and deduction shall be allocated among holders of Series D Preferred Units in accordance with Article VI of the Partnership Agreement.

E. Liquidation Preference.

(i) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Partnership, the Managing General Partner, in its capacity as holder of the Series D Preferred Units, shall be entitled to receive out of the assets of the Partnership available for distribution to the Partners pursuant to Section 13.02.A of the Partnership Agreement a liquidation preference of $25.00 per Series D Preferred Unit, plus an amount equal to any accumulated and unpaid distributions (whether or not earned or authorized) to the date of payment, before any distribution of assets is made to holders of Class A Units, Class B Units or any other Partnership Interests that rank junior to the Series D Preferred Units as to the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, but subject to the preferential rights of the holders of Partnership Interests ranking senior to the Series D Preferred Units as to the distribution of assets upon the liquidation, dissolution or winding up of the Partnership.

(ii) If upon any such voluntary or involuntary liquidation, dissolution or winding up of the Partnership, the assets of the Partnership legally available for distribution to its Partners are insufficient to make such full payment to the Managing General Partner, in its capacity as the holder of the Series D Preferred Units, and the corresponding amounts payable on all other Partnership Interests ranking on a parity with the Series D Preferred Units as to the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, then the Managing General Partner, in its capacity as the holder of the Series D Preferred Units, and all other holders of such Partnership Interests shall share ratably in any such distribution of assets in proportion to the full liquidating distributions (including, if applicable, accumulated and unpaid distributions) to which they would otherwise be respectively entitled.

(iii) After payment of the full amount of the liquidating distributions to which they are entitled, the Managing General Partner, in its capacity as the holder of the Series D Preferred Units, shall have no right or claim to any of the remaining assets of the Partnership.

(iv) None of a consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, a statutory unit exchange by the Partnership or a sale, lease or conveyance of all or substantially all of the Partnership's property or business shall be considered a liquidation, dissolution or winding up of the affairs of the Partnership.

F. Redemption.

In connection with the redemption by the Company of any of shares of Series D Preferred Stock in accordance with the provisions of the Articles Supplementary, the Partnership shall provide cash to the Company for such purpose which shall be equal to the redemption price (as set forth in the Articles Supplementary), plus all distributions accumulated and unpaid to the Redemption Date (as defined in the Articles Supplementary) (or, as applicable, the accumulated and unpaid distribution payable pursuant to Section 6(b)(iv) of the Articles Supplementary), and one Series D Preferred Unit shall be concurrently redeemed with respect to each share of Series D Preferred Stock so redeemed by the Company. From and after the applicable Redemption Date (as defined in the Articles Supplementary), the Series D Preferred Units so redeemed shall no longer be outstanding and all rights hereunder, to distributions or otherwise, with respect to such Series D Preferred Units shall cease. Any Series D Preferred Units so redeemed may be reissued to the Managing General Partner at such time as the Managing General Partner reissues a

corresponding number of shares of Series D Preferred Stock so redeemed or repurchased, in exchange for the contribution by the Managing General Partner to the Partnership of the proceeds from such reissuance.

G. Voting Rights.

Except as required by applicable law, the Managing General Partner, in its capacity as the holder of the Series D Preferred Units, shall have no voting rights.

H. Conversion.

The Series D Preferred Units are not convertible into or exchangeable for any other property or securities of the Partnership.

I. Restriction on Ownership.

The Series D Preferred Units shall be owned and held solely by the Managing General Partner.

3. Except as modified herein, all terms and conditions of the Partnership Agreement shall remain in full force and effect, which terms and conditions the Managing General Partner hereby ratifies and confirms.

4. This Amendment shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to conflicts of law.

5. If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

* * * * *

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first set forth above.

SL GREEN REALTY CORP.,
a Maryland corporation, as Managing General
Partner of SL Green Operating Limited
Partnership and on behalf of existing
Limited Partners

By: ______________________________
Name:
Title:

Amended and Restated Fourth Amendment to the

First Amended and Restated Agreement

of Limited Partnership

of

SL Green Operating Partnership, L.P.

This Amended and Restated Fourth Amendment (this "Amendment") is made as of July 15, 2004 by SL Green Realty Corp., a Maryland corporation, as managing general partner (the "Company" or the "Managing General Partner") of SL Green Operating Partnership, L.P., a Delaware limited partnership (the "Partnership"), and as attorney-in-fact for the Persons named on Exhibit A to the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, dated as of August 20, 1997, as amended from time to time, (the "Partnership Agreement") for the purpose of amending the Partnership Agreement. Capitalized terms used herein and not defined shall have the meanings given to them in the Partnership Agreement.

WHEREAS, the Board of Directors of the Company (the "Board"), by action at a meeting on April 7, 2004 and by action of the Pricing Committee of the Board on April 28, 2004 and July 9, 2004 pursuant to delegated authority, classified and designated shares of Preferred Stock (as defined in the Articles of Incorporation of the Company (the "Charter")) as Series D Preferred Stock (as defined below);

WHEREAS, the Board filed Articles Supplementary to the Charter (the "Original Articles Supplementary") with the State Department of Assessments and Taxation of Maryland on May 20, 2004 establishing the Series D Preferred Stock, and filed Articles Supplementary to the Charter (the "Revised Articles Supplementary" and, together with the Original Articles Supplementary, the "Articles Supplementary") with the State Department of Assessments and Taxation of Maryland on July 13, 2004 in order to increase the authorized number of shares of Series D Preferred Stock, with such preferences, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption as described in the Articles Supplementary;

WHEREAS, on May 27, 2004 and July 15, 2004, the Company issued 2,450,000 shares and 1,550,000 shares, respectively, of the Series D Preferred Stock;

WHEREAS, the Managing General Partner has determined that, in connection with the issuance of the Series D Preferred Stock, it is necessary and desirable to amend the Partnership Agreement to create additional Partnership Units (as defined in the Partnership Agreement) having designations, preferences and other rights which are substantially the same as the economic rights of the Series D Preferred Stock.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Managing General Partner hereby amends the Partnership Agreement as follows:

1. Article 1 of the Partnership Agreement is hereby amended by adding the following definitions:

"Series D Preferred Stock" means the 7.875% Series D Cumulative Redeemable Preferred Stock of the Company, with such preferences, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption as described in the Articles Supplementary; and

"Series D Preferred Units" means the series of Partnership Units established pursuant to this Amendment, representing units of Limited Partnership Interest designated as the 7.875% Series D Cumulative Redeemable Preferred Units, with the preferences, rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption of units as described herein; and

2. In accordance with Section 4.02.A of the Partnership Agreement, set forth below are the terms and conditions of the Series D Preferred Units hereby established and issued to the Company in consideration of the Company's contribution to the Partnership of the net proceeds following the issuance and sale of the Series D Preferred Stock by the Company:

A. Designation and Number. A series of Partnership Units, designated as Series D Preferred Units, has been established. The number of Series D Preferred Units is hereby increased from 2,760,000 to 4,000,000.

B. Rank. The Series D Preferred Units, with respect to rights to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, rank (a) senior to the Class A Units, Class B Units and all Partnership Interests issued by the Partnership the terms of which specifically provide that such Partnership Interests rank junior to the Series D Preferred Units; (b) on a parity with the 7.625% Series C Cumulative Redeemable Preferred Units and all Partnership Interests issued by the Partnership the terms of which specifically provide that such Partnership Interests rank on a parity with the Series D Preferred Units; and (c) junior to all Partnership Interests issued by the Partnership the terms of which specifically provide that such Partnership Interests rank senior to the Series D Preferred Units.

C. Distributions.

(i) Pursuant to Section 5.01 of the Partnership Agreement but subject to the rights of holders of any Units ranking senior to the Series D Preferred Units as to the payment of distributions, the Managing General Partner, in its capacity as the holder of the then outstanding Series D Preferred Units, shall be entitled to receive, when, as and if authorized by the Managing General Partner, out of Available Cash, cumulative quarterly preferential cash distributions in an amount per unit equal to 7.875% of the $25.00 liquidation preference per annum (equivalent to a fixed annual amount of $1.96875 per unit). Distributions on the Series D Preferred Units shall accrue and be fully cumulative from the date of original issuance and shall be payable quarterly when, as and if authorized by the Managing General Partner, in equal amounts in arrears on the fifteenth day of each July, October, January and April or, if not a business day, the next succeeding business day (each, a "Series D Preferred Unit Distribution Payment Date"). Any distribution (including the initial distribution) payable on the Series D Preferred Units for any partial distribution period shall be prorated and computed on the basis of a 360-day year consisting of twelve 30-day months. Distribution period shall mean the period from and the date of original issuance and ending on and excluding the next Series D Preferred Unit Distribution Payment Date, and each subsequent period from but including such Series D Preferred Unit Distribution Payment Date and ending on and excluding the next following Series D Preferred Unit Distribution Payment Date.

(ii) No distribution on the Series D Preferred Units shall be authorized by the Managing General Partner or declared or paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Managing General Partner or the Partnership, including

any agreement relating to its indebtedness, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach thereof, or a default thereunder, or if such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series D Preferred Units which may be in arrears.

(iii) Notwithstanding the foregoing, distributions with respect to the Series D Preferred Units shall accumulate whether or not any of the foregoing restrictions exist, whether or not there is sufficient Available Cash for the payment thereof and whether or not such distributions are authorized. Accumulated but unpaid distributions on Series D Preferred Units shall not bear interest and holders of the Series D Preferred Units shall not be entitled to any distributions in excess of full cumulative distributions. Any distribution payment made on the Series D Preferred Units shall first be credited against the earliest accumulated but unpaid distribution due with respect to such units which remains payable.

(iv) Except as provided in subsection 2.C.(iv), unless full cumulative distributions have been or contemporaneously are declared and paid or authorized, declared and a sum sufficient for the payment thereof set apart for such payment on the Series D Preferred Units for all past distribution periods and the then current distribution period, no distributions (other than in Partnership Interests ranking junior to the Series D Preferred Units as to the payment of dividends and the distribution of assets upon any liquidation, dissolution or winding up of the Partnership) shall be authorized, declared or paid or set apart for payment nor shall any other distribution be authorized, declared or made upon the Class A Units, the Class B Units, or any other Partnership Interests ranking, as to the payment of distributions or the distribution of assets upon any liquidation, dissolution or winding up of the Partnership, junior to or on a parity with the Series D Preferred Units for any period, nor shall any Class A Units, Class B Units, or any other Partnership Interests ranking junior to or on a parity with the Series D Preferred Units as to the payment of distributions or the distribution of assets upon any liquidation, dissolution or winding up of the Partnership, be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such Partnership Interests) by the Partnership (except by conversion into or exchange for Partnership Interests ranking junior to the Series D Preferred Units as to the payment of distributions and the distribution of assets upon any liquidation, dissolution or winding up of the affairs of the Partnership).

(v) When distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series D Preferred Units and any other Partnership Interests ranking on a parity as to the payment of distributions with the Series D Preferred Units, all distributions authorized and declared upon the Series D Preferred Units and any other Partnership Interests ranking on a parity as to the payment of distributions with the Series D Preferred Units shall be declared pro rata so that the amount of distributions authorized and declared per Series D Preferred Unit and such other Partnership Interests shall in all cases bear to each other the same ratio that accumulated distributions per each Series D Preferred Unit and such other Partnership Interests (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such other Partnership Interests do not have a cumulative distribution) bear to each other.

(vi) Holders of Series D Preferred Units shall not be entitled to any distribution, whether payable in cash, property or Partnership Interests, in excess of full cumulative distributions on the Series D Preferred Units as described above. Accrued but unpaid distributions on the Series D Preferred Units will accumulate as of the Series D Preferred Units Distribution Payment Date on which they first become payable.

D. Allocations.

Allocations of the Partnership's items of income, gain, loss and deduction shall be allocated among holders of Series D Preferred Units in accordance with Article VI of the Partnership Agreement.

E. Liquidation Preference.

(i) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Partnership, the Managing General Partner, in its capacity as holder of the Series D Preferred Units, shall be entitled to receive out of the assets of the Partnership available for distribution to the Partners pursuant to Section 13.02.A of the Partnership Agreement a liquidation preference of $25.00 per Series D Preferred Unit, plus an amount equal to any accumulated and unpaid distributions (whether or not earned or authorized) to the date of payment, before any distribution of assets is made to holders of Class A Units, Class B Units or any other Partnership Interests that rank junior to the Series D Preferred Units as to the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, but subject to the preferential rights of the holders of Partnership Interests ranking senior to the Series D Preferred Units as to the distribution of assets upon the liquidation, dissolution or winding up of the Partnership.

(ii) If upon any such voluntary or involuntary liquidation, dissolution or winding up of the Partnership, the assets of the Partnership legally available for distribution to its Partners are insufficient to make such full payment to the Managing General Partner, in its capacity as the holder of the Series D Preferred Units, and the corresponding amounts payable on all other Partnership Interests ranking on a parity with the Series D Preferred Units as to the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, then the Managing General Partner, in its capacity as the holder of the Series D Preferred Units, and all other holders of such Partnership Interests shall share ratably in any such distribution of assets in proportion to the full liquidating distributions (including, if applicable, accumulated and unpaid distributions) to which they would otherwise be respectively entitled.

(iii) After payment of the full amount of the liquidating distributions to which they are entitled, the Managing General Partner, in its capacity as the holder of the Series D Preferred Units, shall have no right or claim to any of the remaining assets of the Partnership.

(iv) None of a consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, a statutory unit exchange by the Partnership or a sale, lease or conveyance of all or substantially all of the Partnership's property or business shall be considered a liquidation, dissolution or winding up of the affairs of the Partnership.

F. Redemption.

In connection with the redemption by the Company of any of shares of Series D Preferred Stock in accordance with the provisions of the Articles Supplementary, the Partnership shall provide cash to the Company for such purpose which shall be equal to the redemption price (as set forth in the Articles Supplementary), plus all distributions accumulated and unpaid to the Redemption Date (as defined in the Articles Supplementary) (or, as applicable, the accumulated and unpaid distribution payable pursuant to Section 6(b)(iv) of the Articles Supplementary), and one Series D Preferred Unit shall be concurrently redeemed with respect to each share of Series D Preferred Stock so redeemed by the Company. From and after the applicable Redemption Date (as defined in the Articles Supplementary), the Series D Preferred Units so redeemed shall no longer be outstanding and all rights hereunder, to distributions or otherwise, with respect to such Series D Preferred Units shall cease. Any Series D Preferred Units so redeemed may be reissued to the Managing General Partner at such time as the Managing General Partner reissues a

corresponding number of shares of Series D Preferred Stock so redeemed or repurchased, in exchange for the contribution by the Managing General Partner to the Partnership of the proceeds from such reissuance.

G. Voting Rights.

Except as required by applicable law, the Managing General Partner, in its capacity as the holder of the Series D Preferred Units, shall have no voting rights.

H. Conversion.

The Series D Preferred Units are not convertible into or exchangeable for any other property or securities of the Partnership.

I. Restriction on Ownership.

The Series D Preferred Units shall be owned and held solely by the Managing General Partner.

3. Except as modified herein, all terms and conditions of the Partnership Agreement shall remain in full force and effect, which terms and conditions the Managing General Partner hereby ratifies and confirms.

