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

FORM 10-Q

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

For the quarterly period ended March 31, 1998

or

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

For the transition period from ____ to_____.

Commission File No. 1-13199

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

Maryland	13-3956775
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

70 West 36th Street, New York, New York 10018-8007
(Address of principal executive offices - zip code)

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

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

The number of shares outstanding of the registrant's common stock, $0.01 par value was 12,292,311 at May 12, 1998.

SL GREEN REALTY CORP.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 1998 (Unaudited)	December 31, 1997
Assets		
Commercial real estate properties, at cost:		
Land	$ 68,902	$ 53,834
Buildings and improvements	341,892	272,776
Building leasehold	84,699	--
Property under capital lease	12,208	12,208
	507,701	338,818
Less accumulated depreciation	(26,111)	(23,800)
	481,590	315,018
Cash and cash equivalents	10,625	12,782
Restricted cash	13,341	10,310
Receivables	3,383	738
Related party receivables	1,557	1,971
Deferred rents receivable net of provision for doubtful accounts of $784 and $399 in 1998 and 1997, respectively	12,690	11,563
Investment in Service Corporations	1,523	1,480
Mortgage loan receivable	15,500	15,500
Deferred costs, net	7,950	6,099
Other assets	8,195	7,314
Total assets	$ 556,354	$ 382,775

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

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

	March 31, 1998 (Unaudited)	December 31, 1997
Liabilities and Stockholders' Equity		
Mortgage notes payable	$ 52,340	$ 52,820
Revolving credit facility	--	76,000
Acquisition facility	239,960	--
Accrued interest payable	1,016	552
Accounts payable and accrued expenses	9,318	3,340
Accounts payable to related parties	614	367
Capitalized lease obligations	14,550	14,490
Deferred land lease payable	8,773	8,481
Dividend and distributions payable	5,136	5,136
Security deposits	15,452	11,475
Total liabilities	347,159	172,661
Minority interest	33,864	33,906
Commitments, contingencies and other matters		
Stockholders' Equity		
Preferred stock, $.01 par value 25,000 shares Authorized, none outstanding		
Common stock, $.01 par value 100,000 shares authorized, 12,292 issued and outstanding	123	123
Additional paid - in capital	178,669	178,669
Officers' loans	(661)	--
Distributions in excess of earnings	(2,800)	(2,584)
Total stockholders' equity	175,331	176,208
Total liabilities and stockholders' equity	$ 556,354	$ 382,775

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

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

	Three Months Ended	
	SL Green Realty Corp. March 31, 1998 (Consolidated)	SL Green Predecessor March 31, 1997 (Combined)
Revenues		
Rental revenue	$ 19,428	$1,489
Escalation and reimbursement revenues	2,128	149
Management revenues	--	779
Leasing commissions	--	1,475
Construction revenues	--	74
Investment income	637	--
Other income	4	5
Total revenues	22,197	3,971
Equity in income from Service Corporations	42	--
Equity in net loss from uncombined joint ventures	--	287
Expenses		
Operating expenses	5,664	814
Ground rent	1,188	--
Interest	3,494	345
Depreciation and amortization	2,693	271
Real estate taxes	3,283	243
Marketing, general and administrative	1,038	896
Total expenses	17,360	2,569
Income before minority interest	4,879	1,115
Minority interest	(790)	--
Net income	$ 4,089	$1,115
Per share data:		
Net income per share (basic and diluted)	$ 0.33	
Basic weighted average common shares outstanding	12,292	
Diluted weighted average common shares and common share equivalents outstanding	12,404	

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

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

	Common Stock	Additional Paid-In Capital	Officer Loans	Distributions in Excess of Earnings	Total
Balance at December 31, 1997	$123	$178,669	--	$(2,584)	$ 176,208
Net Income	--	--		4,089	4,089
Cash distributions declared ($0.35 per Common share)	--	--	--	(4,305)	(4,305)
Officers' loans, net			$(661)		(661)
Balance at March 31, 1998	$123	$178,669	$(661)	$(2,800)	$ 175,331

