AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 28, 1997

REGISTRATION NO. 333-29329

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-11
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

70 WEST 36TH STREET
NEW YORK, NY 10018
(Address of principal executive offices)

STEPHEN L. GREEN
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
SL GREEN REALTY CORP.
70 WEST 36TH STREET
NEW YORK, NY 10018
(Name and address of agent for service)

Copies to:

DOUGLAS A. SGARRO, ESQ.
MICHAEL F. TAYLOR, ESQ.
BROWN & WOOD LLP
ONE WORLD TRADE CENTER
NEW YORK, NEW YORK
10048-0557
(212) 839-5300

ALAN L. GOSULE, ESQ.
ROBERT E. KING, JR., ESQ.
ROGERS & WELLS
200 PARK AVENUE
NEW YORK, NEW YORK 10166
(212) 878-8000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. /X/

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES BEING REGISTERED	AMOUNT BEING REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE(3)
Common Stock, $.01 par value per share.....	11,615,000 shares	$20.00	$232,300,000	$70,393.94

(1) Includes 1,515,000 shares that are issuable upon exercise of the Underwriters' over-allotment option.

(2) Estimated solely for the purpose of calculating the registration fee.

(3) $56,454.55 previously paid at initial filing of registration statement.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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CROSS REFERENCE SHEET

ITEM NUMBER AND CAPTION		LOCATION OR HEADING IN PROSPECTUS
1.	Forepart of Registration Statement and Outside Front Cover Page of Prospectus	Forepart of Registration Statement and Outside Front Cover Page of Prospectus
2.	Inside Front and Outside Back Cover Pages of Prospectus	Inside Front and Outside Back Cover Pages of Prospectus
3.	Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges	Prospectus Summary; The Company; Risk Factors
4.	Determination of Offering Price	Outside Front Cover Page; Underwriting
5.	Dilution	Dilution
6.	Selling Security Holders	Not applicable
7.	Plan of Distribution	Outside Front Cover Page; Underwriting
8.	Use of Proceeds	Use of Proceeds; Structure and Formation of the Company
9.	Selected Financial Data	Selected Financial Information
10.	Management's Discussion and Analysis of Financial Condition and Results of Operations	Management's Discussion and Analysis of Financial Condition and Results of Operations
11.	General Information as to Registrant	Outside Front Cover Page; Prospectus Summary; The Company; Management; Structure and Formation of the Company; Capital Stock
12.	Policy with Respect to Certain Activities	Prospectus Summary; The Company; Policies with Respect to Certain Activities; Partnership Agreement; Capital Stock; Additional Information
13.	Investment Policies of Registrant	Prospectus Summary; The Company; Business and Growth Strategies; Policies with Respect to Certain Activities
14.	Description of Real Estate	Prospectus Summary; The Properties
15.	Operating Data	The Company; The Properties; Financial Statements
16.	Tax Treatment of Registrant and its Security Holders	Prospectus Summary; Material Federal Income Tax Consequences
17.	Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters	Risk Factors; Distributions; The Company; Structure and Formation of the Company
18.	Description of Registrant's Securities	Capital Stock
19.	Legal Proceedings	The Properties
20.	Security Ownership of Certain Beneficial Owners and Management	Principal Stockholders
21.	Directors and Executive Officers	Management
22.	Executive Compensation	Management
23.	Certain Relationships and Related Transactions	The Company; Management; Structure and Formation of the Company; Certain Relationships and Transactions
24.	Selection, Management and Custody of Registrant's Investments	Outside Front Cover Page; Prospectus Summary; The Company; The Properties
25.	Policies with Respect to Certain Transactions	Policies with Respect to Certain Activities
26.	Limitations of Liability	The Company; Capital Stock; Management
27.	Financial Statements and Information	Prospectus Summary; Selected Financial Information; Financial Statements
28.	Interests of Named Experts and Counsel	Experts; Legal Matters
29.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Management

SUBJECT TO COMPLETION, DATED JULY 28, 1997

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

[LOGO]

PROSPECTUS

10,100,000 SHARES

SL GREEN REALTY CORP.
COMMON STOCK

SL Green Realty Corp. (together with its subsidiaries, the "Company") has been formed for the purpose of continuing the commercial real estate business of S.L. Green Properties, Inc., and its affiliates ("SL Green"). For more than 17 years, SL Green has acquired and managed Class B office properties in Manhattan. Upon completion of the Offering, the Company will own or have contracted to acquire interests in nine Class B office properties encompassing approximately 2.2 million rentable square feet located in midtown Manhattan (the "Properties"). In addition, the Company will manage 29 office properties (including the Properties) encompassing approximately 6.4 million rentable square feet. The Company will operate as a fully integrated, self-administered and self-managed real estate investment trust (a "REIT"). Management expects that the Company will be the first publicly-traded real estate company to invest primarily in Manhattan office properties.

The Company is selling all of the shares of Common Stock, par value $.01 per share, of the Company ("Common Stock") offered by this Prospectus. Upon completion of the Offering, approximately 21% of the equity in the Company will be beneficially owned by officers and directors of the Company and certain other affiliated parties, on a fully diluted basis.

There is currently no public market for the Common Stock. The Company anticipates that the initial public offering price per share will be between $19.00 and $21.00. See "Underwriting" for a discussion of the factors to be considered in determining the initial public offering price. The Common Stock has been approved for listing, subject to official notice of issuance, on the New York Stock Exchange under the symbol "SLG."

SEE "RISK FACTORS" BEGINNING ON PAGE 13 FOR CERTAIN FACTORS RELEVANT TO AN INVESTMENT IN THE COMMON STOCK, INCLUDING, AMONG OTHERS:

- Concentration of all of the Company's properties in midtown Manhattan, and the dependence of such properties on the conditions of the New York metropolitan economy and the midtown Manhattan office market.

- Absence of arm's length negotiations with respect to the Company's interests in the Properties and other assets to be contributed by SL Green to the Company in connection with its formation and the fact that SL Green and certain related persons will receive substantial economic benefits (including the issuance to officers, directors and affiliates of the Company of equity interests in the Company valued at approximately $54.7 million, the use of $20 million of Offering proceeds to repay a portion of a loan made to a company owned by Stephen L. Green and of $6.4 million of Offering proceeds to purchase the interests of third party partners in the Properties), resulting in the risk that the consideration to be paid by the Company for such assets may exceed the fair market value of such assets and other potential conflicts of interest including those related to sales and refinancings of Properties.

- The Company's estimated initial annual distributions represent 106% of its estimated initial cash available for distribution, resulting in the likelihood that the Company will be required to fund distributions from working capital or borrowings or reduce such distributions.

- Recent and expected growth requiring the Company to integrate successfully new acquisitions.

- Limitations on the Company's ability to sell or reduce the amount of mortgage indebtedness on two of the Properties.

- Lehman Brothers Inc. ("Lehman"), the lead managing underwriter of the Offering, and certain of its affiliates will receive material benefits from the Offering and the formation transactions in addition to underwriting discounts and commissions, including payment to Lehman of a financial advisory fee equal to 0.75% of the gross proceeds of the Offering and the repayment to a Lehman affiliate of an approximately $40 million loan made prior to the Offering.

- Limitations on the stockholders' ability to change control of the Company, including restrictions on ownership of more than 9.0% of the outstanding shares of Common Stock.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)
Per Share	$	$	$
Total(3)	$	$	$

(1) The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) Before deducting expenses payable by the Company estimated at approximately $4,150,000.

(3) The Company has granted the Underwriters an option to purchase up to an aggregate of 1,515,000 shares of Common Stock to cover over-allotments. If all of such shares are purchased, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Company will be $, $ and $, respectively. See "Underwriting."

The shares of Common Stock offered by this Prospectus are offered by the Underwriters subject to prior sale, withdrawal, cancellation or modification of the offer without notice to, delivery to and acceptance by the Underwriters and to certain further conditions. It is expected that delivery of the shares of Common Stock offered hereby will be made at the offices of Lehman Brothers Inc., New York, New York, on or about , 1997.

LEHMAN BROTHERS

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

LEGG MASON WOOD WALKER
INCORPORATED

PRUDENTIAL SECURITIES INCORPORATED

, 1997

[MAP OF MIDTOWN MANHATTAN SHOWING PROPERTY LOCATIONS
WITH FOOTNOTE IDENTIFYING ACQUISITION PROPERTIES]
[PHOTOGRAPH OF BAR BUILDING LOBBY WITH CAPTION NOTING THE BUILDING]
[PHOTOGRAPH OF 1140 AVENUE OF THE AMERICAS WITH CAPTION NOTING THE ADDRESS
AND FOOTNOTE IDENTIFYING THE PROPERTY AS AN ACQUISITION PROPERTY]
[PHOTOGRAPH OF 470 PARK AVENUE SOUTH WITH CAPTION NOTING THE ADDRESS]
[PHOTOGRAPH OF 673 FIRST AVENUE WITH CAPTION NOTING THE ADDRESS]
[PHOTOGRAPH OF 1372 BROADWAY WITH CAPTION NOTING THE ADDRESS
AND FOOTNOTE IDENTIFYING THE PROPERTY AS AN ACQUISITION PROPERTY]

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK. SUCH TRANSACTIONS MAY INCLUDE THE PURCHASE OF SHARES OF COMMON STOCK TO COVER A SYNDICATE SHORT POSITION IN THE COMMON STOCK OR FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE COMMON STOCK AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

TABLE OF CONTENTS

CAUTIONARY STATEMENT

INFORMATION CONTAINED IN THIS PROSPECTUS CONTAINS "FORWARD-LOOKING STATEMENTS" RELATING TO, WITHOUT LIMITATION, FUTURE ECONOMIC PERFORMANCE, PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS AND PROJECTIONS OF REVENUE AND OTHER FINANCIAL ITEMS, WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE CAUTIONARY STATEMENTS SET FORTH UNDER THE CAPTION "RISK FACTORS" AND ELSEWHERE IN THE PROSPECTUS IDENTIFY IMPORTANT FACTORS WITH RESPECT TO SUCH FORWARD- LOOKING STATEMENTS, INCLUDING CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE IN SUCH FORWARD-LOOKING STATEMENTS.

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION INCLUDED ELSEWHERE IN THIS PROSPECTUS. UNLESS OTHERWISE INDICATED, THE INFORMATION CONTAINED IN THIS PROSPECTUS ASSUMES THAT (I) THE INITIAL PUBLIC OFFERING PRICE IS $20.00 PER SHARE (THE MIDPOINT OF THE PRICE RANGE SET FORTH ON THE COVER PAGE OF THIS PROSPECTUS), (II) THE TRANSACTIONS DESCRIBED UNDER "STRUCTURE AND FORMATION OF THE COMPANY" ARE CONSUMMATED, AND (III) THE UNDERWRITERS' OVERALLOTMENT OPTION IS NOT EXERCISED. AS USED HEREIN, (I) THE "COMPANY" MEANS SL GREEN REALTY CORP., A MARYLAND CORPORATION, AND ONE OR MORE OF ITS SUBSIDIARIES (INCLUDING SL GREEN OPERATING PARTNERSHIP, L.P.), AND THE PREDECESSORS THEREOF OR, AS THE CONTEXT MAY REQUIRE, SL GREEN REALTY CORP. ONLY OR SL GREEN OPERATING PARTNERSHIP, L.P. ONLY AND (II) "SL GREEN" MEANS SL 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. SEE "GLOSSARY OF SELECTED TERMS" FOR THE DEFINITIONS OF CERTAIN TERMS USED IN THIS PROSPECTUS.

THE COMPANY

The Company has been formed for the purpose of continuing the commercial real estate business of SL Green. For more than 17 years, SL Green has been engaged in the business of owning, managing, leasing, acquiring and repositioning Class B office properties in Manhattan. Upon completion of the Offering, the Company will own or have contracted to acquire interests in nine Class B office properties encompassing approximately 2.2 million rentable square feet located in midtown Manhattan (the "Properties") and will manage 29 office properties (including the Properties) encompassing approximately 6.4 million rentable square feet. Of these Properties, interests in six office Properties encompassing approximately 1.2 million rentable square feet are currently owned and managed by SL Green (the "Core Portfolio") and interests in three office Properties encompassing approximately 1.0 million rentable square feet will be acquired upon completion of the Offering (the "Acquisition Properties"). As of June 30, 1997, the weighted average occupancy rate of the Core Portfolio was 97% and of the Acquisition Properties was 89%. Also, upon completion of the Offering, the Company will own an option to acquire an additional Class B office property in downtown Manhattan containing approximately 800,000 rentable square feet of office space. See "The Properties--The Option Property." The Company will operate as a fully integrated, self-administered and self-managed real estate investment trust (a "REIT"). Management expects that the Company will be the first publicly-traded real estate company to invest primarily in Manhattan office properties.

The term "Class B" is generally used in the Manhattan office market to describe office properties which are more than 25 years old but which 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.

A variety of tenants who do not require, desire or cannot afford Class A space are attracted to Class B office properties due to their prime locations, excellent amenities, distinguished architecture and relatively less expensive rental rates. Class B office space has historically attracted many smaller growth oriented firms (many of which have fueled the recent growth in the New York metropolitan economy) and has played a critical role in satisfying the space requirements of particular industry groups in Manhattan, such as the advertising, apparel, business services, engineering, not-for-profit, "new media" and publishing industries. In addition, several areas of Manhattan, including many in which particular trades or industries traditionally congregate, are dominated by Class B office space and contain no or very limited Class A office space. Examples of such areas include the Garment District (where three of the Properties are located), the Flatiron District (where one Property is located), the areas immediately south and north of Houston Street ("Soho" and "Noho", respectively), Chelsea (where one Property is located), and the area surrounding the United Nations (where one Property is located). Businesses significantly concentrated in certain of these areas include those in the following industries: new media, garment, apparel, toy, jewelry, interior decoration, antiques, giftware, contract furnishing and UN-related businesses. The concentration of businesses creates strong demand for the available Class B office space in those locations. Tenants that

currently occupy space in SL Green owned or managed properties include Cowles Business Media, Kallir, Philips, Ross Inc., MCI, NationsBank, New York Hospital, Newbridge Communications, Omnicom Group Ltd., Ross Stores, Sara Lee Corp. and UNICEF.

As described herein, current developments in the New York metropolitan economy provide an attractive environment for owning, operating and acquiring Class B office properties in Manhattan. See "Business and Growth Strategies--The Market Opportunity" and "Risk Factors--The Company's Dependence on the Midtown Markets Due to Limited Geographic Diversification Could Adversely Affect The Company's Financial Performance" below. The Company will seek to capitalize on growth opportunities in its marketplace by acquiring Class B office properties on a selective basis and, when necessary, enhancing their value after acquisition through repositioning of the properties in their respective submarkets. As described more fully below, the Company may have certain competitive advantages over other potential acquirors of Class B Manhattan office space due to its local market expertise, long-term relationships with brokers and property owners attributable to its property management and leasing businesses, enhanced access to capital as a public company and ability to offer tax-advantaged acquisition structures. Additionally, the Company will seek to optimize its properties' cash flow through ongoing intensive management and leasing. See "Business and Growth Strategies--Growth Strategies."

SL Green was founded in 1980 by Stephen L. Green, its Chairman, President and Chief Executive Officer. Since that time, SL Green has become a full service, fully integrated real estate company which, upon completion of the Offering, will have a portfolio of approximately 6.4 million rentable square feet of Class B office properties under management. Throughout its history, SL Green has been involved in the acquisition of 31 Class B office properties in Manhattan containing approximately four million square feet and the management of 50 Class B office properties in Manhattan containing approximately 10.5 million square feet.

SL Green has offices in midtown and downtown Manhattan and has established a staff of more than 50 persons, including 40 professionals with experience in all aspects of commercial real estate. The Company will be led by, in addition to Stephen L. Green, six senior executives that average more than seven years with SL Green and more than 19 years in the commercial real estate business. This management team has developed a comprehensive knowledge of the Manhattan Class B office market, an extensive network of tenant and other business relationships and experience in acquiring underperforming office properties and repositioning them into profitable Class B properties through intensive full service management and leasing efforts. Upon completion of the Offering, approximately 21% of the equity of the Company, on a fully diluted basis, will be beneficially owned by officers and directors of the Company and certain other affiliated parties.

RISK FACTORS

An investment in the Common Stock involves various risks, and prospective investors should carefully consider the matters discussed under "Risk Factors" prior to making an investment in the Company. Such risks include, among others:

- concentration of all of the Properties in midtown Manhattan, and the dependence of the Properties on the conditions of the New York metropolitan economy and the Midtown Markets (as defined herein), which increases the risk of the Company's being adversely affected by a downturn in the New York metropolitan economy or the Midtown Markets;

- absence of arm's length negotiations with respect to the Company's interests in the Properties and the other assets to be contributed by SL Green to the Company in connection with its formation, resulting in the risks that the consideration to be paid by the Company for such assets may exceed the fair market value of such assets and that the market value of the Common Stock may exceed the stockholders' proportionate share of the aggregate fair market value of such assets;

- conflicts of interest in connection with the Formation Transactions (as defined below), including the fact that officers, directors and affiliates of the Company will receive equity interests in the

Company and the Operating Partnership (as defined below) with a value of approximately $54.7 million, based on the assumed initial public offering price;

- conflicts of interest involving officers and directors of the Company in business decisions regarding the Company, including conflicts associated with sales and refinancings of Properties and the prepayment of debt secured by the Properties and conflicts associated with the provision of cleaning and security services with respect to the Properties by entities controlled by related parties;

- the Company's estimated initial annual distributions represent 106% of its estimated initial cash available for distribution, resulting in the likelihood that the Company will be required to fund distributions from working capital or borrowings or reduce such distributions.

- integration of recent or expected acquisitions, including the risk that certain of these properties may have characteristics or deficiencies unknown to the Company that affect their valuation or revenue potential;

- limitations on the ability of the Company to sell, or reduce the amount of mortgage indebtedness on, two of the Properties (673 First Avenue and 470 Park Avenue South) for up to 12 years following the completion of the Offering (the "Lock-out Period"), except in certain circumstances (the "Lock-out Provisions"), even if any such sale or reduction in mortgage indebtedness would be in the best interests of the Company's stockholders, which could benefit certain participants in the Formation Transactions (including Stephen L. Green), and the possibility that future property acquisitions in which the Company uses partnership interests as consideration will include comparable limitations;

- Lehman and certain affiliates will receive material benefits from the Offering and the Formation Transactions in addition to underwriting discounts and commissions, including payment to Lehman of a financial advisory fee equal to 0.75% of the gross proceeds of the Offering and the repayment to a Lehman affiliate of an approximately $40 million loan made to the Company prior to the Offering;

- the anti-takeover effect of limiting actual or constructive ownership of Common Stock to 9.0% of the number of outstanding shares, subject to certain exceptions, and of certain other provisions contained in the organizational documents of the Company and the Operating Partnership, which could have the effect of delaying, deferring or preventing a transaction or change in control of the Company that might involve a premium price for the Common Stock or otherwise would be in the best interests of the Company's stockholders;

- dependence on smaller and growth-oriented businesses to rent Class B office space;

- office real estate investment risks, such as the effect of the large number of competitive office properties in the Midtown Markets, the need to renew leases or re-lease space upon lease expirations and to pay renovation and re-leasing costs in connection therewith, the effect of economic and other conditions on office property cash flows and values, the ability of tenants to make lease payments, the ability of a property to generate revenue sufficient to meet operating expenses (including future debt service), potential environmental liabilities, the illiquidity of real estate investments and the possibility that acquired properties fail to perform as expected;

- the inability to refinance outstanding indebtedness upon maturity or to refinance such indebtedness on favorable terms, the risk of rising interest rates in connection with variable rate debt and the absence of limitations in the Company's organizational documents on the incurrence of debt;

- immediate and substantial dilution of $7.10 in the net tangible book value per share of the shares of Common Stock purchased in the Offering; and

- taxation of the Company as a corporation if it fails to qualify as a REIT for Federal income tax purposes, the Company's liability for certain Federal, state and local income taxes in such event and the resulting decrease in cash available for distribution.

CONFLICTS OF INTEREST

Following the formation of the Operating Partnership and the completion of the Offering, there will be conflicts of interest, with respect to certain transactions, between the holders of Units (including Mr. Green) and the stockholders of the Company. In particular, the consummation of certain business combinations, the sale of any properties or a reduction of indebtedness could have adverse tax consequences to holders of Units which would make such transactions less desirable to such holders. The Company has adopted certain policies that are designed to eliminate or minimize certain potential conflicts of interest. Subject to the Lock-out Provisions, the limited partners of the Operating Partnership have agreed that in the event of a conflict in the fiduciary duties owed by the Company to its stockholders and by the General Partner to such limited partners, the General Partner will fulfill its fiduciary duties to such limited partnership by acting in the best interests of the Company's stockholders. See "Policies with Respect to Certain Activities--Conflict of Interest Policies" and "Partnership Agreement."

BUSINESS AND GROWTH STRATEGIES

The Company's primary business objective is to maximize total return to stockholders through growth in distributable cash flow and appreciation in the value of its assets. The Company plans to achieve this objective by capitalizing on the external and internal growth opportunities described below and continuing the operating strategies historically practiced by SL Green.