4. This Amendment shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to conflicts of law.

5. If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

* * * * *

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first set forth above.

SL GREEN REALTY CORP.,
a Maryland corporation, as Managing General Partner of SL Green Operating Partnership and on behalf of existing Limited Partners

By: ______________________
Name:
Title:

SL GREEN REALTY CORP.

INDEPENDENT DIRECTORS' DEFERRAL PROGRAM

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SL GREEN REALTY CORP.

INDEPENDENT DIRECTORS' DEFERRAL PROGRAM

SL Green Realty Corp., a corporation organized under the laws of the State of Maryland, maintains the Stock Option Plan. Among the forms of compensation contemplated by the Stock Option Plan are awards to Independent Directors. The Company wishes to align further the interests of Independent Directors and stockholders and generally increase the effectiveness of its compensation structure for Independent Directors, by implementing the Program. In furtherance thereof, and by the authority to make grants under the Stock Option Plan, the Program is adopted to implement certain such grants, and to govern the manner in which the Shares underlying such grants shall be delivered, as set forth herein. In addition, the Program provides for other deferrals of certain directors' fees and Shares received upon the exercise of certain options in accordance with the terms hereof.

1. Definitions.

Capitalized terms used herein without definitions shall have the meanings given to those terms in the Stock Option Plan. In addition, whenever used herein, the following terms shall have the meanings set forth below except as the context requires otherwise:

"Account" means a deferred compensation account established for a Participant in accordance with Section 4.2(d).

"Change of Control" shall be deemed to have occurred if:

(A) any Person, together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Exchange Act) of such Person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of either (1) the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Board ("Voting Securities") or (2) the then outstanding shares of all classes of stock of the Company (in either such case other than as a result of the acquisition of securities directly from the Company); or

(B) individuals who constitute the Board (the "Incumbent Directors") as of the Effective Date cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board, provided that any person becoming a director of the Company whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors shall, for purposes hereof, be considered an Incumbent Director; or

(C) the stockholders of the Company shall approve (1) any consolidation or merger of the Company or any subsidiary where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate at least 50% of the voting shares of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (2) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company or (3) any plan or proposal for the liquidation or dissolution of the Company.

Notwithstanding the foregoing, an event described in clause (A) shall not be a Change of Control if such event occurs solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of stock or other Voting Securities outstanding, increases (x) the proportionate number of shares of stock of the Company beneficially owned by any Person to 25% or more of the shares of stock then outstanding or (y) the proportionate voting power represented by the Voting Securities beneficially owned by any Person to 25% or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any Person referred to in clause (x) or (y) of this sentence shall thereafter become the beneficial owner of any additional stock of the Company or other Voting Securities (other than pursuant to a share split, stock dividend, or similar transaction), then a Change of Control shall be deemed to have occurred for purposes of the foregoing clause (A).

"Participant" means an Independent Director of the Company who is credited hereunder with one or more Phantom Stock Units or who has otherwise deferred receipt of fees hereunder as permitted by the Board.

"Person" shall have the meaning used in Sections 13(d) and 14(d) of the Exchange Act.

"Phantom Stock Unit" means a right, granted pursuant to the Program, of a Participant to payment of a Share, or if applicable, the Fair Market Value of a Share.

"Program" means the Company's Independent Directors' Deferral Program, as set forth herein and as the same may from time to time be amended.

"PSU Agreement" means a written agreement in a form approved by the Board, to be entered into by the Company and the Participant as provided in Section 5.

"PSU Value," per Phantom Stock Unit as of a particular date, means the Fair Market Value of a Share as of such date.

"Regular Distribution Date" means the date determined under Section 7.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" means shares of Common Stock.

"Stock Option Plan" means the SL Green Realty Corp. Amended 1997 Stock Option and Incentive Plan, as amended from time to time.

"Subsidiary" means any corporation (other than the Company) that is a "subsidiary corporation" with respect to the Company under Section 424(f) of the Code. In the event the Company becomes a subsidiary of another company, the provisions hereof applicable to subsidiaries shall, unless otherwise determined by the Board, also be applicable to any Company that is a "parent corporation" with respect to the Company under Section 424(e) of the Code.

"Valuation Date" means the last day of each calendar month and such additional dates as the Board may designate.

2. <u>Grants Under the Stock Option Plan; Administration of Program</u>.

The Shares underlying Phantom Stock Units hereunder, including under Sections 5.2(c), 6.1 and 7(a) hereof, shall constitute grants of Shares under and governed by the Stock Option Plan to Independent Directors, and the rules of the Program relating to Phantom Stock Units shall constitute rules for purposes of the Program governing the manner in which such Shares shall be delivered. Thus, the Phantom Stock Units shall be subject in all respects to the provisions of the Stock Option Plan governing grants to Independent Directors, including without limitation as to interpretation, beneficiary designation, exculpation (and indemnification) and all other matters of administration, such administration to be effected, as contemplated by Section 12(f) of the Stock Option Plan, by the Board (and not the Committee), and the provisions of the Stock Option Plan are hereby incorporated by reference as if set forth herein. Further, the cash payments under the Program not relating to Phantom Stock Units shall also be governed by the same rules as are established under the Stock Option Plan as to interpretation, beneficiary designation, exculpation (and indemnification) and all other matters of administration.

3. <u>Effective Date of Program; Termination of the Program</u>.

The effective date of the Program is July 1, 2004. The Program shall terminate on, and no Phantom Stock Units shall be granted or other deferrals made hereunder on or after, the 10-year anniversary of, the effective date of the Program (and, in the case of Phantom Stock Units, the date of termination or expiration of the Stock Option Plan, if earlier).

4. <u>Eligibility</u>.

Except as otherwise determined by the Board, each individual who is an Independent Director of the Company shall be eligible to participate in the Program.

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5. <u>Cash Fees and Options</u>.

5.1 <u>Types of Fees</u>.

In consideration of each Independent Director's service as a member of the Board, each Independent Director may be eligible from time to time, under the Company's director compensation arrangements, to receive as compensation (i) periodic retainer fees, a portion of which is payable in cash or Shares, as elected by the Participant (a "Cash Retainer"), and a portion of which is payable in Shares (an "Equity Retainer"); (ii) in the case of the chairman of each of the committees of the Board, additional periodic retainer fees ("Chairmen's Retainers"); (iii) a fee per Board meeting attended, to be paid following each meeting (a "Meeting Fee"); and (iv) a fee per committee meeting attended, to be paid following each meeting (a "Committee Meeting Fee"). These amounts are subject to deferral under the Program, as set forth herein.

5.2 Election to Defer Cash Fees.

(a) The Participant may elect that up to 100% (in increments of 1%) of the Participant's Cash Retainer, Chairmen's Retainer, Meeting Fee and Committee Meeting Fee (collectively, the "Cash Fees") shall be payable as compensation deferred under the Program. With respect to a Participant's election to defer all or a portion of the Cash Fees for a calendar year, such election shall be made prior to December 1st of the year preceding such calendar year, except that (i) with respect to 2004, a Participant may make an election prior to July 1, 2004 with respect to Cash Fees otherwise payable in 2004 for services performed after the date of such election, and (ii) in the case of a new Participant, the Participant may make an election within 30 days after such Participant first becomes eligible to participate in accordance with Section 4, with respect to Cash Fees otherwise payable in the calendar year of the election, for services performed after the effective date of such election. All deferrals under this Section 5.2 shall be fully vested; provided that, before or concurrently with any deferral, and in the event that there are vesting conditions applicable in respect of the underlying Cash Fees, the Board may provide for vesting conditions to be applicable in respect of the corresponding deferral.

(b) The election described in Section 5.2(a) shall be made in writing substantially in such form as the Board may prescribe from time to time, within the times specified herein. With respect to a Participant's election to defer all or a portion of the annual retainer, such election shall be irrevocable as of the first day of the applicable annual period. Except as set forth above in this Section 5.2(b), elections described in Section 5.2(a) shall continue in effect from period to period and from meeting to meeting, as applicable.

(c) Unless otherwise elected by the Participant, Cash Fees deferred under this Section 5.2 of the Program shall not be paid currently but rather shall be credited to such Participant in the form of Phantom Stock Units. Unless otherwise determined by the Board, the number of Phantom Stock Units to be credited with respect to cash fees deferred pursuant to Section 5.2(a) above shall be equal to (i) the amount of cash fees to be paid divided by (ii) the Fair Market Value of a Share on the date such cash fees otherwise would have been paid.

(d) A Participant may elect, prior to earning a Cash Fee, to defer such a Cash Fee in the form of a credit to the Participant's Account, to be adjusted for accruals of any earnings and losses over time as set forth below, rather than in the form of Phantom Stock Units. Upon such an election, the amount of the deferred fee shall not be paid currently but rather shall be credited to the Participant's Account. Such credits shall be made when Cash Fees would otherwise have been paid to the Participant but for an election pursuant to Section 5.2(a). A separate subaccount under each Participant's Account may in the discretion of the Board be established to record each year's deferrals, and the credits and deductions with respect thereto. With respect to credits under this Section 5.2(d), earnings and losses shall accrue on the balance in the applicable Participant's Account at the rate or rates specified in advance of the effective time of the applicability of such rate or rates, and from time to time, by the Board. As determined by the Board, such rate or rates may be a fixed rate, and may be established by reference to an index or indices, or may be a return on one or more specific investments or on a specific investment fund or funds. If the Board does not select a rate, the rate shall be equal to the 30-day LIBOR rate in effect at the beginning of a month plus 2%. Earnings and losses shall be credited to Participants' Accounts as of the end of each calendar month and, with respect to any particular Participant's Account, shall continue to be credited thereto until all amounts are distributed with respect to the Participant's Account in accordance with the Program. Upon distribution, any accrued earnings shall be credited to the Participant's Account and distributed therewith, and any accrued losses shall reduce the amount of distributions hereunder.

(e) A Participant may elect, one time during each 12-month period, to convert as of the end of the calendar month of the election, Phantom Stock Units to Account credits, and vice-versa, in whole or in part (but, in the case of Phantom Stock Units, only in whole Phantom Stock Units) with credits and liquidation of Phantom Stock Units to be effected based on the PSU Value as of the end of such month, and credits and liquidation of Accounts to be effected based on Account values as of the end of such month.

(f) The establishment and maintenance of, and credits to and deductions from, the Participant's Account shall be mere bookkeeping entries, and shall not vest in the Participant or his beneficiary any right, title or interest in or to any specific assets of the Company. A separate subaccount under each Participant's Account shall be established to record each year's deferrals, and the credits and deductions with respect thereto.

5.3 Stock Options.

Subject to the provisions of the Program, and notwithstanding the terms any applicable Plan Agreement, the Board may permit, on such terms and conditions it may adopt, an Independent Director to be credited with Phantom Stock Units pursuant to the Independent Director's election to defer delivery of shares of Common Stock which otherwise would be delivered to him or her upon exercise of a previously unexercised stock option, provided that, unless otherwise permitted by the Board, such election is irrevocable and is made (i) at least six months prior to, and in a calendar year prior to, the date that such stock option otherwise would expire and (ii) at least one month prior to the date such stock option is exercised (or such shorter period as may be determined by the Board).

6. Phantom Stock Units.

6.1 Credits of Phantom Stock Units.

Each Independent Director may elect to receive a credit of Phantom Stock Units in respect of each portion of an Equity Retainer that would be payable on any particular date without regard to the Program. With respect to a Participant's election to defer an Equity Retainer for a calendar year, such election shall be made prior to December 1st of the year preceding such calendar year, except that (i) with respect to 2004, a Participant may make an election prior to July 1, 2004 with respect to the Equity Retainer otherwise payable in 2004 for services performed after the date of such election, and (ii) in the case of a new Participant, the Participant may make an election within 30 days after such Participant first becomes eligible to participate in accordance with Section 4, with respect to the Equity Retainer otherwise payable in the calendar year of the election, for services performed after the effective date of such election.

6.2 Vesting.

Phantom Stock Units deferred under Section 6.1 shall be fully vested; provided that, before or concurrently with any grant under Section 6.1, the Board may provide (consistently with such vesting conditions as may be applicable in respect of the underlying Cash Fee or Equity Retainer, as applicable) for different vesting conditions to be applicable to such grant.

7. Dividend Equivalent Rights.

(a) Except as may otherwise be provided by the Board at or before the time the applicable Phantom Stock Unit is credited, Independent Directors will receive a dividend equivalent right in respect of any credited Phantom Stock Units (whether from deferred Cash Fees or from the Equity Retainer, or in connection with the exercise of stock options), which right consists of the right to receive a cash payment in an amount equal to the regular cash dividend distributions paid on a Share from time to time. Except as provided in Section 7(b), or as may otherwise be provided by the Board at or before the time the applicable Phantom Stock Unit is paid, payment in respect of a dividend equivalent right shall be made at the same time as dividends are paid on the Common Stock.

(b) Instead of the form of payment as contemplated by Section 7(a) above, except as may otherwise may be provided by the Board, a Participant may elect to have Phantom Stock Units credited, or credits to the Participant's Account made, in respect of the dividend equivalent rights referred to in Section 7(a). Unless otherwise determined by the Board, the number of Phantom Stock Units (if any) to be credited with respect to a dividend equivalent right shall be equal to (i) the amount of the payment in respect of the dividend equivalent right otherwise to be made divided by (ii) the Fair Market Value of a Share on the date the corresponding dividend distribution is made to stockholders of the Company; provided that such Phantom Stock Unit

shall vest at such time as the underlying Phantom Stock Unit vests. In the case of a credit to the Account, the amount of the credit shall be equal to the amount of the applicable cash dividend (such credit to be made on the date the corresponding dividend distribution is made to stockholders of the Company); provided that the portion of the Account relating to such credit, as adjusted for earnings and losses, shall vest at such time as the underlying Phantom Stock Unit vests.

8. Settlement and Withdrawal.

(a) Distributions with respect to (i) vested Phantom Stock Units will be settled by the transfer of Common Stock to the Participant, or, solely in cash or in a combination of cash and Common Stock in the discretion of the Board, with an aggregate amount of any cash and the Fair Market Value of any such Common Stock to equal the aggregate PSU Value of such Phantom Stock Units on the date of such distribution; and (ii) cash deferrals from a Participant's Account will be settled by a cash payment to the Participant, in an amount equal to the value of the Participant's Account as of the Valuation Date coincident with or immediately prior to the date of such distribution. Unless otherwise elected, as provided below, such distributions shall be made as soon as practicable after the Regular Distribution Date by the transfer of Common Stock, cash or both, as applicable, to the Participant.

(b) The Regular Distribution Date with respect to a Participant is the earlier of (i) the January 1 coincident with or next following the earlier of (A) the Independent Director's ceasing to be an Independent Director, and (B) the Independent Director's death, and (ii) a Change of Control (the "Regular Distribution Date").

(c) An Independent Director will be permitted, prior to the beginning of the applicable annual period, to elect to receive distributions at times other than the Regular Distribution Date. Each such election will apply to all Phantom Stock Units and credits to a Participant's Account after the election is made, unless the Independent Director specifically elects otherwise. Elections to defer distributions to a time or times after the Regular Distribution Date will be permitted only to the extent the election is accepted by the Board.