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

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

	SL Green Realty Corp. March 31, 1998 (Consolidated)	SL Green Predecessor March 31, 1997 (Combined)
Operating Activities:		
Net income	$ 4,089	$ 1,115
Adjustments: To reconcile net income with net cash provided by operating activities:		
Minority interest	790	--
Depreciation and Amortization	2,693	271
Equity in net loss from uncombined joint ventures	--	376
Equity in net income from Service Corporations	(42)	
Deferred rents receivable	(1,128)	(39)
Changes in operating assets and liabilities:		
Restricted cash	(853)	(15)
Receivables	(2,644)	(669)
Related party receivables	(247)	351
Deferred lease costs	(691)	27
Other assets	(882)	12
Accounts payable and accrued expenses	5,977	(227)
Accounts payable to related parties	247	(446)
Accrued interest payable	464	--
Deferred land lease payable	292	--
Security deposits payable	1,798	13
Net cash provided by operating activities	9,863	769
Investing Activities:		
Additions to land, buildings and improvements	(168,884)	(112)
Net cash used in investing activities	(168,884)	(112)
Financing Activities:		
Proceeds from acquisition facility	239,960	--
Payments of mortgage notes payable and loans	(480)	(66)
Payment of credit facility	(76,000)	--
Cash distributions to owners	--	(286)
Cash contributions from owners	--	13
Deferred loan costs	(1,541)	--
Cash dividends paid on stock	(5,136)	--
Capital lease	61	--
Net cash provided by (used in) financing activities	156,864	(339)
Net increase (decrease) in cash and cash equivalents	(2,157)	318
Cash and cash equivalents at beginning of period	12,782	476
Cash and cash equivalents at end of period	$ 10,625	$ 794
Supplemental disclosure of cash flow information:		
Cash paid for interest:	$ 3,030	$ 345

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

SL Green Realty Corp.
Notes To Condensed Consolidated Financial Statements
(Unaudited)
March 31, 1998

1. Organization and Basis of Presentation - SL Green Realty Corp.

Initial Public Offering and Formation Transactions

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

The authorized capital stock of the Company consists of 200 million shares of capital stock, $.01 par value, of which the Company has authorized the issuance of up to 100 million shares of Common Stock, $.01 par value per share, 75 million shares of Excess Stock, at $.01 par value per share, and 25 million shares of Preferred Stock, par value $.01 per share. On August 20, 1997, the Company issued 11.615 million shares of its Common Stock (including the underwriters' over-allotment option of 1.52 million shares) to the public through a public offering (the "Offering"). Concurrently with the consummation of the Offering, the Company issued 38,095 shares of restricted common stock pursuant to stock loans and 85,600 shares of restricted common stock to a financial advisor. In addition, the Company previously issued to its executive officers approximately 553,616 shares, as founders' shares. As of March 31, 1998, no shares of Excess Stock or Preferred Stock are issued and outstanding.

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

The net cash proceeds received by the Company from the Offering (after deducting underwriting discounts) was $228.7 million. The Company utilized approximately $42.6 million of the Offering proceeds to repay mortgage indebtedness encumbering the properties, including $1.5 million for prepayment penalties and other financing fees and expenses, approximately $6.6 million to purchase the direct or indirect interests of certain participants in the properties, approximately $95.5 million to acquire properties, approximately $3.4 million to pay certain expenses incurred in the Formation Transactions, $35.6 million to repay a loan from Lehman Brothers Holdings, Inc. ("LBHI") (which includes $20 million to repay a loan that was made to a Company indirectly owned by Stephen L. Green), $1.8 million to fund the advisory fee payment to Lehman Brothers, Inc. and $41.7 million to fund capital expenditures, general working capital needs and future acquisitions (See note 2).

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

Principles of Combination - SL Green Predecessor

The SL Green Predecessor is not a legal entity but rather a combination of real estate properties and affiliated real estate management, construction and leasing entities under common control and management of Stephen L. Green; and interests owned and managed by Stephen L. Green in entities accounted for on the equity method (see below) that are organized as partnerships and a limited liability company. The entities included in this unaudited combined financial statement have been combined for only the periods that they were under common control and management. All significant intercompany transactions and balances have been eliminated in combination. Capital contributions, distributions and profits and losses are allocated in accordance with the terms of the applicable agreements.

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

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

For the entities accounted for on the equity method, the SL Green Predecessor records its investments in partnerships and limited liability company at cost and adjusts the investment accounts for its share of the entities' income or loss and for cash distributions and contributions.