Unless indicated otherwise, information contained herein concerning the New York metropolitan economy and the Manhattan office market is derived from a report commissioned by the Company and prepared by the Rosen Consulting Group, a nationally known real estate consulting company, and is included herein (the "Rosen Market Study"), with the consent of the Rosen Consulting Group.

THE MARKET OPPORTUNITY

- The Company believes that the continuing recovery of the New York commercial real estate market from the downturn of the late 1980s and early 1990s creates an attractive environment for owning, operating and acquiring Class B office properties in Manhattan.

- Recent net private sector job growth (especially in smaller companies), an improving business environment and "quality of life" enhancements in New York City have led to growing demand for office space in Manhattan.

- The Midtown Markets in particular have benefited from the growth in smaller companies that have traditionally been attracted to Class B space in the Midtown Markets due to its prime locations and relatively less expensive rental rates (as compared to Class A space) and from the relocation of larger firms from Class A space to Class B space.

- The Company expects the supply of office space in the Midtown Markets to remain relatively stable for the foreseeable future because new construction generally is not economically feasible at current market rental rates and property values, there are relatively few sites available for construction and the lead time required for construction typically exceeds three years.

- As a result of these positive supply and demand fundamentals, the Class B office vacancy rate in the Midtown Markets declined to 11.3% as of June 30, 1997 from its 1990s high of 17.3% in 1992 and asking rental rates for Class B office space in the Midtown Markets increased to $24.44 per square foot as of June 30, 1997 from their 1990s low of $21.89 per square foot as of year-end 1993. These developments coupled with projected continuing decreases in vacancy rates and increases in rental rates create attractive opportunities for owning and acquiring Class B office properties in Manhattan. However, concentration of the Properties in these markets increases the risk of the Company being adversely affected by any downturn in the New York metropolitan economy. See "Risk Factors--The Company's Dependence on the Midtown Markets Due to Limited Geographic Diversification Could Adversely Affect the Company's Financial Performance."

GROWTH STRATEGIES

- The Company will seek to capitalize on current opportunities in the Class B Manhattan office market through (i) property acquisitions--continuing to acquire Class B office properties at significant discounts to replacement costs that provide attractive initial yields and the potential for cash flow growth, (ii) property repositioning--repositioning acquired properties that are underperforming through renovations, active management and proactive leasing and (iii) integrated leasing and property management.

- PROPERTY ACQUISITIONS. In acquiring properties, the Company believes that it will have the following advantages over its competitors: (i) over 17 years experience as a full service, fully integrated real estate company focused on the Class B office market in Manhattan, (ii) enhanced access to capital as a public company, (as compared to the generally fragmented and far less institutional ownership of competing Manhattan Class B office properties) and (iii) the ability to offer tax-advantaged structures to sellers. In addition, the Company may benefit from the recent abolition of the New York State Real Property Transfer Gains Tax and from recent tax law developments reducing the transfer tax rates applicable to certain REIT acquisition transactions.

- PROPERTY REPOSITIONING. The Company believes that there are a significant number of potential acquisitions that could greatly benefit from management's experience in enhancing property cash flow and value by renovating and repositioning properties to be among the best in their submarkets.

- INTEGRATED LEASING AND PROPERTY MANAGEMENT. The Company will seek to capitalize on management's extensive knowledge of the Class B Manhattan marketplace and the needs of the tenants therein by continuing SL Green's proactive approach to leasing and management, which includes (i) the use of in-depth market research, (ii) the utilization of an extensive network of third-party brokers, (iii) comprehensive building management analysis and planning and (iv) a commitment to tenant satisfaction and providing "Class A" tenant services. The Company believes that SL Green's proactive leasing efforts have contributed to average occupancy rates at the Properties that are above the market average. See "Business and Growth Strategies--Growth Strategies--Integrated Leasing and Property Management." In addition, SL Green's commitment to tenant service and satisfaction is evidenced by the renewal of approximately 80% of the expiring rentable square footage (78% of the expiring leases determined by number of leases) at the Properties in the Core Portfolio owned and managed by SL Green during the period from January 1, 1994 through June 30, 1997.

THE PORTFOLIO

GENERAL. Upon the completion of the Offering, the Company will own or have contracted to acquire interests in nine Class B office Properties located in midtown Manhattan which contain approximately 2.2 million rentable square feet. Of these Properties, six office properties encompassing approximately 1.2 million rentable square feet are currently owned and managed by SL Green and three office properties encompassing approximately 1.0 million rentable square feet will be acquired on or after completion of the Offering. See "Structure and Formation of the Company--Formation Transactions." Upon completion of the Offering, the Company will effectively own 100% of the economic interest in all of the Properties. Certain of the Properties include at least a small amount of retail space on the lower floors, as well as basement/storage space. One Property (673 First Avenue) includes an underground parking garage. In addition to the foregoing, upon completion of the Offering, the Company will own an option to acquire a property containing approximately 800,000 rentable square feet of office space in downtown Manhattan. See "The Properties--The Option Property."

The following table sets forth certain information with respect to each of the Properties as of June 30, 1997:

	YEAR BUILT/ RENOVATED	SUBMARKET	APPROXIMATE RENTABLE SQUARE FEET	PERCENTAGE OF PORTFOLIO RENTABLE SQUARE FEET	PERCENT LEASED	ANNUALIZED RENT(1)	PERCENTAGE OF PORTFOLIO ANNUALIZED RENT
CORE PORTFOLIO							
673 First Avenue	1928/1990	Grand Central South	422,000	19.0%	100%	$10,837,480	22.1%
470 Park Avenue South(4)	1912/1994	Park Avenue South/Flatiron	260,000(4)	11.7	99	5,853,720	12.0
Bar Building (5)	1922/1985	Rockefeller Center	165,000(5)	7.4	89(5)	4,139,704	8.5
70 W. 36th Street	1923/1994	Garment	151,000	6.8	98	2,795,986	5.7
1414 Avenue of the Americas	1923/1990	Rockefeller Center	111,000	5.0	98	3,370,001	6.9
29 W. 35th Street	1911/1985	Garment	78,000	3.5	92	1,393,135	2.8
			1,187,000	53.4	97	28,390,028	58.0
ACQUISITION PROPERTIES							
1372 Broadway	1914/1985	Garment	508,000	22.9	84	9,631,140	19.7
1140 Avenue of the Americas	1926/1951	Rockefeller Center	191,000	8.6	98	4,917,520	10.0
50 W. 23rd Street	1892/1992	Chelsea	333,000	15.0	91	5,995,608	12.3
Total/Weighted Average			2,219,000(6)	100.0%	94%	$48,934,296	100.0%

	NUMBER OF LEASES	ANNUALIZED RENT PER LEASED SQUARE FOOT(2)	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT(3)
CORE PORTFOLIO			
673 First Avenue	15	$ 25.68	$ 21.79
470 Park Avenue South(4)	27	22.66	19.43
Bar Building (5)	58	28.33	24.74
70 W. 36th Street	38	18.90	16.13
1414 Avenue of the Americas	31	30.85	30.87
29 W. 35th Street	8	19.53	16.23
	177	24.65	21.43
ACQUISITION PROPERTIES			

1372 Broadway.....	32	22.47	21.57
1140 Avenue of the Americas...	39	26.30	24.70
50 W. 23rd Street.....	16	19.68	17.09
Total/Weighted Average.....	264	$ 23.58	$ 21.11

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(1) As used throughout this Prospectus, Annualized Rent represents the monthly contractual rent under existing leases as of June 30, 1997 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 June 30, 1997 for the 12 months ending June 30, 1998 are approximately $815,000.

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

(3) As used throughout this Prospectus, 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 SL Green, the remaining lease payments under the lease 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 SL Green and for leases at the Acquisition Properties, all lease payments under the lease divided by the number of months in the lease multiplied by 12, and, in the case of both (a) and (b), adjusted for tenant improvement costs and leasing commissions, if any, paid or payable by SL Green and presented on a per leased square foot basis. In certain cases, Annual Net Effective Rent Per Leased Square Foot may exceed Annualized Rent Per Leased Square Foot as a result of the provision for future contractual increases in rental payments in the Annual Net Effective Rent Per Leased Square Foot data.

(4) 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).

(5) SL Green first acquired an interest in the Bar Building in October 1996. SL Green has commenced an aggressive leasing program at the Property and as of July 15, 1997, approximately 93% of the rentable square feet in the Property was leased. The Bar Building is comprised of two buildings, 36 West 44th Street (a 14-story building) and 35 West 43rd Street (a four-story building).

(6) Includes approximately 2,043,000 square feet of rentable office space, 146,000 square feet of rentable retail space and 30,000 square feet of garage space.

STRUCTURE OF THE COMPANY

The Company will issue the Common Stock offered hereby and will be the sole general partner of SL Green Operating Partnership, L.P., a Delaware limited partnership (the "Operating Partnership") and issuer of the Units. The Company will conduct substantially all of its business, and will hold all of its interests in the Properties, through the Operating Partnership. As the sole general partner of the Operating Partnership, the Company will have exclusive power to manage and conduct the business of the Operating Partnership, subject to certain exceptions (including the Lock-out Provisions). See "Partnership Agreement." The Units may be exchanged for cash or, at the option of the Company, shares of Common Stock on a one-for-one basis generally commencing two years after completion of the Offering. See "Partnership Agreement--Transfers of Interests--Redemption of Units."

The following diagram depicts the ownership structure of the Company upon completion of the Offering and the Formation Transactions (as defined below):

[DIAGRAM REGARDING OWNERSHIP STRUCTURE OF COMPANY]

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(1) 100% of the economic interest in all of the Properties will be owned through the Operating Partnership.

FORMATION TRANSACTIONS

Certain transactions have been consummated or will be consummated concurrently with the completion of the Offering. These transactions (the "Formation Transactions") include the following:

- The Company was organized as a Maryland corporation and the Operating Partnership was organized as a Delaware limited partnership in June 1997. In connection with the formation of the Company, certain members of SL Green management (including Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) were issued an aggregate of 553,616 shares of Common Stock for total consideration of $3,831 in cash (the aggregate par value amount of such stock at the time of issuance).

- Lehman Brothers Holdings Inc. ("LBHI"), an affiliate of Lehman Brothers Inc., entered into a credit agreement with SL Green pursuant to which LBHI agreed to loan to a company owned by Stephen L. Green up to $46 million (the "LBHI Loan") to acquire interests in the Core Portfolio and the Acquisition Properties, to fund property related operating expenses, to fund organizational expenses of the Company and to purchase short-term United States Treasury instruments ("Treasury Securities"). The LBHI Loan is secured by partnership interests in certain Property-owning entities and the Treasury Securities.

- The Company will sell 10,100,000 shares of Common Stock in the Offering and will contribute the net proceeds therefrom to the Operating Partnership in exchange for 10,100,000 Units (representing approximately an 76.7% economic interest in the Operating Partnership after the Offering).

- The Operating Partnership will receive a contribution of its interests in the Core Portfolio as well as 95% of the economic interest in S.L. Green Management Corp. (the "Management Corporation"), S.L. Green Realty, Inc. (the "Leasing Corporation") and Emerald City Construction Corp. (the "Construction Corporation", and together with the Management Corporation and the Leasing Corporation, the "Service Corporations") from the Property-owning entities, the partners or members of such entities and the holders of interests in the Service Corporations. As consideration therefor, the Operating Partnership will issue to such entities, partners or members and holders 2,383,284 Units (having an aggregate value of approximately $47.7 million, based on the assumed initial offering price) and approximately $6.4 million.

- The management and leasing business of SL Green with respect to the Properties in which the Company will have a 100% ownership interest and the tenant representation business with respect to certain properties not owned by the Company will be transferred to SL Green Management LLC (the "Management LLC" and, together with the Management Corporation, the "Management Entities"), a limited liability company which will be a wholly owned subsidiary of the Company.

- The Operating Partnership will be granted an option from Green 17 Battery LLC, a newly-formed limited liability company owned by Stephen L. Green ("17 Battery LLC"), to acquire its interest in 17 Battery Place, a property containing approximately 800,000 rentable square feet of office space in downtown Manhattan (the "Option Property") for a purchase price of approximately $59 million in cash. See "The Properties--The Option Property."

- The Operating Partnership will acquire interests in the Acquisition Properties for an aggregate purchase price of approximately $113.0 million (including a $1.6 million escrow account established in connection with the acquisition of 50 West 23rd Street), to be funded with net proceeds from the Offering and mortgage financing.

- The Operating Partnership will use approximately $82.3 million of net proceeds from the Offering to repay mortgage debt encumbering the Core Portfolio and the LBHI Loan (including approximately $9.4 million in proceeds drawn under the LBHI Loan to fund purchase of the Acquisition Properties).

- The Company will issue to Victor Capital Group, L.P. ("Victor Capital") 85,600 shares of restricted Common Stock and the Operating Partnership will pay $900,000 (funded with borrowings under the LBHI Loan and proceeds from the Offering) to Victor Capital as consideration for financial advisory services rendered to the Company in connection with the Formation Transactions.

No independent third-party appraisals, valuations or fairness opinions have been obtained by the Company in connection with the Formation Transactions. Accordingly, there can be no assurance that the value of the Units and other consideration received in the Formation Transactions by persons or entities contributing interests in the Core Portfolio and the Service Corporations to the Operating Partnership is equivalent to the fair market value of such interests.

Additional information regarding the Formation Transactions is set forth under "Structure and Formation of the Company--Formation Transactions."

BENEFITS TO RELATED PARTIES

Certain affiliates of the Company will realize certain material benefits in connection with the Formation Transactions and the Offering, including the following:

- Certain continuing investors (including Stephen L. Green) will receive 2,383,284 Units in consideration for their interests in the Properties, Property-owning entities and the management, leasing and construction businesses of SL Green with a total value of approximately $47.7 million, based on the assumed initial public offering price (representing approximately 18.1% of the equity of the Company on a fully-diluted basis).

- The Operating Partnership will use $20 million to repay a portion of the LBHI Loan that was made to Green Realty LLC, a newly-formed limited liability company indirectly owned by Stephen L. Green and unaffiliated with the Company ("Green Realty LLC") and invested in Treasury Securities pledged as collateral therefor (which, upon repayment of the LBHI Loan, will be released for the benefit of Stephen L. Green).

- Certain members of SL Green management (including Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) own an aggregate of 553,616 shares of restricted Common Stock that initially will have a value of $11.1 million, based on the assumed initial public offering price.

- Certain members of SL Green management (including Stephen L. Green, David J. Nettina, Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) will become officers and/or directors of the Company. In addition, each of such persons will enter into employment and noncompetition agreements with the Company. See "Management--Employment and Noncompetition Agreements." Also, the Company will grant to directors, officers and employees of the Company options to purchase an aggregate of 660,000 shares of Common Stock at the initial public offering price under the Company's stock option and incentive plan, subject to certain vesting requirements. In addition, pursuant to the terms of their employment agreements, Messrs. Nettina and Klein will receive loans to purchase Common Stock to be issued under such plan in the principal amount of $300,000 and $500,000, respectively. See "Management."

- The structure of the Formation Transactions will provide the Unit recipients (including the members of management referred to above) the opportunity for deferral of the tax consequences of their contribution to the Operating Partnership of their interests in the Properties, Property-owning entities and Service Corporations.

- A to-be-formed limited liability company owned by Stephen L. Green and his three sons (the "Service Corporation LLC") will own all of the voting stock of each of the Service Corporations (representing a 5% equity interest therein).

- Pursuant to the Lock-out Provisions, the Company will be restricted in its ability to sell, or reduce the amount of mortgage indebtedness on, two of the Properties (673 First Avenue and 470 Park Avenue South) for up to 12 years following the completion of the Offering, which could enable certain participants in the Formation Transactions (including Stephen L. Green) to defer certain tax consequences associated with the Formation Transactions.

- Persons or entities receiving Units in the Formation Transactions (including entities owned by Stephen L. Green) will have registration rights with respect to shares of Common Stock issued in exchange for Units.

Additional information concerning benefits to related parties is set forth under "Structure and Formation of the Company--Benefits to Related Parties."

THE OFFERING

Common Stock Offered by the Company.....	10,100,000 shares
Common Stock Outstanding After the Offering.....	10,779,216 shares(1)
Common Stock and Units Outstanding After the Offering.....	13,162,500 shares and Units (2)
Use of Proceeds.....	To repay mortgage indebtedness, to acquire interests in the Properties, to pay Formation Transaction expenses and to repay $39.6 million outstanding under the LBHI Loan.
NYSE Symbol.....	"SLG"

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(1) Includes 679,216 shares of restricted Common Stock to be issued in the Formation Transactions.

(2) Includes 2,383,284 Units expected to be issued in connection with the Formation Transactions that may be exchanged for cash or, at the option of the Company, shares of Common Stock on a one-for-one basis generally commencing two years after completion of the Offering. Excludes 1,515,000 shares that are issuable upon exercise of the Underwriters' over-allotment option and 660,000 shares reserved for issuance upon the exercise of stock options to be granted pursuant to the Company's stock option and incentive plan concurrently with the Offering.

DISTRIBUTIONS

The Company intends to make regular quarterly distributions to holders of its Common Stock. The initial distribution, covering a partial quarter commencing on the date of the closing of the Offering and ending on September 30, 1997, is expected to be $ per share, which represents a pro rata distribution based upon a full quarterly distribution of $.35 per share and an annual distribution of $1.40 per share (or an annual distribution rate of approximately 7.00%, based on an assumed initial public offering price of $20.00). See "Distributions."

The Company intends initially to distribute annually approximately 106% of estimated cash available for distribution. The Company's estimate of cash available for distribution for the twelve months ending June 30, 1998 is based upon pro forma Funds from Operations (as defined below) for the 12 months ended June 30, 1997, with certain adjustments as described in "Distributions." The Company anticipates that approximately 30% (or $.42 per share) of the distributions intended to be paid by the Company for the 12-month period following the completion of Offering will represent a return of capital for Federal income tax purposes and in such event will not be subject to Federal income tax under current law to the extent such distributions do not exceed a stockholder's basis in his Common Stock. The Company intends to maintain its initial distribution rate for the 12-month period following the completion of the Offering unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in its estimate. Distributions by the Company will be determined by the Board of Directors and will be dependent upon a number of factors, including revenue received from the Company's properties, the operating expenses of the Company, interest expense, the ability of tenants at the Company's properties to meet their financial obligations and unanticipated capital expenditures. The Company believes that its estimate of cash available for distribution is reasonable; however, no assurance can be given that the estimate will prove accurate, and actual distributions may therefore be significantly different from expected distributions. See "Distributions." The Company does not intend to reduce the expected distribution per share if the Underwriters' over-allotment option is exercised.

TAX STATUS OF THE COMPANY

The Company intends to elect to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ending December 31, 1997, and believes its organization and proposed method of operation will enable it to meet the

requirements for qualification as a REIT. Based on various assumptions and factual representations made by the Company regarding the various requirements for qualification as a REIT, in the opinion of Brown & Wood LLP, counsel for the Company, the Company will be organized in conformity with the requirements for qualification and taxation as a REIT under the Code and the proposed method of operation of the Company will enable the Company to meet the requirements for qualification and taxation as a REIT. The opinion of Brown & Wood LLP is not, however, binding on the Internal Revenue Service (the "IRS") or any court.

To maintain REIT status, an entity must meet a number of organizational and operational requirements. In addition, in order to maintain its qualification as a REIT under the Code, the Company generally will be required each year to distribute at least 95% of its net taxable income (excluding any net capital gain). See "Material Federal Income Tax Consequences--Taxation of the Company--Annual Distribution Requirements." As a REIT, the Company generally will not be subject to Federal income tax on net income it distributes currently to its stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to Federal income tax at regular corporate rates. See "Material Federal Income Tax Consequences--Taxation of the Company--Failure to Qualify" and "Risk Factors--Failure to Qualify as a REIT Would Cause the Company to be Taxed as a Corporation." Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain Federal, state and local taxes on its income and property.

SUMMARY SELECTED FINANCIAL INFORMATION

The following table sets forth summary selected financial and operating information on a pro forma basis for the Company, and on a historical combined basis for the SL Green Predecessor (as defined below), and should be read in conjunction with all of the financial statements and notes thereto included in this Prospectus. The combined historical balance sheet information as of December 31, 1996 and 1995 and statements of income for the years ended December 31, 1996, 1995, and 1994 of the SL Green Predecessor have been derived from the historical combined financial statements audited by Ernst & Young LLP, independent auditors, whose report with respect thereto is included elsewhere in this Prospectus. The operating data for the six months ended June 30, 1997 and 1996 and the years ended December 31, 1993 and 1992 have been derived from the unaudited combined financial statements of the SL Green Predecessor. In the opinion of management of the SL Green Predecessor, the operating data for the six months ended June 30, 1997 and 1996 and the years ended December 31, 1993 and 1992 include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information set forth therein. The results of operations for the interim periods ended June 30, 1997 and 1996 are not necessarily indicative of the result to be obtained for the full fiscal year.

The "SL Green Predecessor" consists of 100% of the net assets and results of operations of two Properties, 1414 Avenue of the Americas and 70 West 36th Street, equity interests in four other Properties, 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and the Bar Building (which interests are accounted for under the equity method) and 100% of the net assets and results of operations of the Service Corporations.