(d) After a Phantom Stock Unit is awarded or cash fees are deferred to a Participant's Account, the Independent Director will have a one-time right to make a new distribution election with respect thereto. The new election must be made at least one year prior to the time at which the amounts would otherwise be eligible for distribution. Each such new election will apply to all vested Phantom Stock Units and credits to the deferral Account (other than distributions that do not satisfy the timing requirements of the foregoing sentence), unless the Independent Director specifically elects otherwise. The time at which distributions commence must be at least one year after such an election is made. Elections to defer distributions to a time or times after the Regular Distribution Date will be permitted only to the extent the election is accepted by the Board.

(e) All distributions in respect of Phantom Stock Units and Participant Accounts will be made no later than 45 days after the amounts become eligible for settlement as provided

in this Section 8; provided, however, that, in lieu of providing a single delivery of Common Stock or a single sum of cash, an Independent Director may elect to have the aggregate amounts paid in substantially equal annual installments over a period not to exceed 10 years. (The amount of each installment shall be determined without regard to the possibility of earnings and losses subsequent to such installment.) Any such election must be made (and may be changed only) within the time frame for making distribution elections as described in Section 8(c) or (d), as applicable.

(f) Notwithstanding the foregoing provisions of this Section 8, a Participant may receive any amounts deferred by the Participant in the event of an "Unforeseeable Emergency." For these purposes, an "Unforeseeable Emergency," as determined by the Board in its sole discretion, is a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or "dependent," as defined in Section 152(a) of the Code, of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved:

(i) through reimbursement or compensation by insurance or otherwise,

(ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or

(iii) by future cessation of the making of additional deferrals.

Without limitation, the need to send a Participant's child to college or the desire to purchase a home shall not constitute an Unforeseeable Emergency. Distributions of amounts because of an Unforeseeable Emergency shall be permitted to the extent reasonably needed to satisfy the emergency need.

(g) Notwithstanding the foregoing provisions of this Section 8, in the event of a Change of Control, the Regular Distribution Date shall be the date of such Change of Control and all amounts due with respect to Phantom Stock Units and Accounts to a Participant hereunder shall be paid as soon as practicable (but in no event more than 30 days) after such Change of Control, unless the Board permits such Participant to elect otherwise and the Participant so elects in accordance with procedures established by the Board.

9. Amendment and Modification.

(a) The Board may amend the Program as it shall deem advisable, except that no amendment may adversely affect a Participant with respect to deferred cash fees or equity awards previously credited unless such amendments are required in order to comply with

applicable laws; provided that the Board may not make any amendment to the Program that would, if such amendment were not approved by the holders of the Common Stock, cause the Program to fail to comply with any requirement of applicable law or regulation, unless and until the approval of the holders of such Common Stock is obtained.

(b) The Board may make such changes to the Program as may be necessary or appropriate to comply with the rules and regulations of any government authority or to obtain tax benefits applicable to deferred equity units.

(c) The authority under Section 4.5 of the Stock Option Plan to adjust for changes in capital structure is hereby expressly applicable to Phantom Stock Units, and shall permit appropriate adjustments, without limitation, to the number of Phantom Stock Units credited, PSU Value, dividend equivalent rights and the number and kind of shares to be distributed in respect of Phantom Stock Units (as applicable).

10. Assignment and Alienation; No Funding; Etc.

(a) Rights or benefits with respect to cash fees or equity awards credited to a Participant's Account under the Program (including any related dividend equivalent rights) shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, prior to actually being received by the person entitled to the benefit under the terms of the Program; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, attach, charge or otherwise dispose of any right or benefits payable hereunder shall be void.

(b) Phantom Stock Units and the Accounts are solely a device for the measurement and determination of the amounts to be paid to a Participant under the Program. Each Participant's right in the Phantom Stock Units (including any related dividend equivalent rights) and the Accounts is limited to the right to receive payment, if any, as may herein be provided. The Phantom Stock Units do not constitute Common Stock and any other credits to a Participant's Account hereunder shall not be treated as (or as giving rise to) property or as a trust fund of any kind; provided, however, that the Company may establish a mere bookkeeping reserve to meet its obligations hereunder or a trust or other funding vehicle that would not cause the Program to be deemed to be funded for tax purposes. Notwithstanding anything to the contrary contained in the Program, the right of any Participant to receive payments by virtue of participation in the Program shall be no greater than the right of any unsecured general creditor of the Company. Nothing contained in the Program, and no action taken pursuant to the provisions of the Program (including without limitation Section 4.2(d)), shall create or shall be construed to create a trust of any kind, or a fiduciary relationship between the Company or its officers or the Board, on the one hand, and the Participant, the Company or any other person or entity, on the other. Nothing contained in the Program shall be construed to give any Participant any rights with respect to Shares or any ownership interest in the Company. No provision of the Program shall be interpreted to confer upon any Participant any voting, dividend (except as

provided in accordance with Section 7) or derivative or other similar rights with respect to any Phantom Stock Unit.

11. No Rights to Service.

Nothing in the Program, in amounts credited to a Participant's Account, or in Phantom Stock Units credited pursuant to the Program shall confer on any individual any right to continue in the service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its stockholders to terminate the individual's service at any time.

12. Captions.

The use of captions in the Program is for convenience. The captions are not intended to provide substantive rights.

ORIGINATION AGREEMENT

THIS ORIGINATION AGREEMENT (this "Agreement"), dated as of August 2, 2004, is made by and between Gramercy Capital Corp., a Maryland corporation (the "Parent"), and SL Green Operating Partnership, L.P., a Maryland limited partnership ("SL Green OP" and, with its parent SL Green Realty Corp. and subsidiaries and other entities controlled by either of them, "SL Green").

RECITALS

WHEREAS, the Company is engaging GKK Manager, LLC (the "Manager"), a subsidiary of SL Green, to provide management services to the Parent and GKK Capital LP (the "Operating Partnership" and collectively with the Parent, the "Company") pursuant to that certain Management Agreement dated as of the date hereof (the "Management Agreement") by and among the Company and the Manager; and

WHEREAS, the Company and SL Green wish to address certain elements of their relationship, including rights to acquire fixed income investments and SL Green's ownership in the Company.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements herein set forth and intending to be legally bound, the parties hereto agree as follows:

1. Limits on Origination by SL Green.

(a) (i) SL Green will not originate, acquire or participate in Fixed Income Investments in the United States, except as set forth herein. "Fixed Income Investments" means debt obligations or interests in debt obligations bearing a fixed-rate of return and collateralized by real property or interests in real property; and

(ii) SL Green will not acquire, originate or participate in Preferred Equity Investments which bear a fixed rate of return in the United States, unless the Company has determined not to pursue a particular Preferred Equity Investment opportunity. "Preferred Equity Investments" are investments in preferred stock, preferred shares, preferred interests in partnerships or limited liability companies or other securities which are, by their terms, given a preference in returning capital in liquidation, upon bankruptcy or otherwise.

(b) Notwithstanding paragraph (a), SL Green may:

(i) retain any Fixed Income Investments and/or Preferred Equity Investments it owns or has committed to own on the date hereof;

(ii) originate Fixed Income Investments or acquire interests in Fixed Income Investments and/or Preferred Equity Investments in connection with the sale of any real estate or real estate-related assets or Fixed Income Investments and/or Preferred Equity Investments SL Green currently owns or owns at any future time in part or whole, directly or indirectly;

(iii) originate or acquire Fixed Income Investments and/or Preferred Equity Investments that provide a rate of return tied to the cash flow, appreciation or both of the underlying real property or interests in real property;

(iv) modify or refinance any portion of the investments in item (i), (ii) or (iii) above including, but not limited to, changes in principal, rate of return, maturity or redemption date, lien priority, return priority and/or borrower; and

(v) originate, acquire or participate in any investment which is considered Distressed Debt as of the date on which such investment is acquired. "Distressed Debt" is a Fixed Income Investment where (A) there is a payment default, (B) there is an acceleration, bankruptcy or foreclosure, (C) a default is highly likely because the loan-to-value ratio is over 100% or (D) the debt service on such debt exceeds the available cash flow from the underlying property on both a current and projected basis.

2. Limits on Company Origination. The Company will not:

(i) acquire real property in metropolitan New York and Washington, D.C. (except by foreclosure or similar conveyance) resulting from a Fixed Income Investment;

(ii) originate or acquire investments described in Section 1(b)(iii) above or any investment which is considered Distressed Debt as of the date on which such investment is acquired, in each case located in metropolitan New York or Washington, D.C.; or

(iii) originate or acquire participations in any investments described in Sections 1(b) (ii) or (iv) above.

3. Purchase Rights/Rights of First Offer.

(a) Purchase Rights — Properties.

(i) When the Company acquires a direct or indirect ownership interest in real property in metropolitan New York or Washington, D.C. by foreclosure or similar conveyance or transfer in lieu thereof (any such interest being an "Acquired Property"), prior to the Company selling such Acquired Property SL Green may purchase the Acquired Property at a price equal to the Company's unpaid principal balance of the Fixed Income Investment on the date the Company foreclosed or acquired the Acquired Property, plus interest at the last stated contract (non-default) rate and, to the extent payable by the borrower under the initial documentation evidencing the Fixed Income Investment, legal costs incurred by the Company directly related to the conveyance of the Acquired Property and the fee, if any, due upon the repayment or prepayment of the Fixed

Income Investment which is commonly referred to as an "exit fee" (but not including default interest, late charges, prepayment penalties (however denominated), extension fees, "kicker" interest or other premiums of any kind) through the date of SL Green's purchase ("Par Value").

(ii) If the Company seeks to sell an Acquired Property within one year following the acquisition of such Acquired Property and receives a bona fide third party offer to acquire the Acquired Property for cash that the Company desires to accept, SL Green will have a first right to purchase the Acquired Property at the lower of the Par Value or the third party's offer price prior to the Company accepting such offer. The Company will give prompt written

notice to SL Green of its election to sell an Acquired Property, and of receipt of a bona fide third party offer (together with a copy of any written third party offer).

(iii) If an Acquired Property is not sold within one year of the date of its acquisition by the Company, SL Green has the right to purchase the Acquired Property at its appraised value. The appraised value will be determined as follows: the Company will select an appraiser and SL Green will select an appraiser, who will each appraise the Acquired Property. These two appraisers jointly will select a third appraiser, who will then choose one of the two appraisals as the final appraised value.

(iv) If SL Green elects to exercise a purchase right set forth in (i) — (iii) above, SL Green shall send written notice of such election to the Company, setting forth the calculation of the proposed purchase price and the desired closing date, which shall be between 15 and 45 days after such notice. If an appraiser is required, such notice shall also set forth the appraiser selected by SL Green. Unless the Company objects to the purchase price calculation, the sale to SL Green of the Acquired Property shall be consummated on the proposed closing date or as soon thereafter as feasible. Upon consummation, the Company shall deliver all leases, files and other documents related to such property. All sales shall be on an as-is, where-is basis with no representations or warranties made by the Company, except that the Company shall represent and warrant to the effect that (i) it has requisite power and authority to transfer the Acquired Property to SL Green and (ii) the interest conveyed by the Company in the Acquired Property is free and clear of liens (other than liens in place at the time the Company acquired such Acquired Property).

In the case of a sale under (iii), the Company will promptly appoint an appraiser. The two selected appraisers shall complete their appraisals within 20 days and submit their appraisals to the third appraiser selected jointly by them. The third appraiser shall select one of the appraisals within ten (10) days thereafter, and the appraised value shall be the price at which SL Green shall have the right to purchase the Acquired Property. All appraisers shall have a minimum of ten (10) years' experience in appraising property similar to, and in the area of, the Acquired Property, and shall be MAI certified.

(b) Right of First Offer — Distressed Debt. If at any time the Company plans to sell any interest it owns in Distressed Debt (the "Offered Asset"), the Company shall first give SL Green written notice of the terms and conditions, including the price and any other material terms and conditions on which the Company is willing to sell the Offered Asset. SL Green shall have the right, exercisable by written notice to the Company within ten (10) Business Days after the date the notice was delivered to the Company, to agree to purchase the Offered Asset upon the terms and conditions contained in the Notice. If SL Green exercises such right, then the Company shall sell the Offered Asset to SL Green on such terms and conditions, and subject to customary representations and warranties. In the event that SL Green does not exercise its right as aforesaid, the Company shall have the right to sell the Offered Asset to any other person within six (6) months thereafter at not less than 99% of the offered price and otherwise on substantially the same terms and conditions as were offered to SL Green. If the Offered Asset is not sold in such time frame or otherwise as aforesaid, then any plan by the Company to sell such Offered Asset shall again be subject to this Section 3(b). In the event that SL Green shall have exercised its right to purchase the Offered Asset and SL Green defaults in the purchase of the Offered Asset on the agreed terms, SL Green shall be deemed to have waived its rights under this Section with respect to the Offered Asset, and the Company shall thereafter have the right to sell the Offered Asset to any other person without restrictions.

4. Reimbursement of Formation Expenses. The Company shall pay SL Green $1,800,000 in cash on the date of closing of the Company's initial public offering ("IPO"), to reimburse SL Green for organization and offering expenses advanced or incurred by SL Green on behalf of the Company.

5. Stock Purchase by SL Green. SL Green agrees to purchase, and the Company agrees to sell, such number of shares of the Company's common stock, $.001 par value (the "Shares") in the Company's IPO so that SL Green purchases 25% of the shares sold in the IPO, including any shares sold pursuant to the underwriters' over-allotment option. The purchases and sales of Shares under this Section 5 shall close simultaneously with the sales of Shares to the underwriters in the IPO. The purchase price per Share shall be in cash and at the same price as the price to the public in the IPO. The Company shall be obligated to sell the Shares to SL Green, and SL Green shall be obligated to purchase such Shares, if and to the extent Shares are sold in the IPO. In connection with the sale of Shares, the Company hereby makes to SL Green the representations and warranties contained in the Underwriting Agreement dated the date hereof among the Company and the underwriters.

6. SL Green's Right to Purchase Additional Shares/Units. In the event the Company shall desire to sell any Shares or cause common units of limited partnership interest in the Partnership to be issued after the date hereof, SL Green shall have the right (but not the obligation) to purchase up to 25% of any such Shares or units. The Company shall give SL Green at least five days' written notice of any proposed sale, and SL Green shall confirm in writing its intention to purchase, and the number of Shares or units SL Green will purchase, not more than three days after such notice is received. If SL Green shall fail to confirm its intent to purchase as required in the previous sentence, its right to purchase Shares or units in that sale or issuance, as applicable (but not any future sale or issuance) shall be waived. Any purchase by SL Green under this Section 6 shall be in cash at the same price per Share or unit, and with such representations and other terms and conditions as is offered to other purchasers, and SL Green's purchase shall close simultaneously with sales to other purchasers.

7. REIT Status. The Parent shall file an election to be a real estate investment trust (a "REIT") under Section 856 of the Internal Revenue Code of 1986, as amended (the "Code") with its federal income tax return for the taxable year ending December 31, 2004 and shall use its best efforts to operate as a REIT during such taxable year and during all subsequent taxable years.