Condensed Statement of Operations for the Uncombined Joint Ventures is as follows:

	Three months ended March 31, 1997 (Unaudited)
Condensed statement of operations	
Rental revenue and escalations	$ 5,447
Other revenue	10
Total revenue	5,457
Interest	2,069
Depreciation and amortization	969
Operating and other expenses	2,972
Total expenses	6,010
Operating loss before outside partner's interest	(553)
Elimination of inter-company management fees	89
Other partner share of income	177
Loss allocated to the SL Green Predecessor	$ (287)

Basis of Quarterly Presentation

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

Management

In order to maintain the Company's qualification as a REIT while realizing income from management leasing and construction contracts from third parties, all of the management operations with respect to properties in which the Company will not own a 100% interest are conducted through the Service Corporations. The Company, through the Operating Partnership, owns 100% of the non-voting common stock (representing 95% of the total equity) of the Service Corporations. Through dividends on its equity interest, the Operating Partnership receives substantially all of the cash flow from the Service Corporations' operations. All of the voting common stock of the Service Corporations (representing 5% of the total equity) is held by an SL Green affiliate. This controlling interest gives the SL Green affiliate the power to elect all directors of the Service Corporations. The Company accounts for its investment in the Service Corporations on the equity basis of accounting on the basis that it has significant influence with respect to management and operations.

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

Partnership Agreement

In accordance with the partnership agreement of the Operating Partnership (the "Operating Partnership Agreement"), all allocations of distributions and profits and losses are made in proportion to the percentage ownership interests of their respective partners. As the managing general partner of the Operating Partnership, the Company is required to take such reasonable efforts, as determined by it in its sole discretion, to cause the Operating Partnership to distribute sufficient amounts to enable the payment of sufficient dividends by the Company to avoid any federal income or excise tax at the Company level as a consequence of a sale of SL Green property. Under the Operating Partnership Agreement each limited partner will have the right to redeem limited partnership interest for cash, or if the Company so elects, shares of common stock. Under the Operating Partnership Agreement, the Company is prohibited from selling 673 First Avenue and 470 Park Avenue South through August 2009. Pursuant to the terms of the Operating Partnership Agreement, the Units issued to the Company's management and continuing investors at the IPO may not, for up to two years from the IPO date, transfer any of their rights or redeem their Units as a limited partner without the consent of the Company.

2. Property Acquisitions

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

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

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

The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for the three months ended March 31, 1998 and 1997 as though each acquisition since January 1, 1997 was completed at the beginning of such period. The pro forma revenues are based upon the Company utilizing the Bridge Facility and does not reflect the Company's recent public offering (see note 9).

	1998	1997
Total revenues....................................	$31,105	$30,759
Pro forma net income..............................	$3,449	$3,418
Pro forma earnings per share (basic and diluted)		
Per common share - basic..........................	$0.28	$0.28
Per common and common equivalent share - diluted....	$0.28	$0.28

3. Hypothecated Loans

During the period, the Company repaid the outstanding balance on its hypothecated mortgage recording tax loan. The tax credits secured by this loan were used to secure the Bridge Facility. Upon re-payment of the Bridge Facility a new hypothecated loan ($122 million) will be put in place to preserve these credits for future use.

4. Revolving Credit Facility and Acquisition Facility

During March 1998, the Company asked the Credit Facility banking group to temporarily relieve the Company from its obligations under the financial covenants of the Credit Facility, in order to close an additional financing necessary to acquire the Helmsley properties (the "Bridge Facility"). The Bridge Facility, which closed on March 18, 1998, financed the acquisition of the Helmsley properties, paid-off the outstanding balance on the Company's Credit Facility and will provide on going liquidity for future acquisition and corporate needs. The term of the Bridge Facility is one year with an interest rate that is determined by a schedule of the percent of loan commitment outstanding and the duration of the outstanding commitments, ranging from 170 basis points over LIBOR to 300 basis points over LIBOR (7.3875% at March 31, 1998). The Bridge Loan is secured by the unencumbered assets of the Company including mortgage tax credits previously associated with the Company's hypothecated loan. The original Credit Facility will remain committed but unused until the Bridge Facility is paid off through either permanent debt or an equity financing and the Company's financial covenant obligations are restored.

5. Income Taxes

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

6. Net Income Per Common Share

Net income per common share-basic is computed in accordance with the treasury stock method and is based on the weighted average number of common shares and common stock equivalent shares outstanding during the period. The common stock equivalent shares represent options outstanding. To arrive at the diluted per common share, the common stock equivalents resulted in increasing the number of shares outstanding by approximately 112,000 shares.