The unaudited pro forma financial and operating information for the Company as of and for the six months ended June 30, 1997 and the year ended December 31, 1996 assumes completion of the Offering and the Formation Transactions as of the beginning of the periods presented for the operating data and as of the stated date for the balance sheet data. The pro forma financial information is not necessarily indicative of what the actual financial position and results of operations of the Company would have been as of and for the period indicated, nor does it purport to represent the Company's future financial position and results of operations.

THE COMPANY (PRO FORMA) AND THE SL GREEN PREDECESSOR (HISTORICAL)
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

	SIX MONTHS ENDED JUNE 30,			YEAR ENDED DECEMBER 31,			
				HISTORICAL			
	PRO FORMA 1997	1997	1996	PRO FORMA 1996	1996	1995	1994
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)			
OPERATING DATA:							
Total revenue	$ 28,919	$ 7,334	$ 4,098	$ 53,189	$ 10,182	$ 6,564	$ 6,600
Property operating expense	7,632	1,625	1,230	16,224	3,197	2,505	2,009
Real estate taxes	4,078	482	232	8,248	703	496	543
Interest	2,986	713	442	5,858	1,357	1,212	1,555
Depreciation and amortization	3,630	599	406	6,979	975	775	931
Marketing, general and administration	1,428	1,835	2,029	2,643	3,250	3,052	2,351
Total expenses	19,754	5,254	4,339	39,952	9,482	8,040	7,389
Operating income (loss)	9,165	2,080	(241)	13,237	700	(1,476)	(789)
Equity in net income (loss) of uncombined joint ventures	--	(564)	(817)	504	(1,408)	(1,914)	(1,423)
Income (loss) before extraordinary item and minority interest	9,165	1,516	(1,058)	12,733	(708)	(3,390)	(2,212)
Minority interest	(1,668)	--	--	(2,317)	--	--	--
Income (loss) before extraordinary item	$ 7,497	$ 1,516	$ (1,058)	$ 10,416	$ (708)	$ (3,390)	$ (2,212)
Income before extraordinary item per share	$ 0.70			$ 0.97			

	1993	1992
	(UNAUDITED)	(UNAUDITED)
OPERATING DATA:		
Total revenue	$ 5,926	$ 5,516
Property operating expense	1,741	1,431
Real estate taxes	592	676
Interest	1,445	1,440
Depreciation and amortization	850	773
Marketing, general and administration	1,790	1,531
Total expenses	6,418	5,851
Operating income (loss)	(492)	(335)
Equity in net income (loss) of uncombined joint ventures	88	(2,227)
Income (loss) before extraordinary item and minority interest	(404)	(2,562)
Minority interest	--	--
Income (loss) before extraordinary item	$ (404)	$ $(2,562)
Income before extraordinary item per share		

	AS OF JUNE 30, 1997		AS OF DECEMBER 31,			
			HISTORICAL			
	PRO FORMA	HISTORICAL	1996	1995	1994	1993
	(UNAUDITED)	(UNAUDITED)				(UNAUDITED)
BALANCE SHEET DATA:						
Commercial real estate, before accumulated depreciation	$ 246,861	$ 41,112	$ 26,284	$ 15,559	$ 15,761	$ 15,352
Total assets	259,255	46,745	30,072	16,084	15,098	16,218

Mortgages and notes payable	46,733	26,646	16,610	12,700	12,699	12,699
Accrued interest payable	97	109	90	2,894	12,699	1,576
Minority interest	31,690	0	0	0	0	0
Owners equity (deficit)	142,435	(2,169)	(8,405)	(18,848)	(15,520)	(13,486)
OTHER DATA:						
Funds from operations	12,702	--	--	--	--	--
Net cash provided by (used in) operating activities	--	1,140	272	(234)	939	--
Net cash provided by (used in) financing activities	--	(425)	11,960	63	178	--
Net cash (used in) investing activities	--	(145)	(12,375)	(432)	(567)	--

	1992
	(UNAUDITED)
BALANCE SHEET DATA:	
Commercial real estate, before accumulated depreciation	$ 16,080
Total assets	15,645
Mortgages and notes payable	9,500
Accrued interest payable	4,757
Minority interest	0
Owners equity (deficit)	(8,449)
OTHER DATA:	
Funds from operations	--
Net cash provided by (used in) operating activities	--
Net cash provided by (used in) financing activities	--
Net cash (used in) investing activities	--

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(1) The White Paper on Funds from Operations approved by the Board of Governors of the National Association of Real Estate Investment Trusts ('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 REITs 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. For a reconciliation of net income and Funds from Operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Funds from Operations."

RISK FACTORS

An investment in the Common Stock involves various risks. Prospective investors should carefully consider the following information before making a decision to purchase Common Stock in the Offering.

THE COMPANY'S DEPENDENCE ON THE MIDTOWN MARKETS DUE TO LIMITED GEOGRAPHIC DIVERSIFICATION COULD ADVERSELY AFFECT THE COMPANY'S FINANCIAL PERFORMANCE

All of the Properties are located in midtown Manhattan. Like other office markets, the Midtown Markets have experienced downturns in the past, including most recently in the late 1980s and early 1990s, and future declines in the New York metropolitan economy or the Midtown Markets could adversely affect the Company's financial performance. The Company's financial performance and its ability to make distributions to stockholders are therefore dependent on conditions in the New York metropolitan economy and the Midtown Markets. The Company's revenue and the value of its properties may be affected by a number of factors, including the economic climate in metropolitan New York (which may be adversely affected by business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics, increased telecommuting, infra-structure quality, New York State and New York City budgetary constraints and priorities and other factors) and conditions in the Midtown Markets (such as oversupply of or reduced demand for office space). There can be no assurance as to the continued growth of the New York metropolitan economy, the continued strength of the Midtown Markets or the future growth rate of the Company.

THERE IS NO ASSURANCE THAT THE COMPANY IS PAYING FAIR MARKET VALUE FOR THE PROPERTIES

The amount of consideration in the Company to be received by SL Green and certain related parties in the Formation Transactions was not determined as a result of arm's length negotiations with such persons or with purchasers in the Offering. The amount of consideration to be paid by the Company to acquire interests in the Properties was determined by SL Green, and SL Green and certain related persons will receive substantial economic benefits as a result of the consummation of the Formation Transactions and the Offering. See "Structure and Formation of the Company--Benefits to Related Parties." No independent valuations or appraisals of the Properties were obtained by the Company in connection with the acquisition of property interests in the Formation Transactions. Accordingly, there can be no assurance that the consideration to be paid by the Company for these interests represents the fair market value thereof or that such consideration does not exceed the estimates of value.

The valuation of the Company has not been determined by a valuation of its assets, but instead has been determined by SL Green and the Underwriters based upon a capitalization of the Company's pro forma Funds from Operations, estimated cash available for distribution and potential for growth, and the other factors discussed under "Underwriting." Prudential Securities Incorporated will act as "qualified independent underwriter" in connection with the Offering. See "Underwriting." In determining the estimated initial public offering price, certain assumptions were made concerning the estimate of revenue to be derived from the Properties. See "Distributions." This methodology has been used because management believes that it is appropriate to value the Company as an ongoing business, rather than with a view to values that could be obtained from a liquidation of the Company or of individual assets owned by the Company. There can be no assurance that the price paid by the Company for its interests in the Properties and for its other assets will not exceed the fair market value of such assets, and it is possible that the market value of the Common Stock may exceed stockholders' proportionate share of the aggregate fair market value of such assets.

CONFLICTS OF INTEREST IN THE FORMATION TRANSACTIONS AND THE BUSINESS OF THE COMPANY COULD ADVERSELY AFFECT THE COMPANY

A SALE OF, OR REDUCTION IN MORTGAGE INDEBTEDNESS ON, ANY OF THE PROPERTIES WILL HAVE DIFFERENT EFFECTS ON HOLDERS OF UNITS THAN ON STOCKHOLDERS. Certain holders of Units, including Stephen L. Green, may experience different and more adverse tax consequences compared to those experienced by holders of shares of Common Stock or other holders of Units upon the sale of, or reduction of mortgage indebtedness on, any

of the Properties. Therefore, such holders and the Company, may have different objectives regarding the appropriate pricing and timing of any sale of, or reduction of mortgage indebtedness on the Properties, and regarding the appropriate characteristics of additional properties to be considered for acquisition. Certain directors and officers of the Company, including Mr. Green, will be holders of Units, and their status as holders of Units may influence the Company not to sell particular properties, or not to pay down mortgage indebtedness on particular properties, even though such sales or debt paydowns might otherwise be financially advantageous to the Company and its stockholders. See "--Limitations on Ability to Sell or Reduce the Mortgage Indebtedness on Certain Properties Could Adversely Affect the Value of the Common Stock" below.

THE COMPANY MAY PURSUE LESS VIGOROUS ENFORCEMENT OF TERMS OF CONTRIBUTION AND OTHER AGREEMENTS BECAUSE OF CONFLICTS OF INTEREST WITH CERTAIN OFFICERS. Certain SL Green entities (Hippomenes Associates, LLC, 64-36 Realty Associates, 673 First Associates, L.P., Green 6th Avenue Asociates, L.P., S.L. Green Realty, Inc., S.L. Green Properties, Inc. and EBG Midtown South Corp.) have ownership interests in the Properties and in the other assets to be acquired by the Company. Following the completion of the Offering and the Formation Transactions, the Company, under the agreements relating to the contribution of such interests, will be entitled to indemnification and damages in the event of breaches of representations or warranties made by such SL Green entities. In addition, Stephen L. Green, David J. Nettina, Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen will enter into employment and noncompetition agreements with the Company pursuant to which they will agree, among other things, not to engage in certain business activities in competition with the Company. See "Management--Employment and Noncompetition Agreements." To the extent that the Company chooses to enforce its rights under any of these contribution, employment and noncompetition agreements, it may determine to pursue available remedies, such as actions for damages or injunctive relief, less vigorously than it otherwise might because of its desire to maintain its ongoing relationship with the individual involved.

CONFLICTS OF INTEREST WILL EXIST IN FUTURE DEALINGS WITH AFFILIATES OF THE COMPANY. After the completion of the Offering and the Formation Transactions, two SL Green entities owned by a son of Stephen L. Green (First Quality Maintenance, L.P. and Classic Security LLC) may provide cleaning and security services to office properties, including the Company's Properties. These entities currently provide such services at the Properties. See "Certain Relationships and Transactions--Cleaning Services" and "--Security Services." Although management believes that the terms and conditions of the contracts pursuant to which these services would be provided would not be less favorable to the Company than those which could have been obtained from a third party-providing comparable services, such contracts will not be the result of arm's length negotiations and, therefore, there can be no assurance to this effect. The Company has adopted certain policies relating to conflicts of interest. These policies include a resolution adopted by the Company's Board of Directors which requires all transactions in which executive officers or directors have a material conflicting interest to that of the Company to be approved by a majority of the disinterested directors or by the holders of a majority of the shares of Common Stock held by disinterested stockholders. There can be no assurance, however, that the Company's policies will be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all stockholders. See "Policies with Respect to Certain Activities--Conflict of Interest Policies."

OUTSIDE INTERESTS OF OFFICERS AND DIRECTORS COULD CONFLICT WITH THE COMPANY'S INTERESTS. Certain officers and directors of the Company will continue to own direct and indirect interests in office properties and other real estate assets, which interests may give rise to certain conflicts of interest concerning the fulfillment of their responsibilities as officers and directors of the Company. See "The Properties--Assets Not Being Transferred to the Company." For a discussion of the role of the Company's disinterested directors and the Company's policies and agreements designed to minimize any adverse effects from these conflicts of interest, see "Policies with Respect to Certain Activities--Conflict of Interest Policies."

ESTIMATED INITIAL CASH AVAILABLE FOR DISTRIBUTION WILL NOT BE SUFFICIENT TO MAKE DISTRIBUTIONS AT EXPECTED LEVELS

The Company's estimated initial annual distributions represent 106% of the Company's estimated initial cash available for distribution for the twelve months ending June 30, 1998. Accordingly, it is expected that the Company initially will be unable to pay its estimated initial annual distribution of $1.40 per share to stockholders out of cash available for distribution as calculated under "Distributions" below. Under such circumstances, the Company could be required to fund distributions from working capital (expected to aggregate approximately $6.2 million upon completion of the Offering), draw down under the Line of Credit, if available, to provide funds for such distribution, or to reduce the amount of such distribution. In the event the Underwriters' over-allotment is exercised, pending investment of the proceeds therefrom, the Company's ability to pay such distribution out of cash available for distribution may be further adversely affected.

THE COMPANY MAY NOT ACHIEVE EXPECTED RETURNS ON RECENTLY ACQUIRED PROPERTIES AND PROPERTY ACQUISITIONS

The Company is experiencing a period of rapid growth. The Company's ability to manage its growth effectively will require it to integrate successfully its new acquisitions. Including the Acquisition Properties, three of the Properties have relatively short or no operating history under management by SL Green. SL Green has had limited control over the operation of these Properties, and such Properties may have characteristics or deficiencies unknown to the Company affecting their valuation or revenue potential. No assurance can be given as to the future operating performance of these Properties under the Company's management.

The Company is currently under contract to acquire three Class B office properties encompassing approximately 1.0 million rentable square feet. See "The Properties--Acquisition Properties." In addition, the Company will own an option to purchase an additional Class B office property containing approximately 800,000 rentable square feet of office space. See "The Properties--The Option Property." In the future, the Company expects to acquire additional office properties. As noted above, acquisitions entail the risk that investments will fail to perform in accordance with expectations, including operating and leasing expectations. The Company anticipates that certain of its acquisitions will be financed using the proceeds of periodic equity or debt offerings, lines of credit or other forms of secured or unsecured financing that will result in a risk that permanent financing for newly acquired projects might not be available or would be available only on disadvantageous terms. If permanent debt or equity financing is not available on acceptable terms to refinance acquisitions undertaken without permanent financing, further acquisitions may be curtailed or cash available for distribution may be adversely affected. In addition, it is anticipated that acquisition risks may be heightened for acquisitions of Manhattan office properties due to the large size of many Manhattan office properties and the complexity of acquisition transactions in the Manhattan office market. See "--Other Risks of Ownership of Common Stock Could Adversely Affect the Trading Price of the Common Stock--The Company's dependence on external sources of capital could adversely affect the Common Stock price" below.

To the extent any future growth of the Company is accompanied by the issuance of additional shares of Common Stock, any such issuance could have the effect of diluting existing stockholders' interests in the Company.

LIMITATIONS ON ABILITY TO SELL OR REDUCE THE MORTGAGE INDEBTEDNESS ON CERTAIN PROPERTIES COULD ADVERSELY AFFECT THE VALUE OF THE COMMON STOCK

In connection with the solicitation of approval of partners or members in the various Property-owning entities to transfer their interests to the Company, the Company agreed to certain restrictions relating to future capital transactions involving two of the Properties. Pursuant to the Lock-out Provisions, the Company may not sell its interest in (except in certain events, including certain transactions that would not result in the recognition of any gain for tax purposes) or, earlier than one year prior to its maturity, reduce the mortgage indebtedness (other than pursuant to scheduled amortization) on 673 First Avenue or 470

Park Avenue South during the Lock-out Period without, in the case of each such Property, the consent of holders of 75% of the Units originally issued to limited partners in the Operating Partnership (including Stephen L. Green) who immediately prior to completion of the Formation Transactions owned direct or indirect interests in such Property that remain outstanding at the time of such vote (other than Units held by the Company and Units the adjusted tax basis of which have been increased to reflect fair market value through a taxable disposition or otherwise). (This vote requirement does not apply to a sale of all or substantially all of the assets of the Operating Partnership, but such a transaction during the Lock-out Period generally would require the approval of the holders, as a group, of 75% of the aggregate Units originally issued with respect to 673 First Avenue and 470 Park Avenue South that remain outstanding (excluding Units held by the Company and Units the adjusted tax basis of which have been increased to reflect fair market value through a taxable disposition or otherwise) unless the transaction would not result in the recognition of any gain for tax purposes with respect to such Units and certain other conditions are satisfied.) In addition, during the Lock-out Period, the Company is obligated to use commercially reasonable efforts, commencing one year prior to the stated maturity, to refinance at maturity (on a basis that is nonrecourse to the Operating Partnership and the Company, with the least amount of principal amortization as is available on commercially reasonable terms) the mortgage indebtedness secured by each of these two Properties at not less than the principal amount outstanding on the maturity date. Finally, during the Lock-out Period, the Company may not incur debt secured by either of these two Properties if the amount of the new debt would exceed the greater of 75% of the value of the Property securing the debt or the amount of existing debt being refinanced (plus costs associated therewith). Thus, the Lock-out Provisions materially restrict the Company from selling or otherwise disposing of its interest in, or refinancing indebtedness encumbering, 673 First Avenue and 470 Park Avenue South without obtaining such consents. The Lock-out Provisions apply even if it would otherwise be in the best interest of the stockholders for the Company to sell its interest in these two Properties, reduce the outstanding indebtedness with respect to either of these Properties or not refinance such indebtedness on a nonrecourse basis at maturity, or increase the amount of indebtedness with respect to these two Properties.

The Lock-out Provisions may impair the ability of the Company to take actions during the Lock-out Period that would otherwise be in the best interests of the Company's stockholders and, therefore, may have an adverse impact on the value of the Common Stock (relative to the value that would result if the Lock-out Provisions did not exist). In particular, the Lock-out Provisions could preclude the Operating Partnership (and thus the Company) from participating in certain major transactions that could result in a disposition of the Operating Partnership's assets or a change in control of the Company that would result in the recognition of gain with respect to the holders of Units issued with respect to 673 First Avenue or 470 Park Avenue South even though such disposition or change in control might be in the best interests of the stockholders. See "Partnership Agreement--Operational Matters--Sales of Assets."

The Company anticipates that, in connection with future acquisitions of interests in properties in which the Company uses Units as consideration, the Company may agree to limitations on its ability to sell, or reduce the amount of mortgage indebtedness on, such acquired properties, which may increase the Company's leverage. Such limitations may impair the Company's ability to take actions that would otherwise be in the best interests of its stockholders and, therefore, may have an adverse impact on the value of the Common Stock (relative to the value that would result if such limitations did not exist). Such possible future limitations, together with the Lock-out Provisions, may restrict the ability of the Company to sell substantially all of its assets, even if such a sale would be in the best interests of its stockholders.

THE MANAGING UNDERWRITER WILL RECEIVE MATERIAL BENEFITS

Lehman Brothers Inc. ("Lehman"), the lead managing underwriter of the Offering, and certain of its affiliates will receive material benefits from the Offering and the Formation Transactions in addition to underwriting discounts and commissions. The Company will pay Lehman an advisory fee equal to 0.75% of the gross proceeds of the Offering (including any exercise of the Underwriters' overallotment option) for advisory services in connection with the evaluation, analysis and structuring of the Company's formation as a REIT. Affiliates of Lehman will be repaid the LBHI Loan in the aggregate principal amount of

approximately $40 million made to certain affiliates of the Company prior to the Offering. See "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations-- Liquidity and Capital Resources" and "Underwriting." Prudential Securities Incorporated will act as "qualified independent underwriter" in connection with the Offering. See "Underwriting."

THE ABILITY OF STOCKHOLDERS TO EFFECT A CHANGE OF CONTROL OF THE COMPANY IS LIMITED

STOCK OWNERSHIP LIMIT IN THE CHARTER COULD INHIBIT CHANGES IN CONTROL. In order to maintain its qualification as a REIT, not more than 50% in value of the outstanding capital stock of the Company may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year) (the "Five or Fewer Requirement"). In order to protect the Company against the risk of losing REIT status due to a concentration of ownership among its stockholders, the Company's Articles of Incorporation (the "Charter") limits ownership of the issued and outstanding Common Stock by any single stockholder to 9.0% of the lesser of the number or value of the outstanding shares of Common Stock from time to time (the "Ownership Limit"). See "Capital Stock--Restrictions on Transfer." Although the Board of Directors presently has no intention of doing so, the Board of Directors could waive these restrictions if evidence satisfactory to the Board of Directors and the Company's tax counsel was presented that the changes in ownership will not then or in the future jeopardize the Company's status as a REIT and the Board of Directors otherwise decided such action would be in the best interests of the Company. Shares acquired or transferred in breach of the limitation will be automatically transferred to a trust for the exclusive benefit of one or more charitable organizations and the purchaser-transferee shall not be entitled to vote or to participate in dividends or other distributions. In addition, shares of Common Stock acquired or transferred in breach of the limitation may be purchased from such trust by the Company for the lesser of the price paid and the average closing price for the ten trading days immediately preceding redemption. A transfer of shares to a person who, as a result of the transfer, violates the Ownership Limit will be void. See "Capital Stock--Restrictions on Transfer" for additional information regarding the Ownership Limit.

The Ownership Limit may have the effect of delaying, deferring or preventing a transaction or a change in control of the Company that might involve a premium price for the Common Stock or otherwise be in the best interests of the stockholders. See "Capital Stock--Restrictions on Transfer."