8. Protective TRS Election. The Parent shall make an annual protective election jointly with SL Green Realty Corp. ("SLG REIT") for the Parent to be a "taxable REIT subsidiary," as defined in Section 856(l)(1) of the Code, of SLG REIT by executing an Internal Revenue Service Form 8875 (or any

successor form), which election shall state that it is to be effective only if the Parent does not qualify as a REIT for any period covered by such election. The Parent has delivered such executed form to SL Green with respect to 2004 prior to June 28, 2004 and shall deliver such executed form to SLG REIT with respect to subsequent years no later than January 21 of each such year for execution and filing by SLG REIT.

9. Legal Opinion. Not later than January 21 of each year, beginning in 2005, the Parent, at its cost, shall cause its tax counsel, which shall be Clifford Chance US LLP or such other law firm of national reputation as is reasonably acceptable to SLG REIT, to issue an opinion to SLG REIT to the effect that, for the period commencing January 1 and ending on December 31 in the preceding year, the Parent has qualified as a REIT and the Parent's method of operating will enable the Parent to continue to qualify as a REIT. Such opinion shall be in form and substance reasonably satisfactory to SL Green, may rely on customary assumptions and representations from the Parent as to its organization, ownership and method of operating, and shall provide that counsel to SLG REIT may rely on such opinion for purposes of such counsel's opinion as to the status of SLG REIT as a REIT. The Parent, at its cost, also shall cause

such tax counsel, from time to time, to issue such an opinion to SLG REIT within ten (10) business days of its receipt of a request therefor from SLG REIT.

10. Term. This Agreement shall remain in full force and effect throughout the term of the Management Agreement as extended in accordance therewith, and terminate (a) simultaneously with the expiration or earlier termination of the Management Agreement or (b) on 30 days' notice by SL Green to the Company in the event that neither SL Green nor any of its affiliates shall be the managing member of the Manager. In the event of a termination pursuant to Section 10(b) hereof or termination of the Management Agreement pursuant to Section 13(c) of the Management Agreement, then the terms and conditions of Section 1 shall survive such termination for a period of one year with respect only to any potential investment described in Section 1 as to which, at the time of termination, Manager has commenced due diligence. Further, the terms and conditions of Sections 7, 8, and 9 hereof shall survive the termination of this Agreement and the Management Agreement for as long as SL Green continues to own at least 10% of the common stock of the Parent.

11. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and mailed, faxed or delivered by hand or courier service:

(a) If to the Company, to:

Gramercy Capital Corp.
420 Lexington Avenue
New York, New York 10170
Attention: Office of General Counsel

(b) If to SL Green, to:

SL Green Operating Partnership, L.P.
420 Lexington Avenue
New York, New York 10170
Attention: General Counsel

12. Entire Agreement. Except for the applicable provisions of the Management Agreement, this Agreement shall constitute the entire agreement among the parties relating to the subject matter hereof and shall supersede all other prior or contemporary agreements, understandings, negotiations and discussions whether oral or written.

13. Amendment and Modification. Neither this Agreement nor any of the terms or provisions hereof may be changed, supplemented, waived or modified except by a written instrument executed by the parties hereto (or in the case of a waiver, by the party granting such waiver).

14. Counterparts. This Agreement may be executed in two or more counterparts, each of which may be signed by any of the parties hereto, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

15. Governing Law. This Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed by, construed, interpreted and enforced in accordance with the laws of the State of New York.

16. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of hereof and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

IN WITNESS WHEREOF, the parties to hereto have duly executed this Agreement as of the day and year first written above.

GRAMERCY CAPITAL CORP.

By: ______________________________

Name:
Title:

SL GREEN OPERATING PARTNERSHIP, L.P.

By: ______________________________
Name:
Title:

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is made as of August 2, 2004 (this "Agreement") by and between Gramercy Capital Corp., a Maryland corporation (the "Parent"), GKK Capital LP, a Maryland limited partnership (the "Operating Partnership" and with the Parent, collectively the "Company"), and GKK Manager LLC, a Delaware limited liability company (the "Manager").

W I T N E S S E T H :

WHEREAS, the Parent and the Operating Partnership have been formed by SL Green Realty Corp. (with SL Green Operating Partnership, L.P., a Maryland limited partnership ("SL Green OP") and subsidiaries and other entities controlled by either of them, "SL Green") to continue SL Green's specialty real estate finance business in a separate company, which is to originate for its own account and acquire whole loans, subordinate interests in whole loans, mezzanine loans and other fixed income real estate investments;

WHEREAS, the Parent expects to qualify as a REIT (as defined below) and intends to conduct its operations primarily through the Operating Partnership, of which the Parent will be the sole general partner;

WHEREAS, the Company desires to have Manager undertake the duties and responsibilities hereinafter set forth on behalf of the Company as provided in this Agreement; and

WHEREAS, Manager is willing to render such services on the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, the parties hereto agree as follows:

1. **Definitions**.

(a) "Agreement" has the meaning assigned in the first paragraph.

(b) "Asset Servicing Agreement" means the Asset Servicing Agreement between Manager and SLG Gramercy Services LLC, dated the date hereof.

(c) "Board of Directors" means the Board of Directors of the Parent.

(d) "Closing Date" means the date of this Agreement.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Company" has the meaning assigned in the first paragraph. All references herein to the Company shall, except as otherwise expressly provided herein, be deemed to include the Parent, the Operating Partnership and any Subsidiaries of the Parent and Operating Partnership.

(g) "Company Account" has the meaning assigned in Section 5.

(h) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(i) "Expenses" has the meaning assigned in Section 9.

(j) "GAAP" means generally accepted accounting principles in effect in the U.S. on the date such principles are applied consistently.

(k) "Governing Instruments" means, with respect to any Person, the articles of incorporation and bylaws in the case of a corporation, the certificate of limited partnership (if applicable) and partnership agreement in the case of a general or limited partnership or the articles of formation and operating agreement in the case of a limited liability company.

(l) "Independent Directors" means the members of the Board of Directors of Parent who are not officers or employees of Manager or SL Green and who are otherwise "independent" in accordance with the Parent's Governing Instruments and, if applicable, the rules of the New York Stock Exchange.

(m) "Investment Company Act" means the Investment Company Act of 1940, as amended.

(n) "Investment Guidelines" means the parameters and policies relating to Investments as determined by the Board of Directors, as set forth in the initial public offering prospectus of the Parent and as may be changed from time-to-time.

(o) "Investments" means the investments of the Company.

(p) "Manager" has the meaning assigned in the first paragraph.

(q) "Partnership Agreement" means the agreement of limited partnership of the Operating Partnership.

(r) "Outsource Agreement" means the Outsource Agreement by and between the Manager and SL Green Operating Partnership, L.P.

(s) "Origination Agreement" means the Origination Agreement between the Parent and SL Green Operating Partnership, L.P., dated the date hereof.

(t) "Person" means any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

(u) "REIT" means a corporation or trust which qualifies as a real estate investment trust in accordance with Sections 856 through 860 of the Code.

(v) "Special Limited Partnership Interest" means the interest in the Operating Partnership granted to the Manager pursuant to the terms of the Partnership Agreement.

(w) "Stockholders' Equity" means the aggregate gross proceeds from the sales of the Operating Partnership's common and preferred equity capital, as calculated under the Partnership Agreement.

(x) "Subsidiary" means any subsidiary of the Company, any partnership, the general partner of which is the Company or any subsidiary of the Company and any limited liability company, the managing member of which is the Company or any subsidiary of the Company.

2. **Appointment and Duties of Manager**.

(a) Appointment. The Company hereby appoints Manager as its exclusive agent to manage the assets of the Company subject to the further terms and conditions set forth in this Agreement, and Manager hereby agrees to use its commercially reasonable efforts to perform each of the duties set forth herein, provided funds are made available by the Company for such purposes, as set forth in Section 9 hereof.

(b) Duties. Manager, in its capacity as manager of the Company's day-to-day operations, at all times will be subject to the supervision of the Board of Directors and will have only such functions and authority as the Company may delegate to it, including, without limitation, the functions and authority identified herein and delegated to Manager hereby. Manager will perform (or cause to be performed) the following services and activities for the Company:

(i) serving as the Parent's consultant with respect to the periodic review of the investment criteria and parameters for Investments, borrowings and operations for approval by the Board of Directors;

(ii) investigating, analyzing and selecting possible investment opportunities;

(iii) engaging and supervising, on the Company's behalf and at the Company's expense, independent contractors which provide real estate-related services, investment banking services, mortgage brokerage services, securities brokerage services, legal services, accounting services, due diligence services and other financial services and such other services as may be required relating to the Company's Investments;

(iv) negotiating, executing and closing on the Company's behalf the origination, acquisition, sale, exchange or other disposition of any of the Company's Investments;

(v) arranging, negotiating, coordinating and managing operations of any joint venture or co-investment interests held by the Company and conducting all matters with any joint venture or co-investment partners;

(vi) providing executive and administrative personnel;

(vii) administering the Company's day-to-day operations and performing and supervising the performance of other administrative functions necessary to the Company's management, as may be agreed upon by Manager and the Board of Directors, including the collection of revenues and the payment of the Company's debts and obligations, maintenance of appropriate computer services to perform such administrative functions, keeping the Company's books and records, organizing Board of Directors and committee meetings, and other services related to the Company's obligations as a publicly traded entity;

(viii) communicating on the Company's behalf with the holders of any of the Company's equity or debt securities as required to satisfy the reporting and other requirements of any governmental bodies or agencies or trading markets and to maintain effective relations with such holders;

(ix) advising the Parent in connection with policy decisions to be made by the Parent's Board of Directors;

(x) evaluating and recommending to the Company's Board of Directors modifications to the hedging strategies in effect and causing the Company to engage in overall hedging strategies consistent with the Company's status as a REIT and with the Company's Investment Guidelines;

(xi) advising the Company regarding the maintenance of the Company's status as a REIT and monitoring compliance with the various REIT qualification tests and other rules set out in the Code and Treasury Regulations thereunder;

(xii) advising the Company regarding the maintenance of the Company's exemption from the Investment Company Act and monitoring compliance with the requirements for maintaining an exemption from the Investment Company Act;

(xiii) assisting the Company in developing criteria for Investment commitments meeting the Company's objectives, and making available to the Company its knowledge and experience with respect to real estate, real estate securities and other real estate-related assets;

(xiv) representing, and making recommendations to, the Company in connection with the purchase and finance and commitment to purchase and finance of whole loans, mezzanine loans and interests therein, mortgage loans and interests therein (including on a portfolio basis), real estate, real estate securities and other real estate-related assets, and the sale and commitment to sell such assets;

(xv) monitoring the operating performance of the Company's Investments and providing periodic reports with respect thereto to the Company's Board of Directors as requested by the Board of Directors, including comparative information with respect to such operating performance, budgeted or projected operating results and compliance with the Company's Investment Guidelines;

(xvi) investing or reinvesting any money of the Company (including investing in short-term investments pending investment in long-term asset investments, payment of fees, costs and expenses, or payments of dividends or distributions to the Company's stockholders and partners), and advising the Parent and the Operating Partnership as to their respective capital structures and capital raising;

(xvii) causing the Parent and the Operating Partnership to retain qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures, compliance procedures and testing systems with respect to financial reporting obligations and Parent's compliance with the REIT provisions of the Code and to conduct quarterly compliance reviews thereof;

(xviii) causing the Parent and the Operating Partnership to qualify to do business in all applicable jurisdictions and to obtain and maintain all appropriate licenses;

(xix) assisting the Parent and the Operating Partnership in complying with all regulatory requirements applicable to the Parent and the Operating Partnership in respect of its business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports and documents, if any, required under the Exchange Act, the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

(xx) taking all necessary actions to enable the Parent and the Operating Partnership to make required tax filings and reports, including with respect to the Parent, soliciting stockholders for required information to the extent provided by the REIT provisions of the Code;

(xxi) handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which the Company may be involved or to which the Company may be subject, arising out of the Company's day-to-day operations, subject to such limitations or parameters as may be imposed from time-to-time by the Company's Board of Directors;

(xxii) using commercially reasonable efforts to cause expenses incurred by or on behalf of the Company to be reasonable or customary and within any budgeted parameters or expense guidelines set by the Board of Directors from time-to-time;

(xxiii) performing such other services as may be required from time-to-time for management and other activities relating to the Company's assets as the Board of Directors shall reasonably request or Manager shall deem appropriate under the particular circumstances; and

(xxiv) using commercially reasonable efforts to cause the Parent and the Operating Partnership to comply with all applicable laws.

(c) Asset Management Subcontracts. Manager may enter into agreements with other parties, including its affiliates and/or SL Green, for the purpose of engaging one or more asset managers for and on behalf, and at the sole cost and expense, of the Company to provide asset management and/or similar services to the Company with respect to the Investments, pursuant to asset management agreement(s) with terms which are then customary for agreements regarding the management of assets similar in type, quality and value to the assets of the Company; provided, that any such agreements entered into with affiliates of Manager shall be (i) on terms no more favorable to such affiliate than would be obtained from a third party on an arm's-length basis, and (ii) approved by a majority of the Independent Directors.

(d) Other Service Providers; Special Servicer. Subject to any required Board of Directors approval, Manager may retain for and on behalf, and at the sole cost and expense, of the Company such services of accountants, legal counsel, appraisers, insurers and brokers, among others, including Manager's affiliates, as Manager deems necessary or advisable in connection with the management and operations of the Company and the provision of its duties under this Agreement; provided, that any such agreement entered into with an affiliate of Manager to perform any such services shall be engaged (i) on terms no more favorable to such affiliate than would be obtained from a third party on an arm's-length basis, and (ii) approved by a majority of the Independent Directors. The Company hereby acknowledges and approves the terms of the Asset Servicing Agreement and the Outsource Agreement. In connection therewith, the Company agrees that with respect to any investments which entitle it to appoint a special servicer or a sub-servicer to a special servicer, it shall use all commercially reasonable efforts to designate the Manager or SLG Gramercy Services LLC as such special servicer or sub-servicer. In such event the fees to be paid to the Manager or SLG Gramercy Services LLC shall be based on then customary fees paid to third-parties performing similar functions, and shall be approved by a majority of the Independent Directors of the Parent.

(e) Reporting Requirements.

(i) As frequently as Manager may deem necessary or advisable, or at the direction of the Board of Directors, Manager shall prepare, or cause to be prepared, with respect to any Investment

(A) reports and information on the Company's operations and asset performance and (B) other information reasonably requested by the Company.

(ii) Manager shall prepare, or cause to be prepared, all reports, financial or otherwise, with respect to the Parent and the Operating Partnership reasonably required by the Board of Directors in order for the Parent and the Operating Partnership to comply with its Governing Instruments or any other materials required to be filed with any governmental entity or agency, and shall prepare, or cause to be prepared, all materials and data necessary to complete such reports and other materials including, without limitation, an annual audit of the Company's books of account by a nationally recognized independent accounting firm of good reputation, initially Ernst & Young, LLP.

(iii) Manager shall prepare regular reports for the Board of Directors to enable the Board of Directors to review the Company's acquisitions, portfolio composition and characteristics, credit quality, performance and compliance with the Investment Guidelines and policies approved by the Board of Directors.