7. Commitments and Contingencies

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

8. Related Party Transactions

There are business relationships with related parties which involve maintenance expenses in the ordinary course of business. The Company's transactions with the related parties amounted to $36,000 for the three month period ended March 31, 1998. SL Green Predecessor's transactions with the related parties amounted to $123,000 for the three month period ended March 31, 1997.

9. Subsequent Events

On March 19, 1998, the Board of Directors of the Company declared a $0.35 per share distribution to stockholders of record on March 31, 1998. The distribution, together with the distribution to the Unit holders of the Operating Partnership amounted to $5.1 million and was paid on April 15, 1998.

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

On May 13, 1998 the Company completed the sale of 10,000,000 shares of common stock and 4,000,000 shares of 8% Preferred Mandatory Income Redeemable shares with a liquidation preference of $25.00 per share ("the PIERS"). Gross proceeds from these equity offerings ($307 million, after underwriters discount) will be used principally to repay the Bridge Facility and acquire additional properties. These offerings resulted in a reduction of continuing investors interest in the Operating Partnership from 16.2% to 9.8%. If the overallotment options are exercised, the Company will issue an additional 1,500,00 shares of common stock and 600,000 shares of PIERS resulting in additional gross proceeds of $46.1 million.

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

Overview

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

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

Financial Condition

Commercial real estate properties before accumulated depreciation increased approximately $168.9 million from March 31, 1998 to December 31, 1997 primarily as a result of the purchase of the operating position in 420 Lexington Avenue, and the property purchases of 1466 Broadway and 321 West 44th Street. These acquisitions were funded through a Bridge Facility and cash on hand. The Bridge Facility also repaid $93 million that was outstanding on the Company's revolving credit facility.

Results of Operations

Comparison of the three months ended March 31, 1998 to the three months ended March 31, 1997. For discussion purposes, the results of operations from the three months ended March 31, 1998 represent the operations of SL Green Realty Corp and the results of operations for the three months ended March 31, 1997 represent solely the operating results of the SL Green Predecessor. Since March 31, 1997, the following transactions have occurred that have a material impact on the comparison of the 1998 and 1997 results: (i) the Formation Transactions resulted in three buildings previously accounted for under the equity method (673 Third Avenue, 470 Park Avenue South and 29 West 35th Street) which are now reported as property results, three acquired buildings (50 West 23rd Street, 1140 Avenue of the Americas and 1372 Broadway) collectively the "IPO Acquisitions" being included in the 1998 results which were not included in 1997 results, (ii) the results of 110 East 42nd Street (acquired September 1997), 17 Battery Place (acquired December 1997) and 633 Third Avenue (acquired December 1997) "the 1997 Acquisitions" are included in the consolidated results for the three months ended March 31, 1998, not included in the 1997 results and (iii) the results of 420 Lexington Avenue (acquired March 1998), 1466 Broadway (acquired March 1998) and 321 West 44th Street (acquired March 1998) (the "1998 Acquisitions") which are included for a portion of first quarter 1998 results, not included in the 1997 results.

The rental revenue for the three months ended March 31, 1998 totaled $19.4 million representing an increase of $17.9 million compared to $1.5 million for the three months ended March 31, 1997. The increase is primarily attributable to the revenue associated with the following: (i) the IPO Acquisitions which increased rental revenue $10.4 million (ii) the 1997 Acquisitions which increased rental revenue by $5.1 million, (iii) the 1998 Acquisitions which increased rental revenue by $2.0 million.

Escalation and reimbursement revenue for the three months ended March 31, 1998 totaled $2.1 million representing an increase of $2.0 million compared to $149,000 for the three months ended March 31, 1997. The increase is primarily attributable to the revenue associated with the following: (i) the IPO Acquisitions which increased revenue by $1.4 million, (ii) the 1997 Acquisitions which increased revenue by $442,000, (iii) the 1998 Acquisitions which increased revenue by $88,000.

Investment income totaled $637,000 which represents interest income from the Battery Park mortgage ($465,000) and remainder form excess cash on hand with no income during the comparable period in 1997.

As of the IPO date, third party management, leasing and construction revenues and related expense are incurred by the Service Corporations, which are 95% owned subsidiaries of the Company, which is accounted for on the equity method. This change in recognition of income and expense from third party business activities was made in order to be consistent with the REIT qualifying income test, as defined by the IRS. This change resulted in no management fees, leasing commissions or construction fee, being recorded by the Company, compared to the 1997 third party revenue recorded by the predecessor.