POTENTIAL EFFECTS OF STAGGERED BOARD COULD INHIBIT CHANGES IN CONTROL. The Company's Board of Directors will be divided into three classes. The initial terms of the first, second and third classes will expire in 1998, 1999 and 2000, respectively. Beginning in 1998, directors of each class will be chosen for three-year terms upon the expiration of their current terms and each year one class of directors will be elected by the stockholders. The staggered terms for directors may reduce the possibility of a tender offer or an attempt to effect a change in control of the Company, even if a tender offer or a change in control would be in the best interests of the stockholders.

FUTURE ISSUANCES OF COMMON STOCK COULD DILUTE EXISTING STOCKHOLDERS' INTERESTS. The Charter authorizes the Board of Directors to issue additional shares of Common Stock without stockholder approval. Any such issuance could have the effect of diluting existing stockholders' interests in the Company.

ISSUANCES OF PREFERRED STOCK COULD INHIBIT CHANGES IN CONTROL. The Charter authorizes the Board of Directors to issue up to 25 million shares of preferred stock, $.01 par value per share (the "Preferred Stock" and, together with the Common Stock, the "Stock"), to reclassify unissued shares of Stock, and to establish the preferences, conversion and other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications, and terms and conditions of redemption for each such class or series of any Preferred Stock issued. No shares of Preferred Stock will be issued or outstanding as of the closing of the Offering.

CERTAIN PROVISIONS OF MARYLAND LAW COULD INHIBIT CHANGES IN CONTROL. Certain provisions of the Maryland General Corporation Law (the "MGCL") may have the effect of inhibiting a third party from making an acquisition proposal for the Company or of impeding a change in control of the Company under circumstances that otherwise could provide the holders of shares of Common Stock with the opportunity to

realize a premium over the then-prevailing market price of such shares. The Company has opted out of these provisions of the MGCL, but the Board of Directors may elect to adopt these provisions in the future. See "Certain Provisions of Maryland Law and the Company's Charter and ByLaws."

DEPENDENCE ON SMALLER AND GROWTH-ORIENTED BUSINESSES TO RENT CLASS B OFFICE SPACE COULD ADVERSELY AFFECT THE COMPANY

Many of the tenants in the Properties are smaller and growth-oriented businesses that may not have the financial strength of larger corporate tenants. Smaller companies generally experience a higher rate of failure than large businesses. Growth-oriented firms may seek other office space, including Class A space, as they develop.

THE COMPANY'S PERFORMANCE AND VALUE ARE SUBJECT TO RISKS ASSOCIATED WITH THE REAL ESTATE INDUSTRY

THE COMPANY'S ABILITY TO MAKE DISTRIBUTIONS IS DEPENDENT UPON THE ABILITY OF ITS OFFICE PROPERTIES TO GENERATE INCOME IN EXCESS OF OPERATING EXPENSES. Real estate investments are subject to varying degrees of risk. The yields available from equity investments in real estate and the Company's ability to service debt depend in large part on the amount of income generated, expenses incurred and capital expenditures required. The Company's income and ability to make distributions to its stockholders is dependent upon the ability of its office properties to generate income in excess of its requirements to meet operating expenses, including debt service and capital expenditures. The Company's income from office properties and the value of its properties may be significantly adversely affected by a number of factors, including national, state and local economic climates and real estate conditions (such as an oversupply of or a reduction in demand for office space in the area; the perceptions of tenants and prospective tenants of the safety, convenience and attractiveness of the Company's properties; the Company's ability to provide adequate management, maintenance and insurance; the quality, philosophy and performance of the Company's management; competition from comparable properties; the occupancy rate of the Company's properties; the ability to collect on a timely basis all rent from tenants; the effects of any bankruptcies or insolvencies of major tenants; the expense of periodically renovating, repairing and re-leasing space (including, without limitation, substantial tenant improvement costs and leasing costs of re-leasing office space); and increasing operating costs (including increased real estate taxes) which may not be passed through fully to tenants). In addition, income from properties and real estate values also are affected by such factors as the cost of compliance with laws, including zoning and tax laws, the potential for liability under applicable laws, interest rate levels and the availability of financing. Certain significant expenditures associated with equity investments in real estate (such as mortgage payments, real estate taxes, insurance and maintenance costs) also may not be reduced if circumstances cause a reduction in income from a property. If any of the above occurred, the Company's ability to make expected distributions to its stockholders could be adversely affected.

TENANT DEFAULTS AND BANKRUPTCIES COULD ADVERSELY AFFECT THE COMPANY'S CASH FLOW. Substantially all of the Company's income will be derived from rental income from its properties and, consequently, the Company's distributable cash flow and ability to make expected distributions to stockholders would be adversely affected if a significant number of tenants at its properties failed to meet their lease obligations. At any time, a tenant at a property in which the Company has an interest may seek the protection of the bankruptcy laws, which could result in delays in rental payments or in the rejection and termination of such tenant's lease, thereby causing a reduction in the Company's cash flow and, possibly, the amounts available for distribution to stockholders. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if any tenants file, that they will affirm their leases and continue to make rental payments in a timely manner. In addition, a tenant from time to time may experience a downturn in its business which may weaken its financial condition and result in the failure to make rental payments when due. If tenant leases are not affirmed following bankruptcy or if a tenant's financial condition weakens, the Company's cash flow and ability to make expected distributions to its stockholders could be adversely affected. While SL Green has not experienced any significant interruption of its cash flow due to tenant defaults in the past five years, no assurance can be given that the Company will not experience significant tenant defaults in the future.

LEASE EXPIRATIONS COULD ADVERSELY AFFECT THE COMPANY'S CASH FLOW. The Company will be subject to the risk that upon expiration of leases for space located in the Properties, the leases may not be renewed, the space may not be re-leased or the terms of renewal or re-leasing (including the cost of required renovations) may be less favorable than current lease terms. Leases on a total of 2.3% and 3.4% of the total leased square feet at the Properties expire during 1997 and 1998, respectively.

ILLIQUIDITY OF REAL ESTATE INVESTMENTS COULD ADVERSELY AFFECT THE COMPANY'S FINANCIAL CONDITION. Real estate investments are relatively illiquid and, therefore, will tend to limit the ability of the Company to sell and purchase properties promptly in response to changes in economic or other conditions. In addition, the Code places limits on the Company's ability to sell properties held for fewer than four years, and the Lock-out Provisions impose certain special restrictions with respect to the sale of certain of the Properties during the Lock-out Period. These considerations could make it difficult for the Company to sell properties, even if a sale were in the best interests of the Company's stockholders.

OPERATING COSTS COULD ADVERSELY AFFECT THE COMPANY'S CASH FLOW. The Properties will be subject to operating risks common to commercial real estate in general, any and all of which may adversely affect occupancy or rental rates. The Properties are subject to increases in operating expenses such as cleaning; electricity; heating, ventilation and air conditioning ("HVAC"); elevator repair and maintenance; insurance and administrative costs; and other general costs associated with security, repairs and maintenance. While the Company's tenants generally are currently obligated to pay a portion of these escalating costs, there can be no assurance that tenants will agree to pay such costs upon renewal or that new tenants will agree to pay such costs. If operating expenses increase, the local rental market may limit the extent to which rents may be increased to meet increased expenses without decreasing occupancy rates. While the Company implements cost saving incentive measures at each of its Properties, if any of the above occurs, the Company's ability to make distributions to stockholders could be adversely affected.

INVESTMENTS IN MORTGAGE LOANS COULD CAUSE EXPENSES WHICH COULD ADVERSELY AFFECT THE COMPANY'S FINANCIAL CONDITION. Upon completion of the Formation Transactions, the Company will acquire a mortgage interest in the Bar Building and 1372 Broadway, which mortgage interests will provide the Company with substantially all control over and economic interest derived from such Properties. See "The Properties--36 West 44th Street (The Bar Building)" and "--Acquisition Properties--1372 Broadway." To the extent the Company invests in mortgage loans, such mortgage loans may or may not be recourse obligations of the borrower and generally will not be insured or guaranteed by governmental agencies or otherwise. In the event of a default under such obligations, the Company may have to foreclose its mortgage or protect its investment by acquiring title to a property and thereafter making substantial improvements or repairs in order to maximize the property's investment potential. Borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. Relatively high "loan-to-value" ratios and declines in the value of the property may prevent the Company from realizing an amount equal to its mortgage loan upon foreclosure.

JOINT VENTURE INVESTMENTS COULD BE ADVERSELY AFFECTED BY THE COMPANY'S LACK OF SOLE DECISION-MAKING AUTHORITY AND RELIANCE UPON A CO-VENTURER'S FINANCIAL CONDITION. The Company may co-invest with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity and, therefore, will not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures, or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that the Company's partners or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions, that such partners or co-venturers might at any time have economic or other business interests or goals which are inconsistent with the business interests or goals of the Company, and that such partners or co-venturers may be in a position to take action contrary to the instructions or the

requests of the Company and contrary to the Company's policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither the Company nor the partner or co-venturer would have full control over the partnership or joint venture. Consequently, actions by such partner or co-venturer might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, the Company may in certain circumstances be liable for the actions of its third-party partners or co-venturers. The Company will seek to maintain sufficient control of such entities to permit it to achieve its business objectives.

THE EXPIRATION OF NET LEASES COULD ADVERSELY AFFECT THE COMPANY'S FINANCIAL CONDITION. As described herein, upon completion of the Offering, with respect to three of the Properties (35 West 43rd Street (a part of the Bar Building), 673 First Avenue and 1140 Avenue of the Americas), the Company will hold a long-term leasehold interest in the land and the improvements. Accordingly, unless the Company can purchase the subject real estate or extend the terms of these leases before their expiration, the Company will lose its interest in the improvements and land upon expiration of the leases, the remaining terms of which exceeds 83 years in the case of 35 West 43rd Street, 40 years in the case of 673 First Avenue and 19 years (with an option to extend for a further 50 year term) in the case of 1140 Avenue of the Americas. The lease for 35 West 43rd Street contains a right of first refusal (which will run for the benefit of the Company), to purchase fee title to the land and building if the owner desires to sell its interest. The lease for 673 First Avenue contains a right of first offer (which will run for the benefit of the Company), whereby if the current fee owner of the Property wishes to create a new underlying lease of the land and building (the term of which would extend beyond the term of the existing lease), then the Company will have a right of first offer to enter into the new underlying lease. See "The Properties."

THE COMPANY'S FINANCIAL CONDITION COULD BE ADVERSELY AFFECTED DUE TO ITS RELIANCE ON MAJOR TENANTS. On a pro forma basis (giving effect to signed leases in effect as of June 30, 1997) during the twelve months ended June 30, 1997, four tenants (Kallir, Philips, Ross Inc., a subsidiary of The Omnicom Group Ltd., New York Hospital, Gibbs & Cox and Newbridge Communications) each accounted for more than 3% of the Company's pro forma total annualized rental revenues and 12 tenants collectively accounted for approximately 34.1% of the Company's pro forma total annualized rental revenues. In addition, New York Hospital occupied 65,000 rentable square feet of additional space pursuant to subleases. See "The Properties--The Portfolio--Tenant Diversification." The Company would be adversely affected in the event of a bankruptcy or insolvency of, or a downturn in the business of, any major tenant which resulted in a failure or delay in such tenant's rent payments.

THE COMPANY'S USE OF DEBT FINANCING, INCREASES IN INTEREST RATES, FINANCIAL COVENANTS AND ABSENCE OF LIMITATION ON DEBT COULD ADVERSELY AFFECT THE COMPANY

THE REQUIRED REPAYMENT OF DEBT OR INTEREST THEREON COULD ADVERSELY AFFECT THE COMPANY'S FINANCIAL CONDITION. The Company is subject to the risks normally associated with debt financing, including the risk that the Company's cash flow will be insufficient to meet required payments of principal and interest, the risk of violating loan covenants, the risk of rising interest rates on the Company's variable rate debt and the risk that the Company will not be able to repay or refinance existing indebtedness on its properties at maturity (which generally will not have been fully amortized at maturity) or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. There can be no assurance that the Company will be able to refinance any indebtedness it may incur or otherwise obtain funds by selling assets or raising equity to make required payments on indebtedness. In addition, the Company's ability to sell certain Properties or refinance indebtedness encumbering such Properties will be restricted by the Lock-Out Provisions.

If one or more properties are mortgaged to secure payment of indebtedness and the Company is unable to generate funds to cover debt service, the mortgage securing such properties could be foreclosed upon by, or such properties could otherwise be transferred to, the mortgagee with a consequent loss of income and asset value to the Company. Although no Property owned or controlled by SL Green has been

subject to bankruptcy proceedings, during the downturn in the real estate market in the late 1980s and early 1990s, certain real estate assets (including one office property in Manhattan and one office property in Hempstead, New York) owned by partnerships affiliated with SL Green did not generate sufficient cash flow to service the debt secured by such properties. As a result, the partnerships which owned these properties have transferred or agreed to transfer the properties to the lenders in satisfaction of the loans.

RISING INTEREST RATES COULD ADVERSELY AFFECT THE COMPANY'S CASH FLOW. Advances under the Credit Facility (defined below) will bear interest at a variable rate. In addition, the Company may incur indebtedness in the future that also bears interest at a variable rate or may be required to refinance its debt at higher rates. Accordingly, increases in interest rates could increase the Company's interest expense, which could adversely affect the Company's ability to pay expected distributions to stockholders.

CREDIT FACILITY REQUIREMENTS COULD ADVERSELY AFFECT THE COMPANY'S ABILITY TO MAKE EXPECTED DISTRIBUTIONS. The Company currently is engaged in discussions with various lenders regarding the establishment of a $75 million revolving credit facility (the "Credit Facility") that will be used to facilitate acquisitions and for working capital purposes. Although the Company expects that the Credit Facility will be established shortly after the completion of the Offering, there can be no assurance at this time as to whether the Company will be successful in obtaining the Credit Facility or, if the Credit Facility is established, the terms thereof. While none of the Company's Properties are currently subject to cross-default or cross-collateralization provisions, there can be no assurance that the Credit Facility or other future forms of financing will not contain such provisions.

It is anticipated that borrowings under the Credit Facility will be secured by a first mortgage lien on certain Properties in which the Operating Partnership will acquire interests therein in connection with the Formation Transactions. If payments required under the Credit Facility cannot be made or if there should occur other events of default, the lender may seek to foreclose on those assets securing borrowings under the Credit Facility which could have a material adverse effect on the ability of the Company to make expected distributions to stockholders and distributions required by the REIT provisions of the Code. In addition, upon expiration of the term of the Credit Facility, it is anticipated that the Operating Partnership will be required to obtain an extension or renewal of the Credit Facility or refinance borrowings thereunder through the issuance of debt or equity securities or alternative lending sources. See "The Properties--Credit Facility."

THE COMPANY'S POLICY OF NO LIMITATION ON DEBT COULD ADVERSELY AFFECT THE COMPANY'S CASH FLOW. Upon completion of the Offering and the Formation Transactions, the debt to market capitalization ratio ("Debt Ratio") of the Company will be approximately 15.0%. The Company currently has a policy of incurring debt only if upon such incurrence the Company's Debt Ratio would be 50% or less. However, the organizational documents of the Company do not contain any limitation on the amount of indebtedness the Company may incur. Accordingly, the Board of Directors could alter or eliminate this policy and would do so, for example, if it were necessary in order for the Company to continue to qualify as a REIT. If this policy were changed, the Company could become more highly leveraged, resulting in an increase in debt service that could adversely affect the Company's cash available for distribution to stockholders and could increase the risk of default on the Company's indebtedness. See "Policies with Respect to Certain Activities--Financing Policies."

The Company has established its debt policy relative to the total market capitalization of the Company rather than relative to the book value of its assets. The Company has used total market capitalization because it believes that the book value of its assets (which to a large extent is the depreciated original cost of real property, the Company's primary tangible assets) does not accurately reflect its ability to borrow and to meet debt service requirements. The market capitalization of the Company, however, is more variable than book value, and does not necessarily reflect the fair market value of the underlying assets of the Company at all times. The Company also will consider factors other than market capitalization in making decisions regarding the incurrence of indebtedness, such as the purchase price of properties to be acquired with debt financing, the estimated market value of its properties upon refinancing and the ability of particular properties and the Company as a whole to generate cash flow to cover expected debt service.

PURCHASERS OF COMMON STOCK IN THE OFFERING WILL EXPERIENCE IMMEDIATE AND SUBSTANTIAL BOOK VALUE DILUTION

As set forth more fully under "Dilution," the pro forma net tangible book value per share of the assets of the Company after the Offering will be substantially less than the estimated initial public offering price per share in the Offering. Accordingly, purchasers of the Common Stock offered hereby will experience immediate and substantial dilution of $7.10 in the net tangible book value of the Common Stock from the assumed initial public offering price. See "Dilution."

FAILURE TO QUALIFY AS A REIT WOULD CAUSE THE COMPANY TO BE TAXED AS A CORPORATION

THE COMPANY WILL BE TAXED AS A CORPORATION IF IT FAILS TO QUALIFY AS A REIT. The Company intends to operate so as to qualify as a REIT for Federal income tax purposes. The Company expects to qualify as a REIT, but no assurance can be given that it will so qualify or be able to remain so qualified. The Company has received an opinion of its counsel, Brown & Wood LLP, that, based on certain assumptions and representations, the Company is organized in conformity with the requirements for qualification as a REIT under the Code and the Company's proposed method of operation will enable it to meet the requirements for qualification and taxation as a REIT. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court. The REIT qualification opinion only represents the view of counsel to the Company based on counsel's review and analysis of existing law, which includes no controlling precedent. Furthermore, both the validity of the opinion and the qualification of the Company as a REIT will depend on the Company's continuing ability to meet various requirements concerning, among other things, the ownership of its outstanding stock, the nature of its assets, the sources of its income and the amount of its distributions to its stockholders. Because the Company has no history of operating so as to qualify as a REIT, there can be no assurance that the Company will do so successfully. See "Material Federal Income Tax Consequences--Taxation of the Company--Failure to Qualify."

If the Company were to fail to qualify as a REIT for any taxable year, the Company would not be allowed a deduction for distributions to its stockholders in computing its taxable income and would be subject to Federal income tax (including any applicable minimum tax) on its taxable income at regular corporate rates. Unless entitled to relief under certain Code provisions, the Company also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. As a result, cash available for distribution would be reduced for each of the years involved. In addition, although the Company intends to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause the Board of Directors, with the consent of stockholders holding at least a majority of all of the outstanding shares of Common Stock, to revoke the REIT election. Furthermore, no assurance can be given that new legislation, Treasury Regulations, administrative interpretations or court decisions will not significantly change the tax laws with respect to the Company's qualification as a REIT or the Federal income tax consequences of such qualification. See "Material Federal Income Tax Consequences."

TO QUALIFY AS A REIT THE COMPANY MUST MAINTAIN MINIMUM DISTRIBUTION REQUIREMENTS. In order to qualify as a REIT, the Company generally will be required each year to distribute to its stockholders at least 95% of its net taxable income (excluding any net capital gain). In addition, the Company may be subject to income and excise tax if the Company does not meet certain distribution requirements. See "Material Federal Income Tax Consequences--Taxation of the Company--Annual Distribution Requirements."

The Company intends to make distributions to its stockholders to comply with the 95% distribution requirement and to avoid income and excise tax. The Company's income will consist primarily of its share of the income of the Operating Partnership, and the cash available for distribution by the Company to its stockholders will consist of its share of cash distributions from the Operating Partnership. Differences in timing between (i) the actual receipt of income and actual payment of deductible expenses, and (ii) the inclusion of such income and deduction of such expenses in arriving at taxable income of the Company,

could require the Company, through the Operating Partnership, to borrow funds on a short-term basis to meet the 95% distribution requirement and to avoid income and excise tax. The requirement to distribute a substantial portion of the Company's net taxable income could cause the Company to distribute amounts that otherwise would be spent on future acquisitions, unanticipated capital expenditures or repayment of debt, which could require the Company to borrow funds or to sell assets to fund the costs of such items.

OTHER TAX LIABILITIES COULD ADVERSELY AFFECT THE COMPANY'S CASH FLOW. Even if the Company qualifies as a REIT, it will be subject to certain Federal, state and local taxes on its income and property. In particular, the Company will derive a portion of its operating cash flow from the activities of the Service Corporations, which will be subject to Federal, state and local income tax. See "Material Federal Income Tax Consequences--Other Tax Considerations--Service Corporations."

LACK OF OPERATING HISTORY AND INEXPERIENCE OF MANAGEMENT IN OPERATING A REIT COULD AFFECT REIT QUALIFICATION

The Company has been recently organized and has no operating history. The Company's Board of Directors and executive officers will have overall responsibility for management of the Company. Although certain of the Company's executive officers and directors have extensive experience in the acquisition, management and financing of office and other real properties, none of the executive officers or directors has prior experience in operating a business in accordance with the Code requirements for maintaining qualification as a REIT. Failure to maintain REIT status would have an adverse effect on the Company's ability to make anticipated distributions to stockholders. There can be no assurance that the past experience of management will be appropriate to the business of the Company.