(f) Use of Manager's Funds. Manager shall not be required to expend money in excess of that contained in any applicable Company Account or otherwise made available by the Company to be expended by Manager hereunder.

(g) Reliance by Manager. In performing its duties under this Section 2, Manager shall be entitled to rely on qualified experts and professionals (including, without limitation, accountants, legal counsel and other professional service providers) hired by Manager at the Company's sole cost and expense.

(h) Payment and Reimbursement of Expenses. The Company shall pay all expenses, and reimburse Manager for Manager's expenses incurred on its behalf, in connection with any such services to the extent such expenses are reimbursable by the Company to Manager pursuant to Section 9 hereof.

3. **Dedication; Other Activities**.

(a) Devotion of Time. Manager will provide a dedicated management team to deliver the management services to the Parent and the Operating Partnership hereunder, the members of which team shall devote such of their time to the management of the Parent and the Operating Partnership as the Manager deems necessary and appropriate, commensurate with the level of activity of the Company from time to time. The Parent and the Operating Partnership shall have the benefit of Manager's reasonable judgment and effort in rendering services and, in furtherance of the foregoing, Manager shall not undertake activities which, in its reasonable judgment, will substantially adversely affect the performance of its obligations under this Agreement.

(b) Other Activities. Except to the extent set forth (i) in clause (a) above, nothing herein shall prevent Manager or any of its affiliates or any of the officers and employees of any of the foregoing from engaging in other businesses or from rendering services of any kind to any other person or entity, including investment in, or advisory service to others investing in, any type of real estate or real estate-related investment, including investments which meet the principal investment objectives of the Company.

(c) Officers, Employees, Etc. Manager's or its affiliates' members, partners, officers, employees and agents may serve as directors, officers, employees, agents, nominees or signatories for the Company or any Subsidiary, to the extent permitted by their Governing Instruments, as may be amended from time to time, or by any resolutions duly adopted by the Board of Directors pursuant to the

Company's Governing Instruments. When executing documents or otherwise acting in such capacities for the Company or such other Subsidiary, such Persons shall use their respective titles with respect to the Company or such Subsidiary.

4. **Agency**. Manager shall act as the agent of the Company in making, acquiring, financing and disposing of Investments, disbursing and collecting the Company's funds, paying the debts and fulfilling the obligations of the Company, supervising the performance of professionals engaged by or on behalf of the Company and handling, prosecuting and settling any claims of or against the Company, the Board of Directors, holders of the Parent's or the Operating Partnership's securities or the Company's representatives or assets.

5. **Bank Accounts**. At the direction of the Board of Directors, Manager may establish and maintain as an agent on behalf of the Company one or more bank accounts in the name of the Parent and the Operating Partnership or any other Subsidiary (any such account, a "Company Account"), collect and deposit funds into any such Company Account and disburse funds from any such Company Account, under such terms and conditions as the Board of Directors may approve. Manager shall from time-to-time render appropriate accountings of such collections and payments to the Board of Directors and, upon request, to the auditors of Company.

6. **Records; Confidentiality**.

(a) Records. Manager shall maintain appropriate books of account and records relating to services performed under this Agreement, and such books of account and records shall be accessible for inspection by representatives of the Company at any time during normal business hours.

(b) Confidentiality. Manager shall keep confidential any nonpublic information obtained in connection with the services rendered under this Agreement and shall not disclose any such information (or use the same except in furtherance of its duties under this Agreement), except: (i) to SL Green; (ii) in accordance with the Origination Agreement, Outsource Agreement and Asset Servicing Agreement; (iii) with the prior written consent of the Board of Directors; (iv) to legal counsel, accountants and other professional advisors; (v) to appraisers, financing sources and others in the ordinary course of the Company's business; (vi) to governmental officials having jurisdiction over the Company; (vii) in connection with any governmental or regulatory filings of the Company or disclosure or presentations to Company investors; or (vii) as required by law or legal process to which Manager or any Person to whom disclosure is permitted hereunder is a party. The foregoing shall not apply to information which has previously become available through the actions of a Person other than Manager not resulting from Manager's violation of this Section 6(b). The provisions of this Section 6(b) shall survive the expiration or earlier termination of this Agreement for a period of one year.

7. **Obligations of Manager; Restrictions**.

(a) Restrictions. Manager shall refrain from any action that, in its sole judgment made in good faith, (i) is not in compliance with the Investment Guidelines, (ii) would adversely affect the status of the Parent as a REIT, or (iii) would violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Company or that would otherwise not be permitted by the Company's Governing Instruments. If Manager is ordered to take any such action by the Board of Directors, Manager shall promptly notify the Board of Directors of Manager's judgment that such action would adversely affect such status or violate any such law, rule or regulation or Governing Instruments. Notwithstanding the foregoing, Manager, its directors, officers, stockholders and employees shall not be liable to the Parent, the Operating Partnership or any Subsidiary, the Board of Directors or the Company's

stockholders or partners for any act or omission by Manager, its directors, officers, stockholders or employees taken in good faith or except as provided in Section 11 hereof.

(b) Board of Directors Review. The Board of Directors will periodically review the Investment Guidelines and the Company's investment portfolio but will not review each proposed investment, except as set forth below. Investments must be approved as follows, unless otherwise agreed by Manager and the Board of Directors: an investment committee must approve unanimously capital commitments between $15 million and $50 million; approval by the Company's full Board of Directors is required for investments in excess of $50 million. Manager will have full discretion to invest on behalf of the Company with respect to investments under $15 million. The Chief Investment Officer or Manager may approve any investment of less than $3 million. Manager can rely upon the direction of the Secretary of the Board of Directors to evidence the approval of the Board of Directors. Notwithstanding the foregoing, any Investment entered into with an affiliate of Manager shall be approved by a majority of the Independent Directors.

(c) Insurance. Manager shall maintain "errors and omissions" insurance coverage and such other insurance coverage which is customarily carried by property, asset and investment managers performing functions similar to those of Manager under this Agreement with respect to assets similar to the assets of the Company, in an amount which is comparable to that customarily maintained by other managers or servicers of similar assets.

8. **Compensation**.

(a) Manager shall receive an annual management fee equal to 1.75% of Stockholders' Equity. The annual management fee shall be calculated on a weighted average basis and paid in cash monthly in arrears. Manager shall make available the monthly calculation of the base management fee to the Company within fifteen (15) days following the last day of each calendar month, and the Company shall pay Manager the base annual management fee within five business days thereafter; provided, however, that such management fee may be offset by the Manager against amounts due to the Company.

(b) Upon execution of this Agreement, Manager shall receive 100 units of Class B limited partner interests in the Operating Partnership, subject to the terms ascribed to such units in the limited partnership agreement of the Operating Partnership of even date herewith.

9. **Expenses**. The Company shall pay all of its expenses and shall reimburse Manager for its documented expenses incurred on the Company's behalf in accordance with this Agreement (collectively, the "Expenses"). Expenses include all costs and expenses which are expressly designated elsewhere in this Agreement as the Company's expenses, together with the following:

(a) expenses incurred in connection with the organization of the Company and any issuance of securities, and transaction costs incident to investment activity and financings;

(b) travel and out-of pocket expenses incurred in connection with the origination, purchase, financing, refinancing, sale or disposition of an Investment;

(c) costs of professional fees including, but not limited to, legal, accounting, tax, auditing and other similar services performed for the Company;

(d) compensation and expenses, including liability insurance, for the Company's directors;

(e) compensation and expenses of the Company's custodian and transfer agent;

(f) costs associated with establishing and maintaining bank accounts and credit facilities, other indebtedness or securities offerings;

(g) costs associated with any computer hardware or software used for the Company;

(h) costs and expenses incurred contracting with third parties, including affiliates of Manager, and including expenses under agreements for servicing and outsourcing described under the Asset Servicing Agreement and Outsource Agreement;

(i) all other costs associated with the Company's business and operations, including, but not limited to, costs of acquiring, owning, protecting, maintaining, developing and disposing of investments, including appraisal, engineering and environmental studies, reporting, audit and legal fees;

(j) all insurance costs, including all costs related to insurance for the Company's directors, except for those related to Manager for itself and employees acting on Manager's behalf;

(k) expenses for offices of the Company and of the Manager including furniture, fixture and equipment expenses;

(l) expenses connected with interest payments and dividends made or caused to be made by the Company's Board of Directors;

(m) expenses incurred in connection with communications to holders of securities of the Company and other bookkeeping and clerical work, including without limitation, all costs of preparing and filing SEC reports, all listing costs, costs of preparing and distributing annual reports and proxy materials; and

(n) all expenses actually incurred by Manager which are reasonably necessary for the performance by Manager of its duties and functions in accordance with the terms of this Agreement.

Manager is not entitled to be reimbursed for wages, salaries and benefits of its officers and employees. Subject to any required Board of Directors approval, Manager may retain third parties including accountants, legal counsel, real estate underwriters, brokers, among others, on the Company's behalf, and be reimbursed for such services. The provisions of this Section 9 shall survive the expiration or earlier termination of this Agreement to the extent such expenses have previously been incurred or are incurred in connection with such expiration or termination.

10. **Expense Reports and Reimbursements**. Manager shall prepare a statement documenting the Expenses incurred during, and deliver the same to the Company within forty-five days following the end of each fiscal quarter. Expenses incurred by Manager on behalf of the Company shall be reimbursed by the Company within forty-five days following delivery of the expense statement by Manager; provided, however, that such reimbursements may be offset by Manager against amounts due to the Company. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement.

11. **Limits of Manager Responsibility; Indemnification**. Pursuant to this Agreement, Manager will not assume any responsibility other than to render the services called for hereunder and will not be responsible for any action of the Company's Board of Directors in following or declining to follow its advice or recommendations. Manager, its directors and its officers will not be liable to the Parent, the Operating Partnership, any Subsidiary, any of their directors, officers, stockholders, managers, owners or

partners for acts or omissions performed or not performed in accordance with and pursuant to this Agreement, except by reason of acts or omissions constituting bad faith, willful misconduct, gross negligence or reckless disregard of Manager's duties under this Agreement. The Parent and the Operating Partnership each agree to indemnify Manager, its directors and its officers, its shareholders, employees and agents with respect to all expenses, losses, actual damages, liabilities, demands, charges and claims arising from acts or omissions of Manager performed in good faith in accordance with and pursuant to this Agreement and not resulting from the willful misconduct, gross negligence or reckless disregard of Manager. Manager agrees to indemnify Company and its directors and officers with respect to all expenses, losses, actual damages, liabilities, demands, charges and claims arising from acts of Manager constituting bad faith, willful misconduct, gross negligence or reckless disregard of its duties under this Agreement, as determined pursuant to a final, non-appealable order of a court of competent jurisdiction. The provisions of this Section 11 shall survive the expiration or earlier termination of this Agreement.

12. **No Joint Venture**. Nothing in this Agreement shall be construed to make the Company and Manager partners or joint venturers or impose any liability as such on either of them.

13. **Term; Termination**.

(a) Term. This Agreement shall remain in full force through December 31, 2007, unless terminated by the Company or Manager as set forth below, and shall be renewed automatically for successive one (1) year periods thereafter, until this Agreement is terminated in accordance with the terms hereof.

(b) Non-Renewal. Either party may elect not to renew this Agreement at the expiration of the initial term or any renewal term for any or no reason by notice to the other party at least six (6) months prior to the end of the term.

(c) Termination by the Company. The Company may terminate this Agreement effective thirty (30) days after notice of termination from the Parent and the Operating Partnership to Manager in the event that any act of fraud, misappropriation of funds, or embezzlement against the Parent or the Operating Partnership or other willful and material violation of this Agreement by Manager in its corporate capacity (as distinguished from the acts of any employees of Manager which are taken without the complicity of any of the executive officers of Manager); provided, that such willful and material violation continue for a period of thirty (30) days after written notice thereof specifying such violation and requesting that the same be remedied in such thirty (30) day period.

(d) Termination by Manager. Manager may terminate this Agreement effective upon thirty (30) days prior written notice of termination to the Company in the event that the Company shall default in the performance or observance of any material term, condition or covenant in this Agreement and such default shall continue for a period of thirty (30) days after written notice thereof specifying such default and requesting that the same be remedied in such thirty (30) day period.

(e) Termination Fees. In the event this Agreement is not renewed by the Company under Section 13(b) or is terminated under Section 13(d), the Company shall pay Manager on the termination date a termination fee equal to two times the sum of the higher of the aggregate annual fees paid under this Agreement to Manager plus the higher of the aggregate annual fees paid under the Asset Servicing Agreement to the Servicer thereunder, in both instances in either of the two calendar years immediately preceding the effective date of the termination; provided, however, that if immediately following such termination the Company becomes self-managed, the termination fee payable will be reduced by 50%. The Company's obligation to pay a termination fee shall survive the termination of this Agreement.

(f) Survival. If this Agreement is terminated pursuant to this Section 13, such termination shall be without any further liability or obligation of either party to the other, except as otherwise expressly provided herein.

14. **Action Upon Termination or Expiration of Origination Period**. From and after the effective date of termination of this Agreement pursuant to Section 13, Manager shall not be entitled to compensation for further services under this Agreement but shall be paid all compensation accruing to the date of termination, reimbursement for all Expenses and a termination fee, if applicable. Upon such termination or expiration, Manager shall reasonably promptly:

(a) after deducting any accrued compensation and reimbursement for Expenses to which it is then entitled, pay over to the Company all money collected and held for the account of the Company pursuant to this Agreement;

(b) deliver to the Company's Board of Directors a full accounting, including a statement showing all payments collected and all money held by it, covering the period following the date of the last accounting furnished to the Board of Directors with respect to the Company and through the termination date; and

(c) deliver to the Board of Directors all property and documents of the Company provided to or obtained by Manager pursuant to or in connection with this Agreement, including all copies and extracts thereof in whatever form, then in Manager's possession or under its control.

15. **Reserved**.

16. **Release of Money or other Property Upon Written Request**. Manager agrees that any money or other property of the Company held by Manager under this Agreement shall be held by Manager as custodian for the Company, and Manager's records shall be clearly and appropriately marked to reflect the ownership of such money or other property by the Company. Upon the receipt by Manager of a written request signed by a duly authorized officer of the Company requesting Manager to release to the Company any money or other property then held by Manager for the account of the Company under this Agreement, Manager shall release such money or other property to the Company within a reasonable period of time, but in no event later than thirty (30) days following such request. Manager shall not be liable to the Parent, the Operating Partnership, the Independent Directors or the Parent's or the Operating Partnership's stockholders or partners for any acts or omissions by the Company in connection with the money or other property released to the Company in accordance with the terms hereof. The Company shall indemnify Manager and its members, managers, officers and employees against any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever which arise in connection with Manager's release of such money or other property to the Company in accordance with the terms of this Section 16. Indemnification pursuant to this Section 16 shall be in addition to any right of Manager to indemnification under Section 11.