Operating expenses for the three months ended March 31, 1998 totaled $5.7 million representing an increase of $4.9 million compared to $.8 million for the three months ended March 31, 1997. The increase was primarily attributable to: (i) the IPO Acquisitions which increased operating expenses by $2.6 million (ii) the 1997 Acquisitions which increased operating expenses by $1.7 million and (iii) the 1998 Acquisition expenses which increased operating expenses by $600,000.

Ground rent for the three months ended March 31, 1998 totaled $1.2 million compared to none for the three months ended March 31, 1997 since ground rent is being incurred by properties acquired subsequent to March 31, 1997.

Interest expense for the three months ended March 31, 1998 totaled $3.5 million representing an increase of $3.2 million compared to $345,000 for the three months ended March 31, 1997. The increase is primarily attributable to interest incurred on the Company's revolving line of credit, and Bridge Facility ($1.7 million) and additional mortgage debt, including interest on the Company's ground lease and capital lease obligations, ($1.5 million).

Depreciation and amortization for the three months ended March 31, 1998 totaled $2.7 million representing an increase of $2.4 million compared to $271,000 for the three months ended March 31, 1997. The increase is primarily attributable to: (i) the IPO Acquisitions which increased depreciation by $1.6 million (ii) the 1997 Acquisitions which increased depreciation by $500,000 (iii) the 1998 Acquisitions which increased depreciation by $150,000, (iv) and an increase in the amortization of deferred finance costs totaling $200,000 associated with fees incurred on the Company's revolving credit facility and acquisition facility.

Real estate taxes for the three months ended March 31, 1998 totaled $3.3 million representing an increase of $3.1 million compared to $243,000 for the three months ended March 31, 1997. The increase is primarily attributable to (i) the IPO Acquisitions which increased real estate taxes by $1.7 million (ii) the 1997 Acquisitions which increased real estate taxes by $1.0 million and (iii) the 1998 Acquisitions which increased real estate taxes by $300,000.

Marketing, general and administrative expense for the three months ended March 31, 1998 totaled $1.0 million representing an increase of $104,000 compared to $896,000 for the three months ended March 31, 1997. The increase is due to higher costs associated with the Company's recent growth. This increase is partially off-set by the 1998 third party related costs incurred during 1998 which have been classified to the Service Corporations to correspond with the classification of third party revenue.

Pro Forma Results of Operations

Comparison of the three months ended March 31, 1998 to the three months ended March 31, 1997. The Pro forma statements of operations for the three months ended March 31, 1998 and 1997, respectively, are presented as if the Company's IPO and the Formation Transactions occurred on January 1, 1997 and the effect thereof was carried forward through March 31, 1998. In addition to the IPO and Formation Transactions, the following transactions also affect the 1998 and 1997 comparable results: (i) the results of 110 East 42nd Street (acquired September 1997), 17 Battery Place (acquired December 1997) and 633 Third Avenue (acquired December 1997) "the 1997 Acquisitions" are included in the consolidated results for the three months ended March 31, 1998 and not included in the 1997 results and (ii) the results of 420 Lexington Avenue (acquired March 1998), 1466 Broadway (acquired March 1998) and 321 West 44th Street (acquired March 1998) the "1998 Acquisitions" are included in a portion of the 1998 results and not included in the 1997 results.

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

Three months ended March 31, 1998 compared to three months ended March 31, 1997
(in thousands except percentage data)
(Unaudited)

	Three Months Ended March 31, 1998 (Historical)	1997 (Pro Forma)	Dollar Change	Percent Change
Revenue				
Rental revenue	$19,428	$11,470	$ 7,958	69.4%
Escalations & reimbursement revenues	2,128	1,137	991	87.2
Investment income	637	--	637	--
Other income	4	1,497	(1,493)	(99.7)
Total revenues	22,197	14,104	8,093	57.4
Equity in net income of Service Corporations	42	376	(334)	(88.8)
Expenses				
Operating expenses	5,664	2,907	2,757	94.8
Ground rent	1,188	1,059	129	12.2
Interest	3,494	1,478	2,016	136.4
Depreciation and amortization	2,693	1,688	1,005	59.5
Real estate taxes	3,283	2,028	1,255	61.9
Marketing, general and administrative	1,038	714	324	45.4
Total expenses	17,360	9,874	7,486	75.8
Income before minority interest	$ 4,879	$ 4,606	$ 273	5.9%

The rental revenue for the three months ended March 31, 1998 totaled $19.4 million an increase of $8.0 million versus March 31, 1997. The increase is primarily attributable to the revenue associated with the following: (i) the 1997 acquisitions which increased rental revenue by $5.1 million, (ii) the 1998 acquisitions which increased rental revenue by $2.0 million and (iii) increased occupancy of the other portfolio buildings increased revenue $800,000.