COMPETITION IN ITS MARKETPLACE COULD HAVE AN ADVERSE IMPACT ON THE COMPANY'S RESULTS OF OPERATIONS

All of the Properties are located in highly developed areas of midtown 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 six largest central business district office markets in the United States combined. Of the total inventory of 378 million rentable square feet in Manhattan, approximately 173 million rentable square feet is comprised of Class B office space and 205 million rentable square feet is comprised of Class A office space. Class A office properties are generally newer than Class B office properties, have higher finishes and command higher rental rates. Many tenants have been attracted to Class B properties in part because of their relatively less expensive rental rates (as compared to Class A properties) and the tightening of the Class A office market in midtown Manhattan. See "Market Overview." Consequently, an increase in vacancy rates and/or a decrease in rental rates for Class A office space would likely have an adverse effect on rental rates for Class B office space. Also, the number of competitive Class B office properties in Manhattan (some of which are newer and better located) could have a material adverse effect on the Company's ability to lease office space at its properties, and on the effective rents the Company is able to charge.

In addition, the Company may compete with other property owners that have greater resources than the Company. In particular, although currently no other publicly traded REITs have been formed primarily to own, operate and acquire Manhattan Class B office properties, the Company may in the future compete with such other REITs. In addition, the Company may face competition from other real estate companies (including other REITs that currently invest in markets other than Manhattan) that have greater financial resources than the Company or that are willing to acquire properties in transactions which are more highly leveraged than the Company is willing to undertake. The Company also will face competition from other real estate companies that provide management, leasing, construction and other services similar to those to be provided by the Service Corporations. In addition, certain requirements for REIT qualification may in the future limit the Company's ability to increase operations conducted by the Service Corporations

without jeopardizing the Company's qualification as a REIT. See "Material Federal Income Tax Consequences--Other Tax Considerations--Service Corporations."

THE FINANCIAL CONDITION OF THIRD-PARTY PROPERTY MANAGEMENT, LEASING AND CONSTRUCTION BUSINESSES COULD ADVERSELY AFFECT THE COMPANY'S FINANCIAL CONDITION

The Company will be subject to the risks associated with the management, leasing and construction businesses that will be conducted by the Service Corporations, in which the Operating Partnership will hold a 95% economic interest. These risks include the risk that management and leasing contracts with third party property owners will not be renewed upon expiration (or will be canceled pursuant to cancellation options) or will not be renewed on terms at least as favorable to the Company as current terms, that the rental revenues upon which management, leasing and construction fees are based will decline as a result of general real estate market conditions or specific market factors affecting properties serviced by the Company, and that leasing and construction activity generally will decline. Each of these developments could adversely affect the revenues of the Management Corporation, the Leasing Corporation and the Construction Corporation and could adversely affect the ability of the Company to make expected distributions to its stockholders.

In order to maintain its qualification as a REIT, the Company will not have voting control over the Service Corporations. The Service Corporation LLC will own 100% of the voting common stock (representing 5% of the economic interest) of each of the Service Corporations. As a result, the Company will not have the ability to elect or remove any members of the board of directors of the Management Corporation, the Leasing Corporation or the Construction Corporation, and, therefore, its ability to influence the day-to-day decisions of the Service Corporations will be limited. As a result, the boards of directors or management of the Service Corporations may implement business policies or decisions that might not have been implemented by persons elected by the Company and that are adverse to the interests of the Company or that lead to adverse financial results, which could adversely affect the ability of the Company to make expected distributions to the Company's stockholders.

LIABILITY FOR ENVIRONMENTAL MATTERS COULD ADVERSELY AFFECT THE COMPANY'S FINANCIAL CONDITION

Under various Federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up certain hazardous substances released at a property, and may be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by the parties in connection with any contamination. In addition, some environmental laws create a lien on a contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. Such laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, the release of hazardous substances. The cost of any required remediation and the owner's liability therefore as to any property is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. No assurances can be given that (i) a prior owner, operator or occupant, such as a tenant, did not create a material environmental condition not known to the Company or SL Green, (ii) a material environmental condition with respect to any Property does not exist, or (iii) future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations) will not result in the imposition of environmental liability.

The Company engaged independent environmental consulting firms to perform Phase I environmental site assessments on the Properties in order to assess existing environmental conditions. All of the Phase I assessments have been conducted since March 1997, except for the Bar Building, where a Phase I assessment was conducted in September 1996. All of the Phase I assessments met the requirements of the American Society for Testing and Materials ("ASTM") Standard Practice for Phase I Environmental Site

Assessments (the "ASTM Standard"). Under the ASTM Standard, a Phase I environmental site assessment consists of a site visit, a historical record review, a review of regulatory agency data bases and records, interviews, and a report, with the purpose of identifying potential environmental concerns associated with real estate. The Phase I assessments conducted at the Properties also addressed certain issues that are not covered by the ASTM Standard, including asbestos, radon, lead-based paint and lead in drinking water. These environmental site assessments did not reveal any known environmental liability that the Company believes will have a material adverse effect on the Company's financial condition or results of operations or would represent a material environmental cost, nor is the Company aware of any such material environmental liability. See "The Properties--Environmental Matters."

OTHER RISKS OF OWNERSHIP OF COMMON STOCK COULD ADVERSELY AFFECT THE TRADING PRICE OF THE COMMON STOCK

ABSENCE OF PRIOR PUBLIC MARKET FOR COMMON STOCK COULD ADVERSELY AFFECT THE COMMON STOCK PRICE. Prior to the completion of the Offering, there has been no public market for the Common Stock and there can be no assurance that an active trading market will develop or be sustained or that shares of Common Stock will be resold at or above the assumed initial public offering price. The initial public offering price of the Common Stock will be determined by agreement among the Company and the underwriters and may not be indicative of the market price for the Common Stock after the completion of the Offering. See "Underwriting."

AVAILABILITY OF SHARES FOR FUTURE SALE COULD ADVERSELY AFFECT THE COMMON STOCK PRICE. Sales of a substantial number of shares of Common Stock, or the perception that such sales could occur, could adversely affect prevailing market prices of the Common Stock. Beginning up to two years after the completion of the Offering (or less in certain circumstances), holders of Units may be able to sell shares of Common Stock received upon exercise of their redemption right in the public market pursuant to registration or available exemptions from registration. Furthermore, a substantial number of shares of Common Stock will, pursuant to employee benefit plans, be issued or reserved for issuance from time to time, including shares of Common Stock reserved for issuance pursuant to options issued concurrently with the completion of the Offering, and these shares of Common Stock will be available for sale in the public market from time to time pursuant to exemptions from registration or upon registration. No prediction can be made about the effect that future sales of shares of Common Stock will have on the market price of the Common Stock.

CHANGES IN MARKET CONDITIONS COULD ADVERSELY AFFECT THE COMMON STOCK PRICE. As with other publicly traded equity securities, the value of the Common Stock will depend upon various market conditions, which may change from time to time. Among the market conditions that may affect the value of the Common Stock are the following: the extent to which a secondary market develops for the Common Stock following the completion of the Offering; the extent of institutional investor interest in the Company; the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies); the Company's financial performance; and general stock and bond market conditions. Although the offering price of the Common Stock will be determined by the Company in consultation with the underwriters, there can be no assurance that the Common Stock will not trade below the offering price following the completion of the offering.

GROWTH POTENTIAL AND CASH DISTRIBUTIONS COULD ADVERSELY AFFECT THE COMMON STOCK PRICE. It is generally believed that the market value of the equity securities of a REIT is based primarily upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the value of the underlying assets. For that reason, shares of Common Stock may trade at prices that are higher or lower than the net asset value per share of Common Stock or per Unit. To the extent the Company retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of the Company's underlying assets, may not correspondingly increase the market price of the

Common Stock. The failure of the Company to meet the market's expectation with regard to future earnings and cash distributions likely would adversely affect the market price of the Common Stock. If the market price of the Common Stock declined significantly, the Company might breach certain covenants with respect to future debt obligations, which breach might adversely affect the Company's liquidity and the Company's ability to make future acquisitions.

CHANGES IN MARKET INTEREST RATES COULD ADVERSELY AFFECT THE COMMON STOCK PRICE. One of the factors that will influence the price of the Common Stock will be the dividend yield on the Common Stock (as a percentage of the price of the Common Stock) relative to market interest rates. Thus, an increase in market interest rates may lead prospective purchasers of Common Stock to expect a higher dividend yield, which would adversely affect the market price of the Common Stock.

UNRELATED EVENTS COULD ADVERSELY AFFECT THE COMMON STOCK PRICE. As with other publicly traded equity securities, the value of the Common Stock will depend upon various market conditions, including conditions unrelated to the New York metropolitan economy, the Manhattan office market or real estate investments generally. Thus, events which depress equity market prices may not have any effect on real estate market values, and shares of Common Stock may trade at prices below the Company's net asset value.

THE COMPANY'S DEPENDENCE ON EXTERNAL SOURCES OF CAPITAL COULD ADVERSELY AFFECT THE COMMON STOCK PRICE. In order to qualify as a REIT under the Code, the Company generally is required each year to distribute at least 95% of its net taxable income (excluding any net capital gain). See "Material Federal Income Tax Consequences--Taxation of the Company--Annual Distribution Requirements." Because of these distribution requirements, it is unlikely that the Company will be able to fund all future capital needs, including capital needs in connection with acquisitions, from cash retained from operations. As a result, to fund future capital needs, the Company likely will have to rely on third-party sources of capital, which may or may not be available on favorable terms or at all. The Company's access to third-party sources of capital will depend upon a number of factors, including the market's perception of the Company's growth potential and its current and potential future earnings and cash distributions and the market price of the Common Stock. Moreover, additional equity offerings may result in substantial dilution of stockholders' interests in the Company, and additional debt financing may substantially increase the Company's leverage. See "Policies with Respect to Certain Activities--Financing Policies."

THE OFFICERS, DIRECTORS AND SIGNIFICANT STOCKHOLDERS OF THE COMPANY WILL HAVE SUBSTANTIAL INFLUENCE. Upon the completion of the Offering, management of the Company collectively will beneficially own approximately 21% of the issued and outstanding shares of Common Stock and Units (which will be exchangeable by the holders for cash or, at the election of the Company, shares of Common Stock on a one-for-one basis generally after two years). See "Principal Stockholders." In addition, Stephen L. Green and Benjamin P. Feldman will serve on the initial board of directors of the Company. Accordingly, such persons will have substantial influence on the Company, which influence may not be consistent with the interests of other stockholders, and may in the future have a substantial influence on the outcome of any matters submitted to the Company's stockholders for approval if all or a significant number of their Units are exchanged for shares of Common Stock. In addition, although there is no current agreement, understanding or arrangement for these stockholders to act together on any matter, these stockholders would be in a position to exercise significant influence over the affairs of the Company if they were to act together in the future.

THE COMPANY RELIES ON KEY PERSONNEL WHOSE CONTINUED SERVICE IS NOT GUARANTEED

The Company is dependent on the efforts of its executive officers, Stephen L. Green, Nancy A. Peck, David J. Nettina, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen. The loss of their services could have a material adverse effect on the operations of the Company. As described herein, the Company will not acquire certain real estate assets in which Mr. Green will retain an interest. See "The Properties--Assets Not Being Transferred to the Company." However, prior to the completion of the

Offering, each of the executive officers, including Mr. Green, will enter into an employment and noncompetition agreement with the Company which will provide, among other items, that each such person will devote substantially all of his or her business time to the Company. See "Management-- Employment and Noncompetition Agreements."

THE SL GREEN PREDECESSOR HAS HAD HISTORICAL ACCOUNTING LOSSES AND HAS A DEFICIT IN OWNERS' EQUITY; THE COMPANY MAY EXPERIENCE FUTURE LOSSES

The SL Green Predecessor had losses before extraordinary items of approximately $708,000 and $3.4 million in the years ended December 31, 1996 and 1995, respectively, and had a cumulative deficit in owners' equity of approximately $2.2 million as of June 30, 1997. These net losses reflect certain non-cash charges such as depreciation and amortization. These historical results are not indicative of future results. Nonetheless, there can be no assurance that the Company will not incur net losses in the future.

STOCKHOLDER APPROVAL IS NOT REQUIRED TO CHANGE POLICIES OF THE COMPANY

The investment, financing, borrowing and distribution policies of the Company and its policies with respect to all other activities, including qualification as a REIT, growth, debt, capitalization and operations, will be determined by the Board of Directors. Although it has no present intention to do so, the Board of Directors may amend or revise these policies at any time and from time to time at its discretion without a vote of the stockholders of the Company. A change in these policies could adversely affect the Company's financial condition, results of operations or the market price of the Common Stock.

UNINSURED LOSSES COULD ADVERSELY AFFECT THE COMPANY'S CASH FLOW

The Company initially will carry comprehensive liability, fire, flood, extended coverage and rental loss (for rental losses extending up to 12 months) with respect to its properties with policy specifications and insured limits customarily carried for similar properties. Certain types of losses (such as from wars, environmental hazards and employee discrimination claims), however, may be either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose both its capital invested in, and anticipated profits from, one or more of its properties, and may continue to be obligated on the mortgage indebtedness or other obligations related to the property. Any such loss may adversely affect the business of the Company and its financial condition and results of operations.

It is anticipated that new owner's title insurance policies will not be obtained for two of the Properties in the Core Portfolio (the Bar Building and 1414 Avenue of the Americas) in connection with the Formation Transactions. Each of these Properties is covered by existing title insurance policies insuring the interests of the Property-owning entities. Further, each title insurance policy covering each such Property is for an amount which is less than the current value of the Property. In the event of a loss with respect to a Property relating to a title defect that is in excess of the amount of such title insurance policy, the Company could lose both its capital invested in and anticipated profits from such property.

THE COSTS OF COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND SIMILAR LAWS COULD ADVERSELY AFFECT THE COMPANY'S CASH FLOW

AMERICANS WITH DISABILITIES ACT. Under the Americans with Disabilities Act of 1980 (the "ADA"), places of public accommodation and commercial facilities are required to meet certain Federal requirements related to access and use by disabled persons. These requirements became effective in 1992. Although management of the Company believes that the Properties are substantially in compliance with present requirements of the ADA, the Company may incur additional costs of compliance in the future. A number of additional Federal, state and local laws exist which impose further burdens or restrictions on owners with respect to access by disabled persons and may require modifications to the Properties, or restrict

certain further renovations thereof, with respect to access by disabled persons. Final regulations under the ADA have not yet been promulgated and the ultimate amount of the cost compliance with the ADA or other such laws is not currently ascertainable. While such costs are not expected to have a material effect on the Company, they could be substantial. If required changes involve greater expense than the Company currently anticipates, the Company's ability to make expected distributions could be adversely affected.

OTHER LAWS. The Properties are also subject to various Federal, state and local regulatory requirements, such as state and local fire and life safety requirements. Failure to comply with these requirements could result in the imposition of fines by governmental authorities or awards of damages to private litigants. The Company believes that the Properties are currently in compliance with all such regulatory requirements. However, there can be no assurance that these requirements will not be changed or that new requirements will not be imposed which would require significant unanticipated expenditures by the Company and could have an adverse effect on the Company's Funds from Operations and expected distributions.

The Company has been formed for the purpose of continuing the commercial real estate business of SL Green. For more than 17 years, SL Green has been engaged in the business of owning, managing, leasing, acquiring and repositioning Class B office properties in Manhattan. Upon completion of the Offering, the Company will own or have contracted to acquire interests in nine Class B office properties encompassing approximately 2.2 million rentable square feet located in midtown Manhattan (the "Properties") and will manage 29 office properties (including the Properties) encompassing approximately 6.4 million rentable square feet. Of these Properties, interests in six office Properties encompassing approximately 1.2 million rentable square feet are currently owned and managed by SL Green (the "Core Portfolio") and interests in three office Properties encompassing approximately 1.0 million rentable square feet will be acquired upon completion of the Offering (the "Acquisition Properties"). As of June 30, 1997, the weighted average occupancy rate of the Core Portfolio was 97% and of the Acquisition Properties was 89%. Also, upon completion of the Offering, the Company will own an option to acquire an additional Class B office property in downtown Manhattan containing approximately 800,000 rentable square feet of office space. See "The Properties--The Option Property". The Company will operate as a fully integrated, self-administered and self-managed REIT. Management expects that the Company will be the first publicly-traded real estate company to invest primarily in Manhattan office properties.

The term "Class B" is generally used in the Manhattan office market to describe office properties which are more than 25 years old but which 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.

A variety of tenants who do not require, desire or cannot afford Class A space are attracted to Class B office properties due to their prime locations, excellent amenities, distinguished architecture and relatively less expensive rental rates. Class B office space has historically attracted many smaller growth oriented firms (many of which have fueled the recent growth in the New York metropolitan economy) and has played a critical role in satisfying the space requirements of particular industry groups in Manhattan, such as the advertising, apparel, business services, engineering, not-for-profit, new media and publishing industries. In addition, several areas of Manhattan, including many in which particular trades or industries traditionally congregate, are dominated by Class B office space and contain no or very limited Class A office space. Examples of such areas include the Garment District (where three of the Properties are located), the Flatiron District (where one Property is located), Soho, Noho, Chelsea (where one Property is located), and the area surrounding the United Nations (where one Property is located). Businesses significantly concentrated in certain of these areas include those in the following industries: new media, garment, apparel, toy, jewelry, interior decoration, antiques, giftware, contract furnishing and UN-related businesses. The concentration of businesses creates strong demand for the available Class B office space in those locations. Tenants that currently occupy space in SL Green owned or managed Properties include Cowles Business Media, Kallir, Philips, Ross Inc., MCI, NationsBank, New York Hospital, Newbridge Communications, Omnicom Group Ltd., Ross Stores, Sara Lee Corp. and UNICEF.

As described herein, current developments in the New York economy provide an attractive environment for owning, operating and acquiring Class B office properties in Manhattan. See "Business and Growth Strategies--The Market Opportunity" and "Risk Factors--The Company's Dependence on the Midtown Markets Due to Limited Geographic Diversification Could Adversely Affect the Company's Financial Performance." These developments have resulted in growing demand for midtown Manhattan office space (particularly Class B space), declining vacancy rates (the Class B vacancy rate in the Midtown Markets declined from 17.3% at year-end 1992 to 11.3% at June 30, 1997) and appreciation in rental rates and property values. The Company believes there will be a continued strengthening of the Class B office market driven by expected job growth in Manhattan, particularly among smaller companies which are, in many instances, Class B tenants. Additionally, the Company believes that a number of high quality tenants

will likely seek to relocate from Class A space to Class B space in the Midtown Markets as a result of the rising cost of Class A space. The Company will seek to capitalize on growth opportunities in its marketplace by acquiring Class B office properties on a selective basis and, when necessary, enhancing their value after acquisition through repositioning of the properties in their respective submarkets. As described more fully below, the Company may have certain competitive advantages over other potential acquirors of Class B Manhattan office space due to its local market expertise, long-term relationships with brokers and property owners as a result of its property management and leasing businesses, enhanced access to capital as a public company and ability to offer tax-advantaged acquisition structures. Additionally, the Company will seek to optimize its properties' cash flow through ongoing intensive management and leasing. See "Business and Growth Strategies--Growth Strategies."

SL Green was founded in 1980 by Stephen L. Green, its Chairman, President and Chief Executive Officer. Since that time, SL Green has become a full service, fully integrated real estate company which, upon completion of the Offering, will have a portfolio of approximately 6.4 million rentable square feet of Class B office properties under management. Throughout its history, SL Green has been involved in the acquisition of 31 Class B office properties in Manhattan containing approximately four million square feet and the management of 50 Class B office properties in Manhattan containing approximately 10.5 million square feet.

SL Green has offices in midtown and downtown Manhattan and has established a staff of more than 50 persons, including 40 professionals with experience in all aspects of commercial real estate. The Company will be led by, in addition to Stephen L. Green, six senior executives that average more than seven years with SL Green and more than 19 years in the commercial real estate business. This management team has developed a comprehensive knowledge of the Manhattan Class B office market, an extensive network of tenant and other business relationships and experience in acquiring underperforming office properties and repositioning them into profitable Class B properties through intensive full service management and leasing efforts. Upon completion of the Offering, approximately 21% of the equity of the Company, on a fully diluted basis, will be beneficially owned by officers and directors of the Company and certain other affiliated parties.

SL Green consists of six operating divisions, each of which is headed by an executive team comprised of industry experts with substantial experience in either the leasing, marketing, asset and property management, construction management, legal or accounting aspects of the real estate business. The integration of this expertise allows SL Green to provide high quality, cost effective leasing and management services essential to enhancing the value of its office properties.

The Company was incorporated in the State of Maryland on June 10, 1997. Its executive offices are located at 70 West 36th Street, New York, New York 10018-8007 and its telephone number is (212) 594-2700.

BUSINESS AND GROWTH STRATEGIES

The Company's primary business objective is to maximize total return to stockholders through growth in distributable cash flow and appreciation in the value of its assets. The Company plans to achieve this objective by capitalizing on the external and internal growth opportunities described below and continuing the operating strategies historically practiced by SL Green.

Unless indicated otherwise, information contained herein concerning the New York metropolitan economy and the Manhattan office market is derived from the Rosen Market Study.