17. **Notices**. Unless expressly provided otherwise in this Agreement, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when delivered against receipt or upon actual receipt of (a) personal delivery, (b) delivery by a reputable overnight courier, (c) delivery by facsimile transmission against answerback, or (d) delivery by registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

If to the Parent
or the Operating Partnership:

Gramercy Capital Corp.
420 Lexington Avenue
New York, New York 10170
Attention: Office of General Counsel

If to Manager:

GKK Manager LLC
c/o SL Green Realty Corp.
420 Lexington Avenue
New York, New York 10170
Attention: General Counsel

Any party may change the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 17 for the giving of notice.

18. **Binding Nature of Agreement; Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns as provided in this Agreement.

19. **Entire Agreement; Amendments**. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter of this Agreement. The express terms of this Agreement control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms of this Agreement. This Agreement may not be modified or amended other than by an agreement in writing signed by the parties hereto.

20. **Governing Law**. This Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of New York.

21. **Indulgences, Not Waivers**. Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

22. **Titles Not to Affect Interpretation**. The titles of sections, paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation of this Agreement.

23. **Execution in Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

24. **Provisions Separable**. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

25. **Principles of Construction**. Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires. All references to recitals, sections,

paragraphs and schedules are to the recitals, sections, paragraphs and schedules in or to this Agreement unless otherwise specified.

26. **Assignment; Change of Control of the Manager**. Manager may not assign its duties under this Agreement except as described in this Section 26. In the event the owners of Manager seek to assign this Agreement or sell interests in the Manager which will transfer to a person not affiliated with SL Green the power to direct or control the Manager, Manager shall notify the Company as to the terms and conditions on which such assignment or transfer is proposed to be made (the "Transfer Notice") at least thirty (30) days prior to the proposed completion of such assignment or transfer. The Company shall have thirty (30) days to (i) match such offer, in which event Manager or its owners shall assign or transfer the interest to the Company on the same terms and conditions as set forth in the Transfer Notice or (ii) cause a third party to match such offer, in which event Manager or its owners shall assign or transfer the interest to such third party on the same terms and conditions as set forth in the Transfer Notice, in each case within thirty (30) days after such matching offer. If the Company does not match the offer or cause a third party to match the offer within thirty (30) days after the Transfer Notice is sent, Manager or its owners shall be free to consummate the transaction described in the Transfer Notice. No transfer or assignment may be proposed hereunder unless the transferee has, at the time of the Transfer Notice, (i) at least five years' experience managing assets of the type in which the Company invests or intends to invest and (ii) at least $500 million of such assets under management.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GKK MANAGER LLC
a Delaware limited liability company

By: ______________________________
Name:
Title:

GRAMERCY CAPITAL CORP.
a Maryland corporation

By: ______________________________
Name:
Title:

GKK CAPITAL LP
a Maryland limited partnership

By: ______________________________
Name:
Title:

Exhibit 10.48

ASSET SERVICING AGREEMENT

THIS ASSET SERVICING AGREEMENT (this "Agreement"), dated as of August 2, 2004, is made by and between GKK Manager LLC, a Delaware limited liability company (the "Manager"), and SLG Gramercy Services LLC, a Delaware limited liability company ("Servicer").

WHEREAS, Manager provides management services to Gramercy Capital Corp. (the "Parent") and GKK Capital LP, a Maryland limited partnership (the "Operating Partnership" and collectively with the Parent, the "Company") pursuant to that certain Management Agreement dated as of the date hereof (the "Management Agreement"), by and among the Company and the Manager;

WHEREAS, Manager desires to engage Servicer to manage and service certain assets of the Company; and

WHEREAS, Servicer is willing to perform the services described herein on the terms and conditions hereinafter set forth;

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements herein set forth and intending to be legally bound, the parties hereto agree as follow:

1. Services.

(a) Servicer agrees to provide the following asset management services (the "Services") to the Manager upon request with respect to the Serviced Assets (as defined in Section 3):

(i) issuing bills and payment notices, and making all reasonable efforts to collect all payments called for under the terms and provisions of the Serviced Assets, and shall follow such collection procedures as are in accordance with generally applicable servicing practices;

(ii) establishing, and maintaining during the term of this Agreement, the Company Account (as defined in the Management Agreement), and any sub or related accounts in connection therewith (collectively, the "Accounts"). The Accounts shall relate solely to the Serviced Assets, and funds in the Accounts shall be held in trust by the Servicer for the benefit of the Manager and shall not be commingled with any other moneys. The Servicer shall notify the Manager in writing of the location and account number of the Accounts and shall thereafter give the Manager written notice of any change of the location or account number of the Accounts promptly following the date of such change;

(iii) depositing into the Accounts all payments on account of principal of the Serviced Assets, including any principal prepayments thereon and all payments on account of interest or yield on the Serviced Assets, (including any default interest or late charges), any exit fees and any other amounts received with respect thereto (including, without limitation, any amounts received in connection with the liquidation or other conversion of a Serviced Asset);

(iv) making withdrawals from the Accounts of amounts on deposit therein for (without duplication) the following purposes:

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(1) to pay any amount deposited in the Accounts in error to the Person entitled thereto;

(2) to pay to itself its fees due hereunder and to reimburse itself for any other amounts owed to it pursuant to the Agreement;

(3) after the withdrawal pursuant to the immediately preceding clause (2), to distribute to the Manager any amounts remaining in the Accounts; and

(4) to clear and terminate the Accounts upon termination of this Agreement;

(v) preparing and distributing to Manager, on the date on which any distribution is made to the Manager a report setting forth each Serviced Asset (a) the servicing fee paid on such date, (b) any other amounts paid to the Servicer on such date, and (c) any amounts of principal interest, yield, default interest, late charges, exit fees and any other amounts distributed to Manager on such day;

(vi) processing requests for approvals and consents received by Servicer in connection with the Serviced Assets for leases and draw requests from escrow accounts and reserve funds;

(vii) monitoring compliance with insurance requirements;

(viii) monitoring real estate tax and insurance escrow deposits;

(ix) reviewing periodic budgeting and financial reporting under the Serviced Assets; and

(x) issuing customary reporting with respect to each of the Serviced Assets and the portfolio of all Serviced Assets, and as may be required of the Manager under the Management Agreement.

(b) To the extent Servicer accepts appointment as a special servicer or sub-servicer to a special servicer of any Serviced Asset, Servicer agrees to provide the following special asset management services (the "Special Services") to the Manager:

(i) reviewing loan files of the Serviced Assets to: (A) assess the Company's rights in and to collateral securing the subject loans, including bank accounts, letters of credit and funds held in escrow; and (B) identify guarantees, other credit support and additional sources of equity, if any;

(ii) conducting due diligence with respect to the Serviced Assets with an emphasis on exit strategies and exploring, developing and implementing strategic opportunities and plans to restructure debt and equity positions;

(iii) reviewing current operating statements of profit and loss and past and current rent rolls to assess operating and financial performance and the impact of existing and potential financial and operational issues relating to the collateral for the Serviced Assets;

(iv) recommending short- and long-term strategic alternatives for the management and disposition of the Serviced Assets based on the relevant market and market trends;

(v) overseeing rehabilitation projects and assessing whether new appraisals or environmental assessment or physical needs reports are necessary with respect to the collateral for the Serviced Assets;

(vi) formulating appropriate courses of action and conducting negotiations among all concerned parties regarding the workout of Serviced Assets;

(vii) structuring workout proposals and preparing analyses indicating the viability thereof;

(viii) evaluating liquidity concerns and capital adequacy and reserve requirements and performing liquidity analyses of properties and ownership entities with respect to the collateral for the Serviced Assets;

(ix) preparing and delivering such reports relating to the Serviced Assets as Manager shall reasonably request; and

(x) performing such other services as may be required from time to time for management and other activities relating to the Serviced Assets as the Manager shall reasonably request.

2. Term. This Agreement shall remain in full force and effect throughout the term of the Management Agreement as extended in accordance therewith and terminate simultaneously with the expiration or earlier termination of the Management Agreement, except that Servicer may terminate this Agreement at any time on 60 days notice to Manager.

3. Fees.

(a) Servicer shall receive fees for Services rendered under this Agreement equal to 0.15% per annum of the Book Value of each Serviced Asset. "Book Value" means the book value of a Serviced Asset as reflected in the Company's most recent financial statements. "Serviced Assets" means the fixed income investments of the Company, other than (i) any securities which are rated investment grade by a nationally recognized rating agency, unless the investment grade bonds have a first-loss position; (ii) securities (whether or not rated) issued by any corporation which are not secured by any pledge of collateral; or (iii) any securities issued by the U.S. government or other temporary investments, such as commercial paper or money market investments, made by the Company. The fee shall be calculated and paid monthly on or before the fifth day following each month end. Manager shall be directly obligated to pay accrued fees hereunder, whether or not reimbursed by the Company for such fees as contemplated by the Management Agreement.

(b) To the extent Servicer accepts appointment as a special servicer or sub-servicer to a special servicer, Servicer shall receive fees in such amounts as are customary for fees paid to third parties in similar instances, which are approved by the Independent Directors of the Parent. Such fees shall be agreed upon by Servicer and such Independent Directors on a case-by-case basis. Manager and Special Servicer shall share equally any fees received by Manager or Servicer for performance of Special Services (but not any Servicer Termination Payment (as defined below)) shall be shared equally by Manager and Servicer.

(c) To the extent Manager receives any payment from the Company on account of a termination of the Management Agreement, and such payment is based in whole or in part upon the fees for Services and/or Special Services (the "Services Termination Payment"), the Servicer shall be entitled to fifty percent of the Services Termination Payment.

4. Confidentiality.

(a) Servicer shall keep confidential any nonpublic information obtained relating to the Serviced Assets and its performance of the Services and shall not disclose any such information (or use the same except in furtherance of its duties under this Agreement), except as permitted or contemplated by, and subject to the limitations in, the Management Agreement. The provisions of this Section 4(a) shall survive the expiration or earlier termination of this Agreement.

(b) Promptly after the expiration or earlier termination of this Agreement, Servicer shall return to Manager all confidential and proprietary information provided to or obtained by Servicer pursuant to or in connection with this Agreement and the performance of the Services hereunder, including all copies and extracts thereof in whatever form, in its possession or under its control.

5. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and mailed, faxed or delivered by hand or courier service:

(a) If to Manager, to:

GKK Manager LLC
c/o SL Green Realty Corp.

420 Lexington Avenue
New York, New York 10170
Attention: General Counsel

(b) If to Servicer, to:

SLG Management Services LLC
c/o SL Green Realty Corp.
420 Lexington Avenue
New York, New York 10170
Attention: President and General Counsel

6. Cooperation; Further Assistance. Each party hereto shall cooperate with and provide assistance to the other parties consistent with the terms and conditions hereof to enable (a) the full performance of all obligations hereunder, and (b) the review and audit of books and records as they relate to the provision of the Services; such cooperation and assistance to include, without limitation, providing the other parties and their respective representatives and agents (including, without limitation, outside auditors) with reasonable access, during normal business hours and upon reasonable advance notice, to its employees, representatives and agents and its books, records, offices and properties relating to the Services.

7. Entire Agreement. Except for the applicable provisions of the Management Agreement, this Agreement shall constitute the entire agreement among the parties relating to the subject matter hereof and shall supersede all other prior or contemporary agreements, understandings, negotiations and discussions whether oral or written.

8. Amendment and Modification; Assignment. Neither this Agreement nor any of the terms or provisions hereof may be changed, supplemented, waived or modified except by a written instrument executed by the parties hereto (or in the case of a waiver, by the party granting such waiver). Servicer shall have the right to assign, sub-contract or delegate its rights and obligations hereunder to one or more entities which (a) meet in all material respects the then applicable rating criteria issued by Standard & Poor's for rated servicers of mortgage-backed securities and (b) are reasonably acceptable to the Manager.

9. Counterparts. This Agreement may be executed in two or more counterparts, each of which may be signed by any of the parties hereto, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

10. Governing Law. This Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed by, construed, interpreted and enforced in accordance with the laws of the State of New York.

11. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of hereof and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

12. Definitions and Interpretation.

(a) Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Management Agreement.

(b) Singular and Plural Forms. The use herein of the singular form shall also denote the plural form, and the use herein of the plural form shall denote the singular form, as in each case the context may require.

IN WITNESS WHEREOF, the parties to hereto have duly executed this Agreement as of the day and year first written above.

GKK MANAGER LLC

By: ______________________________
Name:
Title:

SLG GRAMERCY SERVICES LLC

By: ______________________________
Name:
Title:

OUTSOURCE AGREEMENT

THIS OUTSOURCE AGREEMENT (this "Agreement"), dated as of August 2, 2004, is made by and between GKK Manager LLC, a Delaware limited liability company (the "Manager"), and SL Green Operating Partnership, L.P., a Maryland limited partnership ("SL Green").

RECITALS

WHEREAS, Manager provides certain management services to Gramercy Capital Corp. (the "Parent") and GKK Capital LP (the "Operating Partnership" and collectively with the Parent, the "Company") pursuant to that certain Management Agreement, dated as of the date hereof (the "Management Agreement"), by and among the Company and the Manager;

WHEREAS, Manager desires to avail itself of the experience, advice and assistance of SL Green to provide various services related to the Parent's obligations as a publicly registered and traded company; and

WHEREAS, SL Green is willing to perform the services described below on the terms and conditions hereinafter set forth.

WHEREAS, the Company has agreed in the Management Agreement to reimburse Manager for certain Expenses (as defined in the Management Agreement) incurred in connection with the Services obtained from SL Green or other third party service providers.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements herein set forth and intending to be legally bound, the parties hereto agree as follow:

1. Services. SL Green agrees to provide the following services (the "Services") to the Manager upon its request:

(1) assisting the Company in complying with all regulatory requirements, including, but not limited to, any filings, periodic reporting, and communications, applicable to the Company required under the Securities Act of 1933, as amended;

(2) assisting the Company in complying with all regulatory requirements applicable to the Company in respect of its business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and all reports and documents, if any, required under the Securities Exchange Act of 1934, as amended;

(3) assisting the Company in complying with all regulatory requirements applicable to the Company required by the New York Stock Exchange;

(4) assisting the Company with all regulatory requirements applicable to the Company required by the Sarbanes-Oxley Act of 2002;

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(5) communicating on the Company's behalf with the holders of any of the Company's equity or debt securities as required to satisfy the reporting and other requirements of any governmental bodies or agencies or trading markets and to maintain effective relations with such holders;

(6) administering the issuance of any stock under the stock incentive plan to the Company's executive officers or the employees of the Manger; and

(7) performing such other services as may be required from time to time for management and other activities relating to the Services as the Manager shall reasonably request.

2. Term. This Agreement shall remain in full force and effect throughout the term of the Management Agreement as extended in accordance therewith and terminate simultaneously with the expiration or earlier termination of the Management Agreement, except that SL Green may terminate this Agreement at any time on 60 days notice to Manager.

3. Fees.

For the Services, SL Green will receive from Manager an annual fee, equal to $1,250,000 per year, payable in monthly installments in arrears on or before the fifth day after the month end. The amount of the fee hereunder shall be increased by 3% over the prior year's charge in each year after the first year. Manager shall be directly obligated to pay accrued fees hereunder, whether or not reimbursed by the Company for such fees as contemplated by the Management Agreement.