Escalation and reimbursement revenue for the three months ended March 31, 1998 totaled $2.1 million an increase of $1.0 million versus March 31, 1997. The increase is attributable to the revenue associated with: (i) the 1997 Acquisitions which increased revenue by $400,000, (ii) the 1998 Acquisitions which increased revenue by $100,000 and (iii) the core portfolio where revenue increased by $500,000.

Investment income totaled $637,000 which represents interest income on the Battery Place mortgage ($465) and the balance earned from excess cash on hand. There was no income during the comparable period in 1997.

Other income for the three months ended March 31, 1998 totaled $4,000 representing a decrease of $1.5 million compared to March 31, 1997. The decrease is primarily attributable to 1997 lease termination income (primarily at 1372 Broadway) that did not have corresponding activity during 1998.

Operating expenses for the three months ended March 31, 1998 totaled $5.7 million representing an increase of $2.8 million compared to $2.9 million for the three months ended March 31, 1997. The increase was primarily attributable to: (i) the 1997 Acquisitions which increased operating expenses by $1.7 million and (ii) the 1998 Acquisitions which increased operating expenses by $800,000.

Interest expense for the three months ended March 31, 1998 totaled $3.5 million representing an increase of $2.0 million compared to $1.5 million for the three months ended March 31, 1997. The increase is primarily attributable to interest incurred on the Company's revolving line of credit and acquisition facility ($1.7 million) and additional mortgage loans ($300,000).

Depreciation and amortization for the three months ended March 31, 1998 totaled $2.7 million representing an increase of $1.0 million compared to $1.7 million for the three months ended March 31, 1997. The increase is primarily attributable to: (i) the 1997 Acquisitions which increased depreciation by $500,000 and (ii) the 1998 Acquisitions which increased depreciation by $200,000, additionally amortization of financing costs increased $200,000 due to fees recognized on the Company's revolving line of credit and acquisition facility.

Real estate taxes for the three months ended March 31, 1998 totaled $3.3 million representing an increase of $1.3 million compared to $2.0 million for the three months ended March 31, 1997. The increase is primarily attributable to (i) the 1997 Acquisitions which increased real estate taxes by $1 million and (ii) the 1998 Acquisitions which increased real estate taxes by $300,000.

Marketing, general and administrative expense for the three months ended March 31, 1998 totaled $1.0 million representing an increase of $324,000 compared to $714,000 for the three months ended March 31, 1997. The increase is due to higher costs associated with higher public entity costs ($100,000) and increased costs associated with the Company's recent growth ($186,000).

Liquidity and Capital Resources

The SL Green Predecessor historically relied on fixed and floating rate mortgage financing plus the use of its capital for the acquisition, redevelopment and renovation of the Company's properties. The proceeds from the Offering, as well as the new mortgage loan in the amount of $14 million, which is secured by 50 West 23rd Street, were utilized to repay existing mortgage loans, acquire properties, pay Offering and Formation Transaction expenses and provide working capital. Total outstanding mortgage loans amounted to $46.3 million as a result of the Formation Transactions. All mortgage loans encumbering the Company's properties have fixed interest rates ranging from 7.47% to 9.0%.

The Company asked the revolving Credit Facility, the "Credit Facility", banking group to temporarily relieve the Company from its obligations under the financial covenants of the Credit Facility, in order to close an additional financing necessary to acquire the Helmsley Properties (the "Bridge Facility"). This Bridge Facility closed on March 18, 1998 financed the Helmsley Properties acquisition, paid-off the outstanding balance on the Company's Credit Facility and provides on-going liquidity for future acquisition and corporate needs. The term of the Bridge Facility is one year. The interest rate is determined by a schedule of the percent of the loan commitment

outstanding and the duration of the loan commitment outstanding ranging from 170 basis points over LIBOR to 300 basis points over LIBOR (7.3875% at March 31, 1998). The original Credit Facility will remain committed but unused until the Bridge Facility is paid off through either permanent debt or an equity financing and the Company's financial covenant obligations are restored.