THE MARKET OPPORTUNITY

Management believes that current developments in the New York City economy provide an attractive environment for owning, operating and acquiring Class B office properties in Manhattan. The New York commercial real estate market is currently recovering from the sustained downturn of the late 1980s and early 1990s. Specifically, the New York City metropolitan economy has recently benefited from consistent net private sector job growth, an improving business environment and enhancements in the "quality of life" afforded to city residents. In that regard, private sector employment gained an average of more than 44,000 jobs per year between 1994 and 1996 for an average annual growth rate of 1.4%; between May of 1996 and 1997, private sector employment growth was 1.7%, which is the highest growth rate in more than ten years. Much of this private sector job growth has been concentrated among smaller companies involved in growth oriented industries. Smaller companies have traditionally been attracted to Class B office properties in the Midtown Markets due to their prime locations and relatively less expensive rental rates (as compared to Class A office properties). These smaller companies conduct business in industries including: business services, software, advertising, audio recording, trade sectors (e.g., apparel and other textile products), major media (e.g., television, magazines and publishing), new media (e.g., entertainment software, online/Internet services, CD-ROM title development and web site design) and engineering, as well as nonprofit endeavors.

The combination of a growing office space demand fueled by a strengthening New York City economy and limited recent and projected new supply of office space has resulted in a recovery in the Midtown Markets. The combined vacancy rate for Class A and Class B office space in the Midtown Markets declined to 10.7% at June 30, 1997 from a 1990s high of 16.8% at year-end 1991. The Class B segment of the market which tightened to a vacancy rate of 11.3% at June 30, 1997 from its 1990s high of 17.3% at year-end 1992, a 34.7% decline. According to Rosen Consulting Group, a nationally recognized real estate consulting company, the outlook in the New York metropolitan area is for healthy private sector employment growth of approximately 1.4% per annum in 1997 and 1998, followed by approximately 0.9% growth per annum through 2001, which is expected to generate significant demand for office space. Specifically, Rosen Consulting Group projects vacancy rates in the Class B Midtown Markets to further drop to 5.7% by 2001, resulting in projected average asking market rents of $31.30 per square foot, a 28% increase over average asking rents as of June 30, 1997 of $24.44 per square foot. See "Market Overview." However, conditions in the New York City metropolitan economy and the Midtown Markets are subject to change and there can be no assurance that any such projections will approximate actual results. See "Risk Factors--The Company's Dependence on the Midtown Markets Due to Limited Geographic Diversification Could Adversely Affect the Company's Financial Performance."

The Company believes the pronounced recovery of Class B space is being driven by the growth of smaller companies, the relocation of large firms from Class A space to Class B as a result of the dearth of available Class A space, particularly in large blocks, and the heightened cost consciousness of large tenants. In that regard, as of September 1995, there were 30 blocks of 150,000 or more rentable square feet of Class A space available for lease in the Midtown Markets. As of March 31, 1997 the number of such available blocks had declined to 12. Recent examples of large, traditional Class A tenants relocating into SL Green owned or managed Class B midtown office space are Newbridge Communications, a subsidiary

of K-III Communications moving to 49,000 square feet of space at 673 First Avenue, Kallir, Philips, Ross Inc., a subsidiary of The Omnicom Group Ltd. moving to 80,000 square feet at 673 First Avenue, Revere National Corp. moving to 2,743 square feet at 70 West 36th Street, The Really Useful Company (a subsidiary of Andrew Lloyd Weber's enterprises) moving to 3,033 square feet at the Bar Building and Guidepost Associates, the publishing division of The Norman Vincent Peale Foundation moving to 17,400 square feet at 16 East 34th Street. As the supply of Class A space continues to contract, management believes that it is likely that more high quality tenants will locate in well-located Class B office properties, many of which offer comparable amenities to Class A buildings at a significant discount to Class A costs.

Improving supply and demand fundamentals in the Midtown Markets have generated increasingly favorable rental terms from a property owner's perspective. According to Rosen Consulting Group, asking rental rates for Class B space in the Midtown Markets have increased to $24.44 per square foot as of June 30, 1997 from their 1990s low of $21.89 per square foot as of year-end 1993. See "The Properties-- The Portfolio" for a discussion of Annualized Rent associated with the Properties.

Management believes that opportunities to acquire Class B office properties in Manhattan on economically attractive terms will be available to the Company. The Rosen Consulting Group estimates that the replacement cost of Class A office space in Manhattan (no Class B space is built in Manhattan) is approximately $358 per square foot, which is substantially above the estimated current acquisition price of Class A space of $225 to $300 per square foot and the estimated current acquisition price for Class B space of $90 to $200 per square foot. Furthermore, even if rental rates were to approach a level that would justify new construction, there are few development sites available in Manhattan and the regulatory approval process is both costly and lengthy. The Company believes that as the Class A market continues to recover, rental rates and corresponding property values should increase to a level that may justify new construction. The Company also believes that property values and rental rates in the Class B market have historically tracked those of the Class A market and, consequently, there is potential for rental rate and property value increases in the Class B marketplace.

Further, the Company believes that the recent abolition of the New York State Real Property Transfer Gains Tax, which effectively reduced the cost of sales involving commercial properties that have appreciated in value, may create an increase in the number of properties available for acquisition. Prior to such abolition, a seller of commercial property in New York was subject to a substantial New York State gains tax (in addition to income tax). As described more fully below, the Company may have certain competitive advantages over other potential acquirors of Class B office space due to its local market expertise, historical institutional relationships, enhanced access to capital as a public company and ability to offer tax-advantaged acquisition structures.

Investors should note that the concentration of the Company's investments in Class B office properties located in Manhattan entails certain risks. See "Risk Factors--The Company's Dependence on Midtown Markets Due to Limited Geographic Diversification Could Adversely Affect the Company's Financial Performance" and "Risk Factors--Competition in its Marketplace Could Have an Adverse Impact on the Company's Results of Operations."

GROWTH STRATEGIES

Management will seek to capitalize on current opportunities in the Class B Manhattan office market through (i) property acquisitions -- continuing to acquire Class B office properties at significant discounts to replacement costs that provide attractive initial yields and the potential for cash flow growth, (ii) property repositioning -- repositioning acquired properties that are underperforming through renovations, active management and proactive leasing and (iii) integrated leasing and property management.

PROPERTY ACQUISITIONS

The Company will seek to continue SL Green's ability to capitalize on favorable market conditions for acquiring Manhattan Class B office properties and management's experience in enhancing the value of its properties. In assessing acquisition candidates, the Company will evaluate the following factors: (i) the property's strategic location in its marketplace and its strategic fit within the Company's portfolio, (ii) current and projected occupancy and market rental rates and the ability to operate the property profitably at competitive rental rates, (iii) the purchase price as compared to the replacement cost of the property, (iv) the potential to modify and/or upgrade and reposition the property in its market to increase returns and (v) the quality of the construction and presence of existing and/or potential deferred maintenance issues.

The Company believes that it will have the following competitive advantages over its competitors, primarily private companies and individuals, in acquiring Class B properties in Manhattan:

LOCAL MARKET EXPERTISE. Since its inception in 1980, SL Green has developed into a full service, fully integrated real estate company which, upon completion of the Offering, will manage approximately six million square feet of Class B office space in Manhattan. Consequently, management has accumulated an extensive working knowledge of the Class B Manhattan office market with a substantial base of information concerning current and prospective tenants, effective rental rates, property management and renovation costs, the complicated regulatory processes characteristic of the Manhattan office market, as well as other factors relevant to the sourcing and evaluation of potential acquisition properties. The depth and expertise of SL Green management is unusual in the Class B marketplace, which has historically attracted far less institutional interest than the Class A property sector.

ENHANCED ACCESS TO CAPITAL. Management believes that upon completion of the Offering, the Company should obtain better access to capital than is generally available to private real estate firms, especially those that compete for Manhattan Class B properties. In that regard, management believes that ownership of Class B office space in Manhattan is more fragmented and far less institutional in nature than ownership of Class A Manhattan office space. As a public company, the Company will have the potential to raise capital through subsequent issuances of securities in the public and private marketplace. The Company also intends to finance property acquisitions through single asset debt financings and to obtain, upon completion of the Offering, a revolving credit facility for up to $75 million to finance acquisitions. However, no assurances can be made as to the availability of any such financing sources.

UNIT ACQUISITIONS. Upon completion of the Offering, management believes that the Company will be the first publicly-traded real estate company to focus primarily on the Manhattan Class B office market. As an "UPREIT", the Company will have the ability to acquire properties for Units and thereby provide sellers with deferral of income taxes that would otherwise be payable upon a cash sale. In addition, Units afford property sellers diversification and liquidity of investment as well as certain estate planning benefits. Management believes that the Company operates in an established and mature real estate market in which many property owners have owned their properties for many years and therefore have a low tax basis in such properties. Consequently, the ability to offer Units may afford the Company certain competitive advantages over other potential acquirors who are unable to offer tax-efficient consideration.

HISTORICAL INSTITUTIONAL RELATIONSHIPS. Through its 17 year operating history, SL Green has established relationships with numerous financial institutions for which it acts as landlord or as a property manager. In particular, SL Green's substantial third-party management business affords the Company access to numerous institutional owners of property that may in the future seek to divest property holdings. SL Green's retention as a property manager by such owners has in the past led to opportunities to acquire the managed property or other properties held by such owner. As an example of the opportunities such relationships can create, within six weeks of taking over the management and leasing responsibilities at 36 West 44th Street (The Bar Building), a 165,000 square foot Class B office property in midtown Manhattan

which represented 8.5% of the Annualized Rent at the Properties as of June 30, 1997, SL Green contracted to purchase a mortgage interest encumbering the property from an insurance company with whom SL Green had prior business dealings. This mortgage interest is convertible by the Company, at its option, into fee ownership. The ability of SL Green to assess quickly the current and potential value and physical condition of this property enabled SL Green to make a pre-emptive offer to purchase the property. Consequently, the property was taken off the market, precluding prospective purchasers from engaging in acquisition discussions with the insurance company.

RECENT TAX LAW DEVELOPMENTS. Recently, the New York State legislature voted to abolish the New York State Real Property Transfer Gains Tax, which effectively reduced the cost of sales involving commercial properties that have appreciated in value. Prior to such abolition, sellers of commercial properties located in New York State were subject to a special 10% tax (2.5% in the case of certain transfers to REITs) on their gains. Further, the Company will have a competitive tax advantage due to recent tax law amendments affecting REITs. Under recent amendments to the New York State and New York City transfer tax laws, transfer tax rates applicable to certain REIT acquisition transactions were reduced 50% through August 1999 (from 3.025% to 1.5125% in the aggregate). Consequently, the Company may be able to structure acquisitions that qualify for these reduced rates and thereby enhance its attractiveness to sellers.

Investors should note that acquisitions of office properties entail certain risks. See "Risk Factors-- The Company May Not Achieve Expected Returns on Recently Acquired Properties and Property Acquisitions."

PROPERTY REPOSITIONING

The Company believes that, consistent with its core operating philosophy of maximizing asset value, it can reposition future acquisition properties, where warranted, in order to enhance property cash flow and value. To achieve these goals, the Company works to increase occupancy and rental rates by repositioning buildings to be among the best in their submarkets. The Company considers the amount of capital required to be invested in a property to achieve the repositioning. The Company then judges the benefit of a repositioning on a total return basis, such that for the Company to undertake the project the present value of the projected future increase in net cash flow and property value must exceed the cost of the capital expenditure required to achieve the repositioning.

The repositionings pursued by SL Green in the past have consisted of both intensive large scale renovations as well as smaller scale repositionings. In the case of an intensive large scale renovation, either a property's use is changed (e.g., from light industrial/warehouse to office) or a property is completely rehabilitated. In the case of a smaller scale repositioning, generally cosmetic renovations are made to targeted areas of a building, deferred maintenance is corrected and an intensive leasing program is commenced. The Company believes there are a significant number of potential acquisitions for which this strategy can be successfully implemented due to the large number of Manhattan office properties that have significant deferred maintenance or have been undermanaged. The Company believes this situation has resulted from fragmented ownership that is generally non-institutional and has limited access to capital.

An important component of the Company's repositioning strategy is its construction management capability. SL Green's construction management division has renovated approximately two million square feet of office space, including entire building renovations, at an aggregate cost exceeding $100 million. In the past, SL Green has implemented successful repositioning programs which have involved significant capital investments to improve the physical condition with respect to building facade, entrance and lobby, mechanical systems (including HVAC, fire/safety and elevators) and tenant space layout, while maintaining cost control with respect to these activities. Additionally, SL Green has benefited in its repositioning efforts from its fully-integrated real estate operations. The Company believes that its in-house leasing, property management and construction management capabilities provide it with valuable information

regarding the cost of accommodating tenant preferences and the potential rental revenues achievable from various repositioning options.

Substantially all of the Properties in the Core Portfolio have benefitted from SL Green's repositioning strategy. Examples of successful implementation of this strategy within the Core Portfolio include 673 First Avenue (which property accounted for 22.1% of the aggregate Annualized Rent at the Properties as of June 30, 1997) and the Bar Building (which property accounted for 8.5% of the aggregate Annualized Rent at the Properties as of June 30, 1997). At 673 First Avenue, SL Green converted a distribution and warehouse facility into an office property to take advantage of desirable 40,000 square foot floor plates and a strategic location near the United Nations complex. To accomplish the repositioning, SL Green invested approximately $25 million in the Property for (i) a new building entrance, lobby and storefronts, (ii) complete replacement of the elevator systems, (iii) the creation of common areas, (iv) entirely reconfigured HVAC and electrical systems and (v) the build-out of tenant spaces. The repositioning resulted in the conversion of a 43% occupied warehouse/distribution facility into a 97% occupied Class B office building within 24 months. The Property's net operating income (NOI) increased dramatically from approximately $466,000 per annum upon acquisition to approximately $7.6 million per annum following repositioning and lease-up (exclusive of net lease payments and debt service payments). SL Green is currently pursuing a similar strategy at the Bar Building. This Property also suffers from deferred maintenance and is underperforming relative to its market potential. West Forty-Fourth Street, between Fifth Avenue and Avenue of the Americas, where the Bar Building is located, has many attractive buildings and prominent clubs which, by association, enhance the value of this Property. Therefore, in order to capitalize on the location of the building, a distinctive facade will be created to attract the attention of high quality tenants. Also, a "pre-built" tenant space program has been undertaken as well as public corridor renovations, all which have resulted in the execution of 12 leases encompassing 24,500 square feet since acquisition.

INTEGRATED LEASING AND PROPERTY MANAGEMENT

The Company intends to continue SL Green's strategy of seeking to optimize long-term cash flow from its properties through the implementation and integration of targeted leasing and management programs.

PROACTIVE LEASING PROGRAM. The Company will seek to capitalize on its market position and relationships with an extensive network of brokers and tenants to implement a proactive leasing program. Management believes that its extensive knowledge of the Class B Manhattan office market enhances its ability to monitor, understand and anticipate the current and future space needs of tenants in its submarkets. The leasing process for an acquisition property begins with extensive market research in order to determine the strengths and weaknesses of the property. This review includes an analysis of the building's physical characteristics, aesthetic attributes, floor plate sizes, services, elevators and mechanical systems, followed by an in-depth market analysis to determine the property's competitive position in the marketplace and perception in the brokerage community. The results of these analyses are used to develop the appropriate marketing strategy and the appropriate program to communicate the positive attributes and key features of the property or space to the marketplace and the brokerage community. These strategies may include the development of marketing tools such as brochures, listing sheets, fliers, signage and advertising copy.

The utilization of third-party brokerage firms in implementing a successful leasing program is an integral component of the Company's leasing strategy. By closing transactions quickly and at market terms and paying commissions promptly, SL Green has created a network of relationships with leasing professionals who regularly bring tenants to SL Green owned and managed properties.

An example of SL Green's successful implementation of its proactive leasing strategy under uniquely adverse conditions is 16 East 34th Street, a property managed by SL Green. When SL Green was hired by

new ownership in September, 1991 as the leasing and managing agent for 16 East 34th Street, a 330,000 square foot Class B midtown Manhattan office property, the property was only 50% occupied and suffered from a poor image in its marketplace. The SL Green team developed a cost effective building redevelopment program and a related marketing program designed to reposition quickly the property in its marketplace. The implementation of these programs resulted in over 150,000 square feet of executed leases to high quality tenants within 18 months, bringing occupancy to 90% during a period of rising and historically high vacancy rates in Manhattan office properties.

The Company believes that SL Green's proactive leasing efforts have contributed to average occupancy rates at the Properties that are above the market average. During the period between 1994 and 1996, properties owned by SL Green for more than one year averaged occupancy rates of 94.3%, which exceeded the average of 87.2% for Class B Manhattan office space in the Midtown Markets by 8.1% over the comparable period.

Another key component of the SL Green leasing strategy that will be continued by the Company is a commitment to tenant retention. Each leasing executive regularly conducts in-person interviews with existing tenants in order to gain insight into each tenant's business objectives, financial position and strength and future space requirements. This knowledge, in addition to a full understanding of each tenant's current lease obligation, is utilized to develop a plan to retain existing tenants in order to maximize long term cash flow. SL Green's commitment to tenant service and satisfaction is evidenced by the renewal of approximately 80% of the expiring rentable square footage (78% of the expiring leases determined by number of leases) at the Properties in the Core Portfolio owned and managed by SL Green during the period from January 1, 1993 through June 30, 1997.

IMPLEMENTATION OF STRATEGIC MANAGEMENT SYSTEMS. SL Green's proactive management begins with a comprehensive operational and physical analysis of a property followed by a preventive maintenance assessment. SL Green professionals evaluate all service contracts, survey electrical capacity and costs and, after interviewing all building personnel, appraise personnel resources and payroll costs on an ongoing basis. Based on the results of the analysis of the contractual lease obligations, building position in the market and the capital/aesthetic improvements needed to bring the property to its desired level relative to its competition, SL Green develops and implements a management program designed to provide tenants with the highest level of service while maintaining the lowest cost to ownership.

An example of SL Green successfully implementing its strategic management systems is the Bar Building. Upon purchasing a mortgage interest in the Property, SL Green implemented a strategic property management program which reduced operating expenses by more than $400,000 per annum. Specifically, the management professionals at SL Green rebid the cleaning and security contracts, evaluated the staffing at the property, and determined the associated costs that could be reduced while improving service. The aggregate contractual operating expense reduction was in excess of $300,000. Meanwhile, SL Green's in-house counsel vigorously managed the real estate tax certiorari process which resulted in an approximately $100,000 real estate tax reduction.

MAXIMIZING TENANT SATISFACTION. SL Green seeks to provide tenants with a level of service more typically found in Class A properties. Characteristics of SL Green office property redevelopments include upgraded or new entrances, lobbies, elevator cabs/mechanicals, hallways, bathrooms, windows, telecom systems and tenant spaces. Additionally, SL Green seeks to provide certain tenant amenities typically associated only with Class A properties. For example, SL Green maintains flowers in its buildings' lobbies and also provides uniformed concierges focused on tenant service as opposed to the security guards found at many Class B Manhattan office buildings. Within particular submarkets, SL Green arranges for the provision of cleaning and 24 hour, seven days per week security services to its tenants. The Company believes that this level of service is unusual in the Class B market, in large part due to the highly fragmented nature of Class B ownership and management. RELocate, a real estate market research firm, estimates that the 630 Class B buildings in the Midtown Markets are owned by over 500 different entities, many of whom own a single property or a few properties. The Company believes that the relatively large size of its operations and focus on the Class B market enables it to provide a level of service superior to that typically provided by the smaller owner/operators that permeate the Class B Manhattan marketplace.

USE OF PROCEEDS

The net cash proceeds to the Company from the Offering, after deducting the underwriting discounts and commissions are estimated to be approximately $189.4 million (approximately $217.8 million if the Underwriters' over-allotment option is exercised in full), based upon the assumed initial public offering price of $20.00 per share.

The net cash proceeds of the Offering will be used by the Company as follows: (i) approximately $42.7 million to repay mortgage indebtedness encumbering the Core Portfolio, including approximately $1.9 million in prepayment penalties and other financing fees and expenses, (ii) approximately $6.4 million to purchase the direct or indirect interests of certain participants in the Formation Transactions in the Properties, (iii) approximately $99.0 million to acquire the Acquisition Properties (including a $1.6 million escrow account established in connection with the acquisition of 50 West 23rd Street), (iv) approximately $6.1 million to pay certain expenses incurred in the Formation Transactions for legal, accounting, and ancillary expenses, and Offering Expenses, (v) $27.5 million to repay the LBHI Loan (excluding the following amounts borrowed under the LBHI Loan that will be repaid with Offering proceeds and are included above: $200,000 to fund prepayment penalties, $9.4 million to purchase the Acquisition Properties and $2.5 million to fund Offering expenses), (vi) $1.5 million to fund payment of a financial advisory fee to Lehman Brothers Inc. and (vii) $6.2 million to fund capital expenditures and general working capital needs.

If the Underwriters' over-allotment option to purchase 1,515,000 additional shares of Common Stock is exercised in full, the Company expects to use the additional net proceeds (which will be approximately $28.2 million) to acquire additional properties and/or for working capital.