4. Confidentiality.

(a) SL Green shall keep confidential any nonpublic information obtained relating to its performance of the Services and shall not disclose any such information (or use the same except in furtherance of its duties under this Agreement), except as permitted or contemplated by the Management Agreement or as required by regulatory or other governmental authorities. The provisions of this Section 4(a) shall survive the expiration or earlier termination of this Agreement.

(b) Promptly after the expiration or earlier termination of this Agreement, SL Green shall return to Manager all confidential and proprietary information provided to or obtained by SL Green pursuant to or in connection with this Agreement and the performance of the Services hereunder, including all copies and extracts thereof in whatever form, in its possession or under its control.

5. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and mailed, faxed or delivered by hand or courier service:

(a) If to Manager, to:

GKK Manager LLC
420 Lexington Avenue
New York, New York 10170
Attention: Office of General Counsel

(b) If to SL Green, to:

SL Green Operating Partnership, L.P.
420 Lexington Avenue
New York, New York 10170
Attention: General Counsel

6. Cooperation; Further Assistance. Each party hereto shall cooperate with and provide assistance to the other parties consistent with the terms and conditions hereof to enable (a) the full performance of all obligations hereunder, and (b) the review and audit of books and records as they relate to the provision of the Services; such cooperation and assistance to include, without limitation, providing the other parties and their respective representatives and agents (including, without limitation, outside auditors) with reasonable access, during normal business hours and upon reasonable advance notice, to its employees, representatives and agents and its books, records, offices and properties relating to the Services.

7. Entire Agreement. Except for the applicable provisions of the Management Agreement, this Agreement shall constitute the entire agreement among the parties relating to the subject matter hereof and shall supersede all other prior or contemporary agreements, understandings, negotiations and discussions whether oral or written.

8. Amendment and Modification; Assignment. Neither this Agreement nor any of the terms or provisions hereof may be changed, supplemented, waived, modified or assigned except by a written instrument executed by the parties hereto (or in the case of a waiver, by the party granting such waiver); provided, however, Manager may assign this Agreement to any affiliate to whom Manager assigns the Management Agreement (pursuant to the terms thereof).

9. Counterparts. This Agreement may be executed in two or more counterparts, each of which may be signed by any of the parties hereto, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

10. Governing Law. This Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed by, construed, interpreted and enforced in accordance with the laws of the State of New York.

11. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of hereof and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

12. Definitions and Interpretation.

(a) Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Management Agreement.

(b) Singular and Plural Forms. The use herein of the singular form shall also denote the plural form, and the use herein of the plural form shall denote the singular form, as in each case the context may require.

IN WITNESS WHEREOF, the parties to hereto have duly executed this Agreement as of the day and year first written above.

GKK MANAGER LLC

By: ____________________
Name:
Title:

SL GREEN OPERATING PARTNERSHIP, L.P.

By: ____________________
Name:
Title:

Exhibit 12.1

SL Green Realty Corp.
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

	Year Ended December 31,				
	2004	2003	2002	2001	2000
Earnings					
Income (loss) from continuing operations	$ 52,766	$ 53,645	$ 45,986	$ 41,214	$ 32,685
Add: JV cash distributions	193,144	36,469	22,482	26,909	25,550
Interest	61,197	44,001	33,946	42,411	37,729
Portion of rent expense representative of interest	9,069	9,187	9,304	9,394	9,434
Total earnings	$ 316,176	$ 143,301	$ 111,718	$ 119,928	$ 105,398
Fixed Charges and Preferred Stock Dividends					
Interest	61,197	44,001	33,946	42,411	37,729
Preferred stock dividends	16,258	7,712	9,690	9,658	9,626
Interest capitalized	433	—	—	—	—
Portion of rent expense representative of interest	9,060	9,187	9,304	9,394	9,434
Amortization of loan costs expensed	3,274	3,844	3,427	3,608	3,388
Total Fixed Charges and Preferred Stock Dividends	$ 90,222	$ 64,743	$ 56,367	$ 65,071	$ 60,177
Ratio of earnings to combined fixed charges and preferred stock dividends	3.50	2.21	1.98	1.84	1.75

Exhibit 14.1

SL GREEN REALTY CORP.

CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

It is the policy of SL Green Realty Corp. (the “Company”) that our business be conducted in accordance with the highest moral, legal and ethical standards. Our reputation for integrity is our most important asset and each employee and director must contribute to the care and preservation of that asset.

This reputation for integrity is the cornerstone of the public’s faith and trust in our Company; it is what provides us an opportunity to serve our investors, customers and other stakeholders. A single individual’s misconduct can do much to damage a hard-earned reputation. No code of business conduct or ethics can effectively substitute for the thoughtful behavior of an ethical director, officer or employee. This Code of Business Conduct and Ethics (the “Code”) is presented to assist you in guiding your conduct to enhance the reputation of our Company.

The Code is drafted broadly. In that respect, it is the Company’s intent to exceed the minimum requirements of the law and industry practice. Mere compliance with the letter of the law is not sufficient to attain the highest ethical standards. Good judgment and great care must also be exercised to comply with the spirit of the law and of this Code.

The provisions of the Code apply to you, your spouse and members of your immediate family. In addition, it covers any partnership, trust, or other entity, which you, your spouse or members of your immediate family control.

The Company intends to enforce the provisions of this Code vigorously. Violations could lead to sanctions, including dismissal in the case of an employee, as well as, in some cases, civil and criminal liability.

Inevitably, the Code addresses questions and situations that escape easy definition. No corporate code can cover every possible question of business practice. There will be times when you are unsure about how the Code applies. When in doubt, ask before you act.

Upholding the Code is the responsibility of every employee and director. Department heads are responsible for Code enforcement in their departments and managers are accountable for the employees who report to them.

The Company also has a Policies & Procedures Manual (the “Manual”). Certain provisions of the Code are also discussed in more detail in the Manual. The provisions of the Manual shall control over any inconsistent provisions of this Code. You are therefore advised to consult the Manual as necessary.

Questions About the Code; Reporting Suspected Violations

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you are faced with a difficult business decision that is not addressed in this Code, ask yourself the following questions:

- Is it legal?
- Is it honest and fair?
- Is it in the best interests of the Company?
- How does this make me feel about myself and the Company?
- Would I feel comfortable if an account of my actions were published with my name in the newspaper?

If you still feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company’s high ethical standards, seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Compliance Officer, Andrew S. Levine, General Counsel, by telephone at 212-216-1615, by confidential fax at 212-216-1785, or by e-mail at andrew.levine@slgreen.com. If you feel appropriate action is not being taken, you should contact the Chief Executive Officer or, in cases relating to the financial reporting of the Company, the chairman of the audit committee of the Board of Directors. You are not required to identify yourself when reporting a violation.

The Company has adopted a Whistleblowing and Whistleblower Policy to enable the anonymous and confidential submission by employees of complaints or concerns regarding (i) a violation of applicable laws, regulations, or business ethics standards, or a questionable accounting or auditing matter, and (ii) the receipt, retention and treatment of employee complaints or concerns regarding such matters. Please consult this policy as necessary.

Confidentiality and Policy Against Retaliation

To the extent possible, we will endeavor to keep confidential the identity of anyone reporting a violation of the Code. You will be treated with dignity and respect, your concerns will be seriously addressed and you will be informed of the outcome. We will also keep confidential the identities of employees about whom allegations of violations are brought, unless or until it is established that a violation has occurred. It is the Company’s policy that retaliation against employees who report actual or suspected Code violations is prohibited; anyone who attempts to retaliate will be subject to disciplinary action, up to and including dismissal.

Conflicts Of Interest

The Company relies on the integrity and undivided loyalty of our employees and directors to maintain the highest level of objectivity in performing their duties. Each employee and director has a duty of honesty and loyalty to the Company, to further its aims and goals and to work on behalf of its best interests with the highest level of integrity. Each employee is expected to avoid any situation in which your personal interests conflict, or have the appearance of conflicting, with those of the Company. Individuals must not allow personal considerations or relationships to influence them in any way when representing the Company in business dealings.

A conflict situation can arise when an employee or director takes actions or has interests that may make it difficult to perform work on behalf of the Company objectively and effectively. Conflicts also arise when an employee or director, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company. Loans to, or guarantees of obligations of, such persons are of special concern. The consequences of such behavior have the potential to do great harm to the Company and all employees and directors by disrupting business

and undermining public confidence. Employees and directors are expected to be totally free of any competing interest when making business decisions. Accordingly, all employees and directors must refrain from personal activities or interests that could influence their objective decision-making ability.

All employees and directors must exercise great care any time their personal interests might conflict with those of the Company. The appearance of a conflict often can be as damaging as an actual conflict. Prompt and full disclosure is always the correct first step towards identifying and resolving any potential conflict of interest. Non-employee directors are expected to make appropriate disclosures to the Board of Directors and to take appropriate steps to recuse themselves from Board decisions with respect to transactions or other matters involving the Company as to which they are interested parties or with respect to which a real or apparent conflict of interest exists.

The following sections review several common problems involving conflicts of interest. The list is not exhaustive. Each individual has a special responsibility to use his or her best judgment to assess objectively whether there might be even the appearance of acting for reasons other than to benefit the Company, and to discuss any conflict openly and candidly with the Company.

Payments and Gifts

Employees who deal with the Company’s borrowers, tenants, suppliers or other third parties are placed in a special position of trust and must exercise great care to preserve their independence. As a general rule, no employee should ever receive a payment or anything of value in exchange for a decision involving the Company’s business. Similarly, no employee of the Company should ever offer anything of value to government officials or others to obtain a particular result for the Company. Bribery, kickbacks or other improper payments have no place in the Company’s business.

The Company recognizes exceptions for token gifts of nominal value or customary business entertainment, when a clear business purpose is involved. If you are in doubt about the policy’s application, the Vice President of Human Resources should be consulted.

Personal Financial Interests; Outside Business Interests

Employees should avoid any outside financial interests that might be in conflict with the interests of the Company. No employee may have any significant direct or indirect financial interest in, or any business relationship with, a person or entity that is a material tenant, contractor, real estate broker/agent, partner, lender or competitor of the Company. A financial interest includes any interest as an owner, creditor or debtor. Indirect interests include those through an immediate family member or other person acting on his or her behalf. This policy does not apply to an employee’s arms-length purchases of goods or services for personal or family use, or to the ownership of shares in a publicly held corporation.

Employees should not engage in outside jobs or other business activities that compete with the Company in any way. Further, any outside or secondary employment (“moonlighting”) may interfere with the job being performed for the Company and is discouraged. Under no circumstances may employees have outside interests that are in any way detrimental to the best interests of the Company.

You must disclose to the Compliance Officer any personal activities or financial interests that could negatively influence, or give the appearance of negatively influencing, your judgment or decisions as a Company employee. The Compliance Officer will then determine if there is a conflict and, if so, how to resolve it without compromising the Company’s interests.

Loans or Other Financial Transactions

No employee may obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material tenant, contractor, real estate broker/agent, partner, lender or competitor of the Company. This guideline does not prohibit arms-length transactions with recognized banks, brokerage firms, other financial institutions or any company that is a material tenant, contractor, real estate broker/agent, partner, lender or competitor, except that loans or guarantees of personal obligations are prohibited from any material contractors or broker/agents under any circumstance.

Corporate Boards

The director of an organization has access to sensitive information and charts the course of the entity. If you are invited to serve as a director of an outside organization, the Company must take safeguards to shield both the Company and you from even the appearance of impropriety. For that reason, any employee invited to join the board of directors of another organization (including a nonprofit or other charitable organization) must obtain the approval of the Compliance Officer. Directors who are invited to serve on other boards should promptly notify the Chairman.

Corporate Opportunities

Directors and employees of the Company have a primary business and ethical responsibility to the Company to avoid any activity or relationship that may interfere, or have the appearance of interfering, with the performance of the official duties of their respective positions in the Company. Moreover, directors and employees of the Company should not use corporate property, information or position for improper personal gain, nor should such persons compete with the Company directly or indirectly. At the same time, directors and employees should be permitted to pursue personal business interests that present no real threat to the duty they owe to the Company to promote its legitimate interests when the opportunity to do so arises.

Corporate opportunities can include opportunities closely related to the business of the Company and any opportunities that accrue to the director or employee as a result of his position with the Company. Prior to pursuing a business opportunity that could just as easily be taken by the Company, the director or employee shall be required to first offer the opportunity to the Company and fully disclose the opportunity to the Board of Directors. The Board of Directors shall make the final determination as to whether a particular opportunity can be taken by the director or employee. The Company must, through the Board of Directors, waive any right to the corporate opportunity in order to take the opportunity for himself.

The Board of Directors may consider the following factors in making its determination:

- whether the opportunity is presented to the director or employee in his individual and not his corporate capacity;
- whether the opportunity is essential to the Company;

- whether the Company holds an interest or expectancy in the opportunity; and
- whether the director or employee has wrongfully employed the resources of the Company in pursuing or exploiting the opportunity.

In the event that the Board of Directors determines that the director or employee can pursue the opportunity, such opportunity shall be disclosed to the extent required by law or as may be approved by the Board of Directors in the appropriate public filing of the Company with the Securities and Exchange Commission.

Use and Protection of Company Assets

Proper use and protection of the Company’s assets is the responsibility of all employees. Company facilities, materials, equipment, information and other assets should be used only for conducting the Company’s business and are not to be used for any unauthorized purpose. Employees should guard against waste and abuse of Company assets in order to improve the Company’s productivity.

Confidentiality

One of the Company’s most important assets is its confidential corporate information. The Company’s legal obligations and its competitive position often mandate that this information remain confidential.

Confidential corporate information relating to the Company’s financial performance (e.g. quarterly financial results of the Company’s operations) or other transactions or events can have a significant impact on the value of the Company’s securities. Premature or improper disclosure of such information may expose the individual involved to onerous civil and criminal penalties.

You must not disclose confidential corporate information to anyone outside the Company, except for a legitimate business purpose (such as contacts with the Company’s accountants or its outside lawyers). Even within the Company, confidential corporate information should be discussed only with those who have a need to know the information. Your obligation to safeguard confidential corporate information continues even after you leave the Company.

The same rules apply to confidential information relating to other companies with which we do business. In the course of the many pending or proposed transactions that this Company has under consideration at any given time, there is a great deal of non-public information relating to other companies to which our employees may have access. This could include “material” information that is likely to affect the value of the securities of the other companies.

Employees and directors who learn material information about suppliers, customers, venture partners, acquisition targets or competitors through their work at the Company must keep it confidential and must not buy or sell stock in such companies until after the information becomes public. Employees and directors must not give tips about such companies to others who may buy or sell the stocks of such companies.

Dealings With the Press and Communications With the Public

The Company’s Chief Executive Officer and President are the Company’s principal spokesmen. If someone outside the Company asks you questions or requests information regarding the

Company, its business or financial results, do not attempt to answer. All requests for information – from reporters, securities analysts, shareholders or the general public – should be referred to the Chief Executive Officer and/or President, who will handle the request or delegate it to an appropriate person.

Accounting Matters

Internal Accounting Controls

The Company places the highest priority on “best practices” disclosure. Our annual reports, quarterly reports and press releases, and other public disclosure of the Company’s financial results, reflect how seriously we take this responsibility.