At March 31, 1998 the mortgage loans and Bridge Facility represent approximately 46% of the Company's market capitalization based on an estimated total market capitalization (debt and equity, assuming conversion of all operating partnership units) of $638.8 million (based on a common stock price of $25.5625 per share, the closing price of the Company's common stock on the New York Stock Exchange on March 31, 1998). The Company's principal debt maturities are scheduled to be $1.49 million and $2.23 million for the nine months ending December 31, 1998 and the twelve months ending December 31, 1999, respectively.

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

The Company estimates that for the nine months ended December 31, 1998 and the 12 months ending December 31, 1999, it will incur approximately $14.8 million and $11.8 million, respectively, of capital expenditures on properties currently owned. In 1998 and 1999, over $12.8 million and $9.7 million, respectively, of the capital investments are associated with capital investment dedicated to redevelopment costs associated with properties at or after the Company's IPO. The Company expects to fund these capital expenditures with the Credit Facility, operating cash flow and cash on hand. Future property acquisitions may require substantial capital investments in such properties for refurbishment and leasing costs. The Company expects that these financing requirements will be provided primarily from the Credit Facility (once obtained), from additional borrowings secured by the target property and from future issuances of equity and debt. The Company believes that it will have sufficient capital resources to satisfy its obligations during the next 12 month period. Thereafter, the Company expects that capital needs will be met through a combination of net cash provided by operations, borrowings and additional equity issuances.

Cash Flows

Comparison of the three months ended March 31, 1998 to the three months ended March 31, 1997

Net cash provided by (used in) operating activities increased $10.1 million to $9.9 million provided by operations from $(231,000) used in operations for the three months ended March 31, 1998 compared to the three months ended March 31, 1997. The increase was due primarily to the operating cash flow generated by the IPO Acquisitions, 1997 Acquisitions and 1998 Acquisitions, increased income from other properties and an increase in investment income. Net cash used in investing activities increased $168.8 million to $168.9 million from $112,000 for the three months ended March 31, 1998 compared to the three months ended March 31, 1997. The increase was due primarily to the purchase of (i) certain properties in connection with the Offering (ii) the 1997 Acquisitions and (iii) the 1998 Acquisitions. Net cash provided by financing activities increased $157.2 million to $156.9 million for the three months ended March 31, 1998 compared to $339,000 cash used in financing activities for the three months ended March 31, 1997. The increase was primarily due to net proceeds from the Company's Bridge Facility ($240.0 million) which were used to pay-off the Company's Credit Facility and purchase the 1998 acquisitions. This increase was partially off-set by the $5.1 million dividend distribution payment and $1.5 million in deferred loan cost payments.

Funds from Operations

The White Paper on Funds from Operations approved by the Board of Governors of NAREIT in March 1995 defines Funds from Operations as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. The Company believes that Funds from Operations is helpful to investors as a measure of the performance of an equity REIT because, along with cash flow from operating activities, financing activities and investing activities, it provides investors with an indication of the ability of the Company to incur and service debt, to make capital expenditures and to fund other cash needs. The Company computes Funds from Operations in accordance with standards established by NAREIT which may not be comparable to Funds from Operations reported by other REIT's that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company. Funds from Operations does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make cash distributions.

On a pro forma basis after giving effect to the [ILLEGIBLE] Transactions, Funds from Operations for the three months ended March 31, 1998 and 1997 respectively, are as follows:

	1998 (Historical)	1997 (Pro Forma)
Income before extraordinary item	$ 4,879	$ 4,606
Add:		
Depreciation and amortization	2,693	1,688
Amortization of deferred financing costs and Depreciation of non-real estate assets	(241)	(84)
FFO	$ 7,331	$ 6,210

Inflation

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

Recently Issued Accounting Pronouncements

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

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

None

(b) Reports on Form 8-K:

1. Form 8-K dated December 19, 1997, Items 2 and 5.
2. Form 8-K/A No. 1 dated December 19, 1997, Items 2 and 5.
3. Form 8-K/A No. 2 dated December 19, 1997, Item 7.
4. Form 8-K dated February 3, 1998, Items 5 and 7.
5. Form 8-K dated March 18, 1998, Items 2 and 5.

SIGNATURES

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

SL GREEN REALTY CORP.

By: /s/ David J. Nettina

David J. Nettina
Executive Vice President, Chief Operating
Officer and Chief Financial Officer

Date: May 15, 1998

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DEC-31-1998
MAR-31-1998
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