Pending application of the net proceeds of the Offering, the Company will invest such portion of the net proceeds in interest-bearing accounts and/or short-term, interest-bearing securities which are consistent with the Company's intention to qualify for taxation as a REIT.

The LBHI Loan was incurred within the 12 month period preceding the date of this Prospectus. Borrowings under the LBHI Loan bear interest at a weighted average interest rate of 6.8% and have an average remaining term to maturity of approximately 1.2 years as of June 30, 1997. The proceeds of the LBHI Loan were used to acquire interests in the Core Portfolio and Acquisition Properties, to fund property related operating expenses, to fund organizational expenses and to purchase Treasury Securities. See "Structure and Formation of the Company--Benefits to Related Parties."

The mortgages and other indebtedness to be repaid upon the completion of the Offering (excluding the LBHI Loan) had a weighted average interest rate of approximately 9.2% and an average remaining term to maturity of 11 years as of June 30, 1997. The following table sets forth the amount of existing mortgage debt (excluding the LBHI Loan) to be repaid upon completion of the Offering.

PROPERTY	PROCEEDS USED FOR REPAYMENT UPON COMPLETION OF THE OFFERING (IN THOUSANDS) (1)(2)
673 First Avenue	$ 1,000
470 Park Avenue South	13,042
Bar Building	10,200
70 West 36th Street	6,568
1414 Avenue of the Americas	9,878
Total	$ 40,688

(1) Exact repayment amounts may differ due to amortization. The figures are as of June 30, 1997 and exclude prepayment penalties estimated to aggregate approximately $1.9 million and approximately $100,000 of accrued interest.

(2) Upon completion of the Offering, the Company will have $32.5 million of mortgage indebtedness encumbering the Core Portfolio and will incur an additional $14 million mortgage loan to finance the purchase of 1140 Avenue of the Americas. See "The Properties--Mortgage Indebtedness."

DISTRIBUTIONS

Subsequent to the completion of the Offering, the Company intends to make regular quarterly distributions to the holders of its Common Stock. The initial distribution, covering a partial quarter commencing on the date of completion of the Offering and ending on September 30, 1997, is expected to be $ per share, which represents a pro rata distribution based on a full quarterly distribution of $.35 per share and an annual distribution of $1.40 per share (or an annual distribution rate of approximately 7.00%, based on an assumed initial public offering price of $20.00). The Company does not intend to reduce the expected distribution per share if the Underwriters' over-allotment option is exercised. The following discussion and the information set forth in the table and footnotes below should be read in conjunction with the financial statements and notes thereto, the pro forma financial information and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations-- Liquidity and Capital Resources" included elsewhere in this Prospectus.

The Company intends initially to distribute annually approximately 106% of estimated Cash Available for Distribution. The estimate of Cash Available for Distribution for the 12 months ending June 30, 1998 is based upon pro forma Funds from Operations for the 12 months ended June 30, 1997, adjusted for (i) certain known events and/or contractual commitments that either have occurred or will occur subsequent to June 30, 1997 or during the 12 months ended June 30, 1997, but were not effective for the full 12 months, and (ii) for certain non-GAAP adjustments consisting of (A) revisions to historical rent estimates from a GAAP basis to amounts currently being paid or due from tenants, (B) pro forma amortization of financing costs, and (C) an estimate of amounts anticipated for recurring capitalized tenant improvements, leasing commissions and capital expenditures. No effect was given to any changes in working capital resulting from changes in current assets and current liabilities (which changes are not anticipated to be material) or the amount of cash estimated to be used for (i) investing activities for acquisition, development, tenant improvement and leasing costs and (ii) financing activities (other than scheduled mortgage loan principal payments on existing mortgage indebtedness). The estimate of Cash Available for Distribution is being made solely for the purpose of setting the initial distribution and is not intended to be a projection or forecast of the Company's results of operations or its liquidity, nor is the methodology upon which such adjustments were made necessarily intended to be a basis for determining future distributions. Future distributions by the Company will be at the discretion of the Board of Directors. There can be no assurance that any distributions will be made or that the estimated level of distributions will be maintained by the Company.

The Company anticipates that its distributions will exceed earnings and profits for Federal income tax reporting purposes due to non-cash expenses, primarily depreciation and amortization, to be incurred by the Company. Therefore, it is expected that approximately 30% (or $.42 per share) of the distributions anticipated to be paid by the Company for the 12-month period following the completion of the Offering will represent a return of capital for Federal income tax purposes and in such event will not be subject to Federal income tax under current law to the extent such distributions do not exceed a stockholder's basis in his Common Stock. The nontaxable distributions will reduce the stockholder's tax basis in the Common Stock and, therefore, the gain (or loss) recognized on the sale of such Common Stock or upon liquidation of the Company will be increased (or decreased) accordingly. The percentage of stockholder distributions that represents a nontaxable return of capital may vary substantially from year to year.

The Code generally requires that a REIT distribute annually at least 95% of its net taxable income (excluding any net capital gain). See "Material Federal Income Tax Consequences--Taxation of the Company--Annual Distribution Requirements." The estimated Cash Available for Distribution is anticipated to be in excess of the annual distribution requirements applicable to REITs under the Code. Under certain circumstances, the Company may be required to make distributions in excess of Cash Available for Distribution in order to meet such distribution requirements. For a discussion of the tax treatment of distributions to holders of Common Stock, see "Material Federal Income Tax Consequences--Taxation of Stockholders."

The Company believes that its estimate of Cash Available for Distribution constitutes a reasonable basis for setting the initial distribution, and the Company intends to maintain its initial distribution rate for the 12-month period following the completion of the Offering unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in its estimate. The Company's actual results of operations will be affected by a number of factors, including the revenue received from its properties, the operating expenses of the Company, interest expense, the ability of tenants of the Company's properties to meet their financial obligations and unanticipated capital expenditures. Variations in the net proceeds from the Offering as a result of a change in the initial public offering price or the exercise of the Underwriters' over-allotment option may affect Cash Available for Distribution, the payout ratio based on Cash Available for Distribution and available reserves. No assurance can be given that the Company's estimate will prove accurate. Actual results may vary substantially from the estimate.

The following table describes the calculation of pro forma Funds from Operations for the 12 months ended June 30, 1997 and the adjustments to pro forma Funds from Operations for the 12 months ended June 30, 1997 in estimating initial Cash Available for Distribution for the 12 months ending June 30, 1998:

	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)
Pro forma net income before minority interest and extraordinary item for the year ended December 31, 1996	$ 12,733
Plus: Pro forma net income before minority interest and extraordinary item for the six months ended June 30, 1997	9,165
Less: Pro forma net income before minority interest and extraordinary item for the six months ended June 30, 1996	(5,549)
Pro forma net income before minority interest and extraordinary item for the 12 months ended June 30, 1997(1)	16,349
Plus: Pro forma real estate depreciation for the 12 months ended June 30, 1997 (2)	6,717
Plus: Pro forma amortization (excluding financing costs) for the 12 months ended June 30, 1997 (3)	424
Pro forma Funds from Operations for the 12 months ended June 30, 1997 (4)	23,490
Adjustments:	
Net increases in rental and management income (5)	1,795
Provision for lease expirations, assuming no renewals (6)	(492)
Non-recurring lease surrender income and real estate tax refund (7)	(2,121)
Interest adjustment (8)	165
Estimated adjusted pro forma Funds from Operations for the 12 months ending June 30, 1998	22,837
Net effect of straight-line rents and non-cash transaction (9)	(1,866)
Pro forma amortization of financing costs for the 12 months ending June 30, 1997 (10)	158
Non-real estate depreciation and amortization (11)	93
Estimated pro forma Cash Flow from Operating Activities for the 12 months ending June 30, 1997	21,222
Estimated recurring capitalized tenant improvements and leasing commissions (12)	(1,062)
Estimated recurring capital expenditures (13)	(910)
Scheduled mortgage loan principal payments (14)	(1,872)
Estimated Cash Available for Distribution for the 12 months ending June 30, 1998	17,378
The Company's share of estimated Cash Available for Distribution (15)	14,233
Minority interest's share of estimated Cash Available for Distribution	3,145
Total estimated initial annual cash distributions	15,091
Estimated initial annual distribution per share (16)	1.40
Payout ratio based on estimated Cash Available for Distribution (17)	106%

(FOOTNOTES ON FOLLOWING PAGE)

(FOOTNOTES FOR PRECEDING PAGE)

(1) Pro forma net income is based on total revenue of $60,314, of which $5,394 is derived from management, leasing, construction and other activities relating to properties not owned by the Company.

(2) Pro forma real estate depreciation for the year ended December 31, 1996 of $6,407 minus pro forma real estate depreciation for the six months ended June 30, 1996 of $3,016 plus pro forma real estate depreciation for the six months ended June 30, 1997 of $3,326.

(3) Pro forma amortization (excluding financing costs) for the year ended December 31, 1996 of $425 minus pro forma amortization (excluding financing costs) for the six months ended June 30, 1996 of $212 plus pro forma amortization (excluding financing costs) for the six months ended June 30, 1997 of $211.

(4) 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 REITs 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. For a reconciliation of net income and Funds from Operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Funds from Operations."

(5) Represents the (i) net increases in rental income from (a) new leases and renewals that were not in effect for the entire 12-month period ended June 30, 1997 of $1,537 and (b) new leases and renewals that went into effect between July 1, 1997 and July 15, 1997 of $146 and (ii) management income from a new property management contract for a property not owned by SL Green that was not in effect for the entire 12-month period ended June 30, 1997 of $111.

(6) Assumes no lease renewals or new leases (other than month-to-month leases) for leases expiring after June 30, 1997 unless a new or renewal lease has been entered into by July 15, 1997. The $604 decrease represents the loss in net rental income assuming all leases of space expiring between July 1, 1997 and June 30, 1998 for which no renewals or new leases have been entered into by July 15, 1997 expire in accordance with their terms and space covered by such expiring leases is not re-leased; the decrease is partially offset by a net increase of $112 of rental income from tenants on month-to-month leases which are assumed to continue throughout the period.

(7) The non-recurring transactions consist of lease surrender income at 1372 Broadway and a real estate tax refund at 1140 Avenue of the Americas.

(8) The amount represents a reduction in interest expense due to amortization of the related mortgages over the 12-month period ending June 30, 1998.

(9) Represents (i) the effect of adjusting straight-line rental revenue included in pro forma net income from the straight-line accrual basis to amounts currently being paid or due from tenants ($3,518), (ii) the effect of adjusting straight line rental payments included in pro forma net income from the straight-line accrual basis to amounts currently being paid or due from the tenant attributable to the capitalized and operating lease at 673 First Avenue ($1,386) and (iii) the effect of compensation expense relating to stock loans ($266). See "Management--Employment and Noncompetition Agreements." Total rent abatements for leases in effect as of June 30, 1997 for the 12 months ending June 30, 1998 are approximately $815.

(10) Pro forma amortization of financing costs for the year ended December 31, 1996 of $149 minus pro forma amortization of financing costs for the six months ended June 30, 1996 of $83 plus pro forma amortization of financing costs for the six months ended June 30, 1997 of $93. Financing costs for periods are based on principal mortgage indebtedness outstanding of $46,700. See "The Properties--Mortgage Indebtedness."

(11) Pro forma non-real estate depreciation and amortization for the year ended December 31, 1996 of $92 minus pro forma non-real estate depreciation for the six months ended June 30, 1996 of $46 plus pro forma non-real estate depreciation and amortization for the six months ended June 30, 1997 of $47.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(FOOTNOTES CONTINUED FROM PRECEDING PAGE)

(12) Reflects recurring tenant improvements and leasing commissions anticipated for the 12 months ending June 30, 1998 which have been calculated by multiplying (i) the weighted average tenant improvements and leasing commissions expenditures for renewed and retenanted space at the Properties incurred during 1994, 1995, 1996 and the six months ended June 30, 1997 of $9.63 per square foot (assuming a renewal rate of 75% of expiring square footage as compared to the actual weighted average renewal rate of 80% during the period from January 1, 1994 through June 30, 1997-- See "The Properties--The Portfolio--Historical Tenant Improvements and Leasing Commissions"), by (ii) 110,280 (the average annual square feet of leased space for which leases expire during the years ending December 31, 1997 through December 31, 2002). The weighted average annual per square foot cost of tenant improvements and leasing commission expenditures is presented below:

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	WEIGHTED AVERAGE JANUARY 1, 1994-JUNE 30,
	1994	1995	1996	1997	1997
RENEWALS:					
Tenant improvement costs ("TI") per square foot.....	$1.96	$ 0.00	$ 2.39	$ 1.84	$ 1.89
Leasing commission costs ("LC") per square foot.....	$1.77	$ 1.99	$ 3.36	$ 2.40	$ 2.84
Total Renewal TI and LC per square foot.....	$3.73	$ 1.99	$ 5.75	$ 4.24	$ 4.73
RE-TENANTED OR NEWLY TENANTED SPACE:					
TI per square foot.....	$16.41	$ 22.73	$ 13.76	$ 17.99	$ 17.42
LC per square foot.....	$7.27	$ 4.55	$ 9.41	$ 6.24	$ 6.91
Total Re-tenanted TI and LC per square foot.....	$23.69	$ 27.27	$ 23.18	$ 24.33	$ 24.33

	3 1/2 YEAR WEIGHTED AVERAGE TI AND LC PER SQUARE FOOT		AVERAGE ANNUAL SQUARE FOOTAGE EXPIRING IN 1997-2002		RATE OF RENEWALS/ RE-TENANTED		TOTAL COST
Renewal.....	$ 4.73	x	110,280	x	75%(i)	=	$ 391,218
Re-tenanted.....	$ 24.33	x	110,280	x	25%	=	$ 670,778
							$ 1,061,996

(i) The historical weighted average renewal rate, based on square footage, for the Company from January 1, 1994 through June 30, 1997 is 80%.

(13) Estimated recurring capital expenditures have been calculated by multiplying (i) $0.41 (the weighted average of capital expenditures per square foot for the Core Portfolio during the period January 1, 1994 through December 31, 1996) by (ii) 2,219 (the aggregate square footage of the Core Portfolio and the Acquisition Properties). See "The Properties--The Portfolio-- Historical Capital Expenditures." For the 12 months ending June 30, 1998, the estimated cost of recurring building improvements and equipment upgrades and replacements (excluding costs of tenant improvements) at the Properties is approximately $910. Following completion of the Formation Transactions and the Offering, the Company expects to have remaining net proceeds of $6.2 million available for capital expenditures and working capital purposes.

(14) Scheduled mortgage loan principal payments for the 12 months ending June 30, 1998.

(15) The Company's share of estimated Cash Available for Distribution and estimated initial annual cash distributions to stockholders of the Company

is based on its approximate 81.9% aggregate partnership interest in the Operating Partnership.

(16) Based on a total of 10,779,216 shares of Common Stock to be outstanding after the Offering (10,100,000 shares to be sold in the Offering, assuming no exercise of the Underwriters' over-allotment option, and 679,216 additional shares to be issued in the Formation Transactions.)

(17) Calculated as estimated initial annual cash distributions to stockholders of the Company divided by the Company's share of estimated Cash Available for Distribution for the 12 months ending June 30, 1998. The payout ratio based on estimated adjusted pro forma Funds from Operations is 80.7%.

CAPITALIZATION

The following table sets forth the combined historical capitalization of the SL Green Predecessors as of June 30, 1997 and on a pro forma basis giving effect to the Formation Transactions, the Offering, and use of the net proceeds from the Offering as set forth under "Use of Proceeds." The information set forth in the table should be read in conjunction with the financial statements and notes thereto, the pro forma financial information and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" included elsewhere in this Prospectus.

	JUNE 30, 1997	
	COMBINED HISTORICAL	PRO FORMA
	(IN THOUSANDS)	
Mortgage debt	$ 26,646	$ 46,733
Minority interests in Operating Partnership	--	31,690
Stockholders' equity:		
Preferred Stock, $.01 par value; 25,000 shares authorized; none issued and outstanding	--	--
Common Stock, $.01 par value; 100,000 shares authorized; 555 issued and outstanding; 10,779 issued and outstanding on a pro forma basis (1)	--	109
Additional paid-in capital	--	142,326
Owners' deficit	(2,169)	--
Total owners' (deficit)/stockholders' equity	(2,169)	142,435
Total capitalization	$ 24,477	$ 220,858

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(1) Includes 10,779,216 shares of Common Stock to be issued in the Formation Transactions and the Offering. Does not include (i) 2,383,284 shares of Common Stock that may be issued upon the exchange of Units issued in connection with the Formation Transactions beginning two years following the completion of the Offering (or earlier in certain circumstances), (ii) 660,000 shares of Common Stock subject to options being granted concurrently with the Offering under the Company's stock option plan or (iii) 1,515,000 shares of Common Stock that are issuable upon exercise of the Underwriters' over-allotment option.

DILUTION

At June 30, 1997, the Company had a deficiency in net tangible book value attributable to continuing investors of approximately $4.0 million. After giving effect to (i) the sale of the shares of Common Stock offered hereby (at an assumed initial public offering price of $20.00 per share) and the receipt by the Company of approximately $183.7 million in net proceeds from the Offering, after deducting the Underwriters' discounts and commissions, the financial advisory fee payable to Lehman and other estimated expenses of the Offering, (ii) the repayment of approximately $82.3 million of mortgage indebtedness secured by certain of the Properties and the LBHI Loan, and (iii) the other Formation Transactions, the pro forma net tangible book value at June 30, 1997 would have been approximately $139 million, or $12.90 per share of Common Stock. This amount represents an immediate increase in net tangible book value of $17.38 per share to the continuing investors and an immediate and substantial dilution in pro forma net tangible book value of $7.10 per share of Common Stock to new investors. The following table illustrates this dilution:

Assumed initial public offering price per share.....		$ 20.00
Deficiency in net tangible book value per share prior to the Offering attributable to continuing investors (1)....	$ (4.48)	
Increase in net tangible book value per share attributable to the Offering (2).....	17.38	
Pro forma net tangible book value after the Offering (3)...		12.90
Dilution in net tangible book value per share of Common Stock to new investors (4).....		$ 7.10

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(1) Deficiency in net tangible book value per share prior to the Offering attributable to continuing investors is determined by dividing net tangible book value of the Company attributable to continuing investors (based on the June 30, 1997 net book value of the tangible assets (consisting of total assets less intangible assets consisting of deferred lease fees and loan costs and after the Formation Transactions, net of liabilities to be assumed) by the sum of the number of shares of Common Stock (i) issued and outstanding and (ii) issuable (upon the exchange of all Units to be issued) to continuing investors in the Formation Transactions.

(2) Based on an assumed initial public offering price of $20.00 per share and after deducting Underwriters' discounts and commissions and estimated expenses of the Offering and the Formation Transactions.

(3) Based on total pro forma net tangible book value of $139 million divided by the total number of shares of Common Stock outstanding after the completion of the Offering (10,779,216 shares), and excluding shares that may be issuable upon exercise of stock options. There is no impact on dilution attributable to the issuance of Common Stock in exchange for Units to be issued to the continuing investors in the Formation Transactions because such Units would be exchanged for Common Stock on a one-for-one basis.

(4) Dilution is determined by subtracting net tangible book value per share of Common Stock after the Offering from an assumed initial public offering price of $20.00.

The following table summarizes, on a pro forma basis giving effect to the Offering and the Formation Transactions, the number of shares of Common Stock to be sold by the Company in the Offering and the number of shares of Common Stock and Units to be issued to the continuing investors in the Formation Transactions, the deficiency in the net tangible book value as of June 30, 1997 of the assets contributed by

the continuing investors in the Formation Transactions and the net tangible book value of the average contribution per share based on total contributions.

	COMMON STOCK/ UNITS ISSUED		CASH/ BOOK VALUE OF CONTRIBUTIONS		PURCHASE PRICE(1) BOOK VALUE OF AVERAGE CONTRIBUTION PER SHARE/UNIT
	SHARES/ UNITS	PERCENT	$	PERCENT	
	(IN THOUSANDS EXCEPT PERCENTAGES)				
New investors in the Offering	10,100	77%	$ 183,711	108%	$ 20.00(1)
Common Stock issued to continuing investors	679	5%	(3,042)	(2)%	$ (4.48)
Units issued to continuing investors	2,383	18%	(10,673)	(6)%	$ (4.48)
Total	13,162	100%	$ 169,998	100%	

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(1) Before deducting Underwriters' discounts and commissions, the financial advisory fee payable to Lehman and other estimated expenses of the Offering and the Formation Transactions.

(2) Based on the June 30, 1997 net book value of the assets, less net book value of deferred financing and leasing cost to be contributed in connection with the Formation Transactions, net of liabilities to be assumed.