To this end, we have established an internal Disclosure Committee, which includes key members of senior management responsible for our internal financial and risk management controls. This Committee meets on a quarterly basis, and additionally when issues arise, to discuss the state of the Company's internal controls, reporting systems and the integrity of our financial information relative to our disclosure obligations. This Committee assists senior management and the audit committee of the Board of Directors in overseeing the Company's internal control systems and evaluating our public disclosure processes.

Each employee shares this responsibility with senior management and the Board of Directors and must help maintain the integrity of the Company's financial records. This Code cannot include a review of any extensive accounting requirements the Company must fulfill. To meet these obligations however, the Company must rely on employee truthfulness in accounting practices. Employees must not participate in any mistreatment of the Company's accounts. No circumstances justify the maintenance of "off-the-books" accounts to facilitate questionable or illegal payments. We trust that every employee understands that protecting the integrity of our information gathering, information quality, internal control systems and public disclosures is one of the highest priorities we have as a company.

If you ever observe conduct that causes you to question the integrity of our internal accounting controls and/or disclosure, or you otherwise have reason to doubt the accuracy of our financial reporting, it is imperative that you bring these concerns to our attention immediately. You should consult the Company's Whistleblowing and Whistleblower Policy to learn how to, and to whom you should, report any concerns. Retaliation of any kind against any employee for raising these issues is strictly prohibited and will not be tolerated.

Improper Influence on the Conduct of Audits

It is unlawful for any officer or director of the Company, or any other person acting under the direction of such person, to take any action to fraudulently influence, coerce, manipulate, or mislead the independent accountants engaged in the performance of an audit of the Company's financial statements for the purpose of rendering such financial statements materially misleading. Any such action is a violation of this Code. Types of conduct that might constitute improper influence include the following:

- Offering or paying bribes or other financial incentives, including offering future employment or contracts for non-audit services,

- Providing an auditor with inaccurate or misleading legal analysis,

- Threatening to cancel or canceling existing non-audit or audit engagements if the auditor objects to the Company's accounting practices or procedures,

- Seeking to have a partner removed from the audit engagement because the partner objects to the Company's accounting practices or procedures,

- Blackmailing, and

- Making physical threats.

Any employee or director who engages in such conduct will be subject to sanctions under the Code, including dismissal in the case of an employee, in addition to potential civil and criminal liability.

Records Retention

You should retain documents and other records for such period of time as you and your colleagues will reasonably need such records in connection with the Company's business activities. All documents not required to be retained for business or legal reasons, including draft work product, should not be retained and should be destroyed in order to reduce the high cost of storing and handling the vast amounts of material that would otherwise accumulate. However, under unusual circumstances, such as litigation, governmental investigation or if required by applicable state and federal law and regulations, the Compliance Officer may notify you if retention of documents or other records is necessary.

Legal Compliance

Pertinent laws of every jurisdiction in which the Company operates must be followed. Each employee is charged with the responsibility of acquiring sufficient knowledge of the laws relating to his or her particular duties in order to recognize potential dangers and to know when to seek legal advice. In any instance where the law is ambiguous or difficult to interpret, the matter should be reported to the Company's management who in turn will seek legal advice from the Company's legal counsel as appropriate.

Transactions Involving Company Securities

"Insider trading" refers generally to buying or selling a security while in possession of material, non-public information about the security. Insider trading is illegal and against Company policy. Such trading can cause significant harm to the reputation for integrity and ethical conduct of the Company. Federal securities laws impose civil and criminal penalties upon persons who use inside information when buying and selling securities or who give inside information to others who use it when buying or selling securities. Liability for violating the laws against "insider trading" can extend not only to the Company's senior executives, but also to the Company's employees and directors and to relatives and friends of those persons.

No employee, officer, director, or agent of the Company may trade in the securities of the Company if he or she possesses material, non-public (i.e., "inside") information about the Company. In addition, an insider who is aware of inside information must not disclose such information to family, friends, business or social acquaintances, other employees (unless such employees have a position with the Company giving them a right and need to know), or other third parties. An insider may not discuss material information or make trades in the market while aware of material information until the third business day after the material information has been made public.

Inside information about the Company that is not known to the investing public may include, among other things: strategic plans; significant capital investment plans; negotiations concerning acquisitions or dispositions; major new contracts (or the loss of a major contract); other favorable or unfavorable business or financial developments or prospects; a change in control or a significant change in management; impending securities splits, securities dividends or changes in dividends to be paid; a call of securities for redemption; and, most importantly, financial results.

Each employee, officer, director, and agent of the Company acknowledges that the Company has a separate and more specific policy regarding transactions involving Company securities. Each employee, officer, director and agent of the Company acknowledges that he or she will comply with such policy.

If you have any questions about this policy, please consult the Company's General Counsel.

Fair Dealing

It is the Company's policy to deal fairly with its tenants, contractors, real estate brokers/agents, partners, lenders, customers, suppliers, competitors, employees and other third parties. In the course of business dealings on behalf of the Company, no employee should take advantage of another person or party through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair business practice.

Relationships with Tenants, Contractors, Real Estate Brokers/Agents, Partners and Lenders

Our business success depends upon our ability to foster lasting relationships with our tenants, contractors, real estate brokers/agents, partners and lenders. The Company is committed to dealing with tenants, contractors, real estate brokers/agents,partners and lenders fairly, honestly and with integrity. Specifically, you should keep the following guidelines in mind when dealing with such companies or persons:

- Information we supply to tenants, contractors, real estate brokers/agents, partners and lenders should be as current, accurate, and complete as available. Employees should not deliberately misrepresent information to tenants, contractors, real estate brokers/agents, partners and lenders.

- Tenant, contractor, real estate broker/agent, partner or lender entertainment should not exceed reasonable and customary business practice. Employees should not provide entertainment or other benefits that could be viewed as an inducement to or a reward for, tenant, contractors, real estate brokers/agents, partner or lender decisions unless expressly approved by the Company. Please see "Payments and Gifts" above for additional guidelines in this area.

Relationships with Competitors

The Company is committed to free and open competition in the marketplace and throughout all business dealings. Employees should avoid all actions that reasonably could be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive

practices in the marketplace, including federal and state antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

Employment Practices

The Company pursues fair employment practices in every aspect of its business. The following is intended to be a summary of our employment policies and procedures. Copies of our detailed policies are available from the Vice President of Human Resources. Company employees must comply with all applicable labor and employment laws, including anti-discrimination laws and laws related to freedom of association, privacy and collective bargaining. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with labor and employment laws can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the General Counsel if you have any questions about the laws, regulations and policies that apply to you.

Harassment and Discrimination

The Company is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, sex, sexual orientation, age, disability, veteran status or other characteristic protected by law. The Company prohibits harassment in any form, whether physical or verbal and whether committed by supervisors, non-supervisory personnel or non-employees. Harassment may include, but is not limited to, offensive sexual flirtations, unwanted sexual advances or propositions, verbal abuse, sexually or racially degrading words, or the display in the workplace of sexually suggestive objects or pictures.

If you have any complaints about discrimination or harassment, report such conduct to your supervisor or the Vice President of Human Resources. All complaints will be treated with sensitivity and discretion. Your confidentiality will be maintained to the extent possible, consistent with law and the Company's need to investigate your concern. Where our investigation uncovers harassment or discrimination, we will take prompt corrective action, which may include disciplinary action by the Company, up to and including, termination of employment. The Company strictly prohibits retaliation against an employee who, in good faith, files a compliant.

Any member of management who receives a report of alleged harassment or discrimination is required to report it to the Vice President of Human Resources immediately.

Alcohol and Drugs

The Company is committed to maintaining a drug-free work place. All Company employees must comply strictly with Company policies regarding the abuse of alcohol and the possession, sale and use of illegal substances. Drinking alcoholic beverages is prohibited while on duty or on the premises of the

Company, except at specified Company-sanctioned events. Possessing, using, selling or offering illegal drugs and other controlled substances is prohibited under all circumstances while on duty or on the premises of the Company. Likewise, you are prohibited from reporting for work, or driving a Company vehicle or any vehicle on Company business, while under the influence of alcohol or any illegal drug or controlled substance.

Violence Prevention and Weapons

The safety and security of Company employees is vitally important. The Company will not tolerate violence or threats of violence in, or related to, the workplace. Employees who experience, witness or otherwise become aware of a violent or potentially violent situation that occurs on the Company's property or affects the Company's business must immediately report the situation to their supervisor or the General Counsel.

The Company does not permit any individual to have weapons of any kind in Company property or vehicles, while on the job or off-site while on Company business. This is true even if you have obtained legal permits to carry weapons.

Enforcement

The conduct of each employee matters vitally to the Company. A misstep by a single employee can cost the Company dearly; it undermines all of our reputations. For these reasons, violations of this Code may lead to significant penalties, including dismissal.

The Company's Chief Executive Officer will take such action as he deems appropriate with respect to any employee who violates any provision of this Code, and will inform the audit committee of the Board of Directors of all material violations. Any alleged violation by the Chief Executive Officer will be presented promptly to the audit committee of the Board of Directors for its consideration and such action as the audit committee of the Board of Directors, in its sole judgment, shall deem warranted.

The Compliance Officer will keep records of all reports created under this Code and of all action taken under this Code. All such records will be maintained in such manner and for such periods as are required under applicable Federal and state law.

Amendments/Waivers

Any amendment to, or waiver of, this Code for executive officers or directors of the Company may be made only by the Board of Directors, or by a Board committee specifically authorized for this purpose, and must be promptly disclosed to the Company's shareholders in accordance with all applicable laws, rules and regulations, including without limitation the requirements of the New York Stock Exchange.

Condition of Employment or Services

All employees, officers and directors shall conduct themselves at all times in the best interests of the Company. Compliance with this Code shall be a condition of employment and of continued employment with the Company, and conduct not in accordance with this Code may result in disciplinary action, including termination of employment.

This Code is not an employment contract nor is it intended to be an all-exclusive policy statement on the part of the Company. The Company reserves the right to provide the final interpretation of the policies it contains and to revise those policies as deemed necessary or appropriate.

Exhibit 21.1

Entity Name	State of Incorporation
750 Third Owner LLC	Delaware
1515 Promote LLC	Delaware
1515 SLG Private REIT LLC	Delaware
eEMERGE, Inc	Delaware, New York
GKK Manager LLC	Delaware
Greater New York Property LLC	Delaware
Green 19W44 Member LLC	Delaware
Green 19W44 JV LLC	Delaware
Green 110 East 42nd LLC	Delaware, New York
Green 1221 Interest Owner LLC	Delaware
Green 1250 Broadway LLC	Delaware, New York
Green 1250 Broadway Acquisition LLC	Delaware, New York
Green 1372 Broadway LLC	Delaware, New York
Green 1412 Preferred LLC	Delaware, New York
Green 1414 Manager LLC	Delaware
Green 1414 Property LLC	New York
Green 1466 Broadway LLC	Delaware, New York
Green 286 Madison LLC	New York
Green 290 Madison LLC	New York
Green 292 Madison LLC	New York
Green 317 Madison LLC	Delaware, New York
Green 440 Ninth LLC	Delaware, New York
Green 461 Fifth Lessee LLC	Delaware, New York
Green 470 PAS LLC	Delaware, New York
Green 485 Holdings LLC	Delaware
Green 625 Mezz Lessee LLC	Delaware
Green 673 Realty LLC	New York
Green 673 SPE Member Inc.	New York
Green 70W36 Manager LLC	Delaware
Green 70W36 Property LLC	New York
Green 711 Fee Manager LLC	Delaware
Green 711 LM LLC	New York
Green 711 Mortgage Manager LLC	Delaware
Green 711 Sublease Manager LLC	Delaware
Green Hill Acquisition LLC	Delaware, New York
Green W 57TH ST LLC	New York
MSSG Realty Partners I, L.L.C.	Delaware, New York
MSSG Realty Partners II L.L.C.	Delaware, New York
MSSG Realty Partners III, L.L.C.	Delaware
New Green 1140 Realty LLC	New York
New Green 673 Realty LLC	New York
S.L. Green Management Corp.	New York
SL Green 100 Park LLC	New York
SL Green Funding LLC*	New York
SL Green Management LLC	Delaware, New York
SL Green Operating Partnership L.P.	Delaware, New York
SL Green Realty Acquisition LLC	Delaware, New York
SL Green Realty Corp.	Maryland, New York
SL Green Servicing Corp.	Delaware

SLG 1250 Broadway Finance LLC	Delaware
SLG 1515 Broadway Finance LLC	Delaware
SLG 17 Battery LLC	New York
SLG 220 News MZ LLC	Delaware, New York
SLG 220 News Owner LLC	Delaware, New York
SLG 625 Lessee LLC	Delaware
SLG 711 Fee LLC	New York
SLG 711 Third LLC	New York
SLG Asset Management Fee LLC	Delaware, New York
SLG Broad Street 125 A LLC	Delaware, New York
SLG Broad Street 125 C LLC	Delaware, New York
SLG Elevator Holdings LLC	New York
SLG Gramercy Services LLC	Delaware
SLG Graybar Mesne Lease Corp	New York
SLG Graybar Mesne Lease LLC	New York
SLG Graybar Sublease Corp	New York
SLG Graybar Sublease LLC	New York
SLG IRP Realty LLC	New York

SLG Metrostar Investments LLC	Delaware
SLG One Park Shareholder LLC	Delaware
SLG One Park Shareholder II LLC	Delaware
SLG Protective TRS Corp	Delaware, New York
SLG Warrant LLC	Delaware, New York
Structured Finance TRS Corp.	Delaware

* The purpose of this entity is to engage in structured finance investments through various wholly owned subsidiaries which are not included on the list.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-3 for the registration of (i) $500,000,000 of its common stock, preferred stock, depositary shares and warrants, No. 333-113076; (ii) 2,383,284 shares of its common stock, No. 333-70111; (iii) 1,173,232 shares of its common stock, No. 333-30394; (iv) 3,000,000 shares of its common stock, No. 333-68828; (v) 284,787 of its common stock, No. 333-62434; and (vi) 1,173,232 of its common stock, No. 333-30394 and Form S-8 pertaining to the Amended 1997 Stock Option and Incentive Plan) of SL Green Realty Corp. and in the related Prospectus of our report dated March 3, 2005 (except for Note 24 as to which the date is March 4, 2004) with respect to the consolidated financial statements and schedule of SL Green Realty Corp. SL Green Realty Corp. management's assessment of the effectiveness of internal control over financial reporting , and the effectiveness of internal control over financial reporting of SL Green Realty Corp, included in this Annual Report (Form 10K) for the year ended December 31, 2004.

/S/ Ernst & Young LLP

Ernst & Young LLP

Exhibit 31.1

CERTIFICATION

I, Marc Holliday Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 15, 2005

/s/ Marc Holliday

Name: Marc Holliday
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Gregory F. Hughes, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 15, 2005

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

Exhibit 32.1

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

In connection with the Annual Report of SL Green Realty Corp. (the “Company”) on Form 10-K 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

March 15, 2005

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 Annual Report of SL Green Realty Corp. (the "Company") on Form 10-K 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

March 15, 2005