SELECTED FINANCIAL INFORMATION

The following table sets forth summary selected financial and operating information on a pro forma basis for the Company, and on a historical combined basis for the SL Green Predecessor (as defined below), and should be read in conjunction with all of the financial statements and notes thereto included in this Prospectus. The combined historical balance sheet information as of December 31, 1996 and 1995 and statements of income for the years ended December 31, 1996, 1995, and 1994 of the SL Green Predecessor have been derived from the historical combined financial statements audited by Ernst & Young LLP, independent auditors, whose report with respect thereto is included elsewhere in this Prospectus. The operating data for the six months ended June 30, 1997 and 1996 and the years ended December 31, 1993 and 1992 have been derived from the unaudited combined financial statements of the SL Green Predecessor. In the opinion of management of the SL Green Predecessor, the operating data for the six months ended June 30, 1997 and 1996 and the years ended December 31, 1993 and 1992 include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information set forth therein. The results of operations for the interim periods ended June 30, 1997 and 1996 are not necessarily indicative of the results to be obtained for the full fiscal year.

Historical operating results may not be comparable to future operating results. In addition, the Company believes that the book value of the Properties, which reflects historical costs of such real estate assets less accumulated depreciation, is not indicative of the fair value of the Properties.

The "SL Green Predecessors" consists of 100% of the net assets and results of operations of two Properties, 1414 Avenue of the Americas and 70 West 36th Street, equity interests in four other Properties, 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and the Bar Building (which interests are accounted for under the equity method) and 100% of the net assets and results of operations of the Service Corporations.

The unaudited pro forma financial and operating information for the Company as of and for the six months ended June 30, 1997 and the year ended December 31, 1996 assumes completion of the Offering and the Formation Transactions as of the beginning of the periods presented for the operating data and as of the stated date for the balance sheet data. The pro forma financial information is not necessarily indicative of what the actual financial position and results of operations of the Company would have been as of and for the period indicated, nor does it purport to represent the Company's future financial position and results of operations.

THE COMPANY (PRO FORMA) AND THE SL GREEN PREDECESSOR (HISTORICAL)
(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

	SIX MONTHS ENDED JUNE 30,			YEAR ENDED DECEMBER 31,			
					HISTORICAL		
	PRO FORMA 1997 (UNAUDITED)	1997 (UNAUDITED)	1996 (UNAUDITED)	PRO FORMA 1996 (UNAUDITED)	1996	1995	1994
OPERATING DATA:							
Total revenue	$ 28,919	$ 7,334	$ 4,098	$ 53,189	$ 10,182	$ 6,564	$ 6,600
Property operating expense	7,632	1,625	1,230	16,224	3,197	2,505	2,009
Real estate taxes	4,078	482	232	8,248	703	496	543
Interest	2,986	713	442	5,858	1,357	1,212	1,555
Depreciation and amortization	3,630	599	406	6,979	975	775	931
Marketing, general and administration	1,428	1,835	2,029	2,643	3,250	3,052	2,351
Total expenses	19,754	5,254	4,339	39,952	9,482	8,040	7,389
Operating income (loss)	9,165	2,080	(241)	13,237	700	(1,476)	(789)
Equity in net income (loss) of uncombined joint ventures	--	(564)	(817)	504	(1,408)	(1,914)	(1,423)
Income (loss) before extraordinary item and minority interest	9,165	1,516	(1,058)	12,733	(708)	(3,390)	(2,212)
Minority interest	(1,668)	--	--	(2,317)	--	--	--
Income (loss) before extraordinary item	$ 7,497	$ 1,516	$ (1,058)	$ 10,416	$ (708)	$ (3,390)	$ (2,212)
Income before extraordinary item per share	$ 0.70			$ 0.97			

	1993 (UNAUDITED)	1992 (UNAUDITED)
OPERATING DATA:		
Total revenue	$ 5,926	$ 5,516
Property operating expense	1,741	1,431
Real estate taxes	592	676
Interest	1,445	1,440
Depreciation and amortization	850	773
Marketing, general and administration	1,790	1,531
Total expenses	6,418	5,851
Operating income (loss)	(492)	(335)
Equity in net income (loss) of uncombined joint ventures	88	(2,227)
Income (loss) before extraordinary item and minority interest	(404)	(2,562)
Minority interest	--	--
Income (loss) before extraordinary item	$ (404)	$ (2,562)
Income before extraordinary item per share		

	AS OF JUNE 30, 1997	AS OF DECEMBER 31,

	PRO FORMA	HISTORICAL	HISTORICAL			
	(UNAUDITED)	(UNAUDITED)	1996	1995	1994	1993 (UNAUDITED)
BALANCE SHEET DATA:						
Commercial real estate, before accumulated depreciation	$ 246,861	$ 41,112	$ 26,284	$ 15,559	$ 15,761	$ 15,352
Total assets	259,255	46,745	30,072	16,084	15,098	16,218
Mortgages and notes payable	46,733	26,646	16,610	12,700	12,699	12,699
Accrued interest payable	97	109	90	2,894	12,699	1,576
Minority interest	31,690	0	0	0	0	0
Owners equity (deficit)	142,435	(2,169)	(8,405)	(18,848)	(15,520)	(13,486)
OTHER DATA:						
Funds from operations	12,702	--	--	--	--	--
Net cash provided by (used in) operating activities	--	1,140	272	(234)	939	--
Net cash provided by (used in) financing activities	--	(425)	11,960	63	178	--
Net cash (used in) investing activities	--	(145)	(12,375)	(432)	(567)	

	1992 (UNAUDITED)
BALANCE SHEET DATA:	
Commercial real estate, before accumulated depreciation	$ 16,080
Total assets	15,645
Mortgages and notes payable	9,500
Accrued interest payable	4,757
Minority interest	0
Owners equity (deficit)	(8,449)
OTHER DATA:	
Funds from operations	--
Net cash provided by (used in) operating activities	--
Net cash provided by (used in) financing activities	--
Net cash (used in) investing activities	--

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(1) 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 REITs 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. For a reconciliation of net income and Funds from Operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Funds from Operations."

OVERVIEW

The following discussion should be read in conjunction with the Selected Financial Information, the Historical Combined Financial Statements and the Pro Forma Combined Balance Sheet and Pro Forma Combined Statements of Income of the Company contained in this Prospectus.

The Combined Financial Statements of the SL Green Predecessor include 100% of the net assets and results of operations of two Properties, 1414 Avenue of the Americas and 70 West 36th Street, equity interests in four other properties, 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and the Bar Building (which interests are accounted for under the equity method) and 100% of the net assets and results of operations of the Service Corporations.

Due to the size of the Company's Core Portfolio (six properties), the inclusion of additional properties during any period can result in significant increases in total revenue and other financial data over prior periods. For the foregoing reason, the Company does not believe its year to year and quarter to quarter financial data are comparable, and that percentage growth may not be maintained at the current rate.

RESULTS OF OPERATIONS

COMPARISON OF SIX MONTHS ENDED JUNE 30, 1997 TO SIX MONTHS ENDED JUNE 30, 1996

Rental revenue increased $1,485,000 or 112.9%, to $2,800,000 from $1,315,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The increase was due primarily to the acquisition of 1414 Avenue of the Americas during July 1996 which had rental revenue of $1,555,000, partially offset by a decrease in rental revenue of $70,000 at 70 West 36th Street, due to a temporary decrease in occupancy and the free rent associated with re-leasing those spaces.

Escalations and reimbursement revenues increased $171,000, or 60.0%, to $456,000 from $285,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The acquisition of 1414 Avenue of the Americas, accounted for an increase of $265,000 offset by a decrease of $94,000 at 70 West 36th Street due to reduced porter wage escalations revenue. New leases with more current base years utilized to calculate the escalations account for the decreased escalation revenue.

Management revenues decreased $97,000, or 9.1% to $966,000 from $1,063,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. A building managed for a third party was sold at the end of 1996 and the management was terminated resulting in this decrease.

Leasing commission revenues increased $1,806,000, or 140.9%, to $3,088,000 from $1,282,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996 due to the addition of several buildings under service contracts and intensified efforts to perform leasing services for unaffiliated third parties.

Construction revenue decreased by $31,000, or 79.5% to $8,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. Overall construction revenue remained constant but a larger amount related to property-owning partnerships in the six months ended June 30, 1997 and was eliminated pursuant to the equity method of accounting.

Other income decreased by $98,000 or 86% to $16,000 from $114,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996 primarily due to a one-time consulting engagement in the six months ended June 30, 1996. The remaining other income consisted of interest income.

Share of net loss of uncombined joint ventures decreased $253,000, or 31.0%, to $564,000 from $817,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996 as follows:

PROPERTY	INCREASE (DECREASE)
673 First Avenue	$ (222,000)
470 Park Avenue South	(32,000)
29 West 35th Street	10,000
Bar Building	(9,000)
	$ (253,000)

The decrease in net loss for 673 First Avenue was due primarily to increased rental revenues and escalation and reimbursement revenues resulting from increased occupancy and contractual rent increases. The loss was also reduced by lower operating expenses and a reduction in real estate taxes.

The decrease in net loss for 470 Park Avenue South was due primarily to reduced porter wage escalation revenue as a result of new leases with more current base years, utilized in the calculation of the escalation, offset by higher contractual rents and lower operating expenses.

The decrease in net income of uncombined joint ventures for 29 West 35th Street was due primarily to reduced porter wage escalation revenue as a result of new leases with more current base years utilized in the calculation of the escalation, offset by higher operating expenses.

The increase in net loss for the Bar Building was due to the acquisition of the Property during September 1996.

Operating expenses increased $395,000, or 32.1%, to $1,625,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The increase was comprised primarily of the inclusion of 1414 Avenue of the Americas which was acquired during July 1996 ($506,000), offset by lower expenses at 70 West 36th Street.

Interest expense increased $271,000 or 61.3%, to $713,000 from $442,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The inclusion of 1414 Avenue of the Americas accounted for an increase of $460,000 offset by a decrease of $189,000 for 70 West 36th Street due to refinancing at a lower interest rate.

Depreciation and amortization increased $193,000, or 47.5%, to $599,000 from $406,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The increase was due primarily to the inclusion of 1414 Avenue of the Americas.

Real estate taxes increased $250,000, or 107.8% to $482,000 from $232,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The increase was due to the inclusion of $290,000 for 1414 Avenue of the Americas, offset by a decrease of $40,000 for 70 West 36th St.

Marketing, general and administrative expenses decreased $194,000, or 9.6%, to $1,835,000 from $2,029,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The decrease was primarily due to increased expenses of $332,000 associated with the increase in leasing commission revenues, offset by reduced expenses at the corporations which provide management and leasing services.

As a result of the foregoing, net income increased $2,574,000 to $1,516,000 from a loss of $1,058,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996.

COMPARISON OF YEAR ENDED DECEMBER 31, 1996 TO YEAR ENDED DECEMBER 31, 1995

Rental revenue increased $1,783,000, or 73.8%, to $4,199,000 from $2,416,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily to the acquisition of 1414 Avenue of the Americas during July 1996 which had rental revenue of $1,612,000 and increased occupancy plus contractual rent increases amounting to $152,000 at 70 West 36th Street.

Escalations and reimbursement revenues increased $293,000, or 38.6%, to $1,051,000 from $758,000 for the year ended December 31, 1995. The acquisition of 1414 Avenue of the Americas accounted for an increase of $428,000 which was offset by a decrease of $166,000 at 70 West 36th Street due to reduced real estate tax escalations and porter wage escalation revenue. New leases with more current base years utilized to calculate the escalations and a reduction in real estate tax expense accounted for the increased escalation revenue.

Management revenues remained substantially unchanged with a slight increase for the year ended December 31, 1996 compared to the year ended December 31, 1995.

Leasing commission revenues increased $1,475,000, or 164.4%, to $2,372,000 from $897,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995 due to the addition of several buildings under service contracts and intensified efforts to perform leasing services for unaffiliated third parties.

Construction revenue decreased by $132,000, or 56.7%, to $101,000 from $233,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. Overall construction revenue remained constant but a larger amount related to property-owning partnerships and was eliminated pursuant to the equity method of accounting.

Other income for the year ended December 31, 1996 was $123,000 which consisted of miscellaneous consulting fees and interest.

Share of net loss of uncombined joint ventures decreased $506,000 or 26.4% to $1,408,000 from $1,914,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995 as follows:

PROPERTY	INCREASE (DECREASE)
673 First Avenue	$ (392,000)
470 Park Avenue South	(130,000)
29 West 35th Street	22,000
Bar Building	(6,000)
	$ (506,000)

The decrease in net loss for 673 First Avenue was due primarily to lower interest expense as a result of mortgage loan principal amortization and lower amortization expense as a result of deferred leasing commissions written off during 1995 for a tenant that vacated.

The decrease in net loss for 470 Park Avenue South was due primarily to a reduction in real estate tax expense as a result of a decrease in assessed valuation.

The decrease in net income for 29 West 35th Street was due primarily to reduced rental revenue as a result of a vacancy.

The decrease in net income for the Bar Building was due to the acquisition of the Property during October 1996.

Operating expenses increased $691,000, or 27.6%, to $3,197,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995 due substantially to the inclusion of 1414 Avenue of the Americas which was acquired during July 1996.

Interest expense increased $146,000 or 12.0%, to $1,357,000 from $1,212,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The inclusion of 1414 Avenue of the Americas accounted for an increase of $446,000 which was offset by a decrease of $300,000 for 70 West 36th Street due to refinancing at a lower interest rate.

Depreciation and amortization increased $200,000, or 25.9%, to $975,000 from $775,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily to the inclusion of 1414 Avenue of the Americas.

Real estate taxes increased $207,000 or 41.7%, to $703,461 from $497,000 for the year ended December 31, 1996 compared to year ended December 31, 1995. The increase was due to the inclusion of $290,000 for 1414 Avenue of the Americas offset by a decrease of $83,000 for 70 West 36th Street which resulted from a reduction in property assessment.

Marketing, general and administrative expenses increased $197,000, or 6.5%, to $3,250,000 from $3,053,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995, due primarily to staff increases for the corporation which provided leasing services.

As a result of the foregoing, net income decreased $2,682,000, or 79.1%, to $708,000 from $3,390,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995.

COMPARISON OF YEAR ENDED DECEMBER 31, 1995 TO YEAR ENDED DECEMBER 31, 1994

Rental revenue decreased by $189,000, or 7.2%, to $2,416,000 from $2,605,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994 due to several vacancies at 70 West 36th Street.

Escalation and reimbursed revenues decreased $44,000, or 5.4%, to $758,000 from $802,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994 due primarily to a decrease in electric and sundry charges at 70 West 36th Street.

Management revenues increased $300,000, or 15.3%, to $2,260,000 from $1,960,000 for the year ended December 31, 1995 as compared to the year ended December 31, 1994 due to an increase in unaffiliated third party management assignments.

Leasing commission revenue remained consistent with a slight increase for the year ended December 31, 1995 as compared to the year ended December 31, 1994.

Construction revenue decreased $111,000, or 32.2%, to $233,000 from $344,000 for the year ended December 31, 1995 as compared to the year ended December 31, 1994 due to a decrease in tenant installation work at non-affiliated third party buildings.

Share of in net loss of uncombined joint ventures increased by $491,000, or 34.5%, to $1,914,000 from $1,423,000 for the year ended December 31, 1995 as compared to the year ended December 31, 1994 as follows:

PROPERTY	INCREASE (DECREASE)
673 First Avenue	$ 399,000
470 Park Avenue South	106,000
29 West 35th Street	(14,000)
	$ 491,000

The increase in net loss for 673 First Avenue was due primarily to reduced revenue as a result of a vacancy during 1995 and the write off of related deferred leasing commissions.

The increase in net loss for 470 Park Avenue South was due primarily to increased miscellaneous income in 1994 as result of a tenant buying out of its lease.

The increase in net income for 29 West 35th Street was due primarily to reduced operating expenses.

Operating expenses increased $470,000, or 24.7%, to $2,505,000 from $2,009,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994 due primarily to staff increases in the corporations which provide management, construction and leasing services.

Interest expense decreased $344,000 or 22.1%, to $1,212,000 from $1,555,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994. The decrease was due to a loan restructuring at 70 West 36th Street.

Depreciation and amortization decreased $157,000, or 16.8%, to $775,000 from $931,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994 due to the write off of deferred leasing commissions and tenant installation work related to vacated tenants during 1994 at 70 West 36th Street.

Real estate taxes decreased $46,000, or 8.5%, to $497,000 from $543,000 for the year ended December 31, 1995 as compared to the year ended December 31, 1994 due to a decrease in assessed valuation for 70 West 36th Street.

Marketing, general and administrative expenses increased $701,000, or 29.8%, to $3,053,000 from $2,351,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994. The increase was due to additional staff and other expense increases, necessitated by increased business, for the corporations which provide management construction and leasing services.

As a result of the foregoing, net loss increased $1,178,000, or 53.2%, to $3,390,000 from $2,212,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994.

PRO FORMA OPERATING RESULTS

SIX MONTHS ENDED JUNE 30, 1997

On a pro forma basis, after giving effect to the Offering, income before minority interest would have been $9,165,000 for the six months ended June 30, 1997, representing an increase of $7,650,000 over the

historical combined income before minority interest for the same period. The increase is accounted for as follows:

INCREASES TO INCOME:	
Decrease in interest expense due to mortgage loans repaid or forgiven	$2,618,000
Additional income due to the acquisition of 1372 Broadway	3,720,000
Additional income due to the acquisition of 50 West 23rd Street	1,682,000
Additional income due to the inclusion of 1140 Avenue of the Americas	910,000
Straight line rent adjustments related to the acquisition of other partners' interests	182,000
Net increase in depreciation and amortization due to acquisition of other partners' interests acquisition of new debt and repayment or forgiveness of mortgage loans	7,000
DECREASES TO INCOME:	
Interest expense related to new mortgage loans	(539,000)
Additional general and administrative expenses associated with a public company	(828,000)
Other partners share of net losses for properties historically accounted for under the equity method	(108,000)
Elimination of the Service Corporations' income under the equity method of accounting	(188,000)
Straight line adjustment to 673 First Avenue net lease due to acquisition of non-continuing partners' interest	194,000
	$7,650,000

YEAR ENDED DECEMBER 31, 1996

On a pro forma basis, after giving effect to the Offering, income before minority interest would have been $12,733,000 for the year ended December 31, 1996, representing an increase of $13,441,000 over the historical combined income before minority interest and extraordinary income on debt forgiveness for the same period. The increase is accounted for as follows:

INCREASES TO INCOME:	
Decrease in interest expense due to mortgage loans repaid or forgiven	$4,699,000
Additional income due to the acquisition of 1372 Broadway	5,544,000
Additional income due to the inclusion of 1140 Avenue of the Americas	1,699,000
Additional income due to inclusion of 50 W. 23rd St	3,047,000
Additional net income due to the inclusion of the Bar Building for the full year	1,132,000
Straight line rent adjustments related to the acquisition of other partners' interests	787,000
Net decrease in depreciation and amortization due to acquisition other partners' interests, acquisition of new debt and repayment or forgiveness of mortgage loans	68,000
Elimination of the Service Corporations' income under the equity method of accounting	(333,000)
DECREASES TO INCOME:	
Interest expense related to new mortgage loans	(1,078,000)
Additional general and administrative expenses associated with a public company	(1,657,000)
Other partners' share of net losses for properties historically accounted for under the equity method	(367,000)
Straight line adjustment to 673 First Avenue net lease due to acquisition of non-continuing partners' interest	(100,000)
	$13,441,000

As indicated above, inclusion of the Acquisition Properties increased income, on a pro forma basis, by approximately $10,290,000, with increased interest expense on a pro forma basis associated with one Property of approximately $1,078,000. Long term debt increased by $14 million on a pro forma basis as a result of a mortgage loan on one of the Acquisition Properties.

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 Properties. The proceeds from the Offering as well as a new mortgage loan in the amount of $14 million, which will initially be secured by 1140 Avenue of the Americas, will be utilized to repay existing mortgage loans, acquire properties, pay Offering and Formation Transaction expenses and provide working capital. See "Use of Proceeds" and "The Properties--Mortgage Indebtedness." The mortgage loans currently secured by the Properties, which will be consolidated in the financial statements of the Company, will be reduced from $91.4 million to $32.5 million as a result of the repayment and cancellation of certain mortgage loans. Total mortgage loans including the new mortgage loan will amount to $46.5 million as a result of the Formation Transactions. All mortgage loans encumbering the Core Portfolio have fixed interest rates ranging from 8.25% to 9.0% and it is anticipated that the new mortgage loan will also bear interest at a fixed rate. Subsequent to the

Formation Transactions the mortgage loans would represent approximately 15.0% of the Company's market capitalization based on an estimated total market capitalization of $309.8 million.

The Company is currently negotiating with several lenders for the Credit Facility, which the Company expects to be in place by the completion of the Offering although there is no assurance that this will be the case. The Credit Facility will be utilized to facilitate acquisitions and fund associated renovations, tenant improvements and leasing commissions. After paying down mortgage debt as well as expenses of the Offering and Formation Transactions, the Company expects to have working capital of approximately $6.2 million, which will be used to fund anticipated capital improvements on the Bar Building and general corporate purposes. The Company estimates that for the 12 months ending June 30, 1998, it will incur approximately $4.46 million of expenses attributable to non-incremental revenue generating capital expenditures which includes $2.18 million for the Acquisition Properties, $1.04 million for the Bar Building and $1.24 million for the balance of the Core Portfolio.

The Company expects to make distributions to its stockholders primarily based on its distributions received from the Operating Partnership. 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.

Future property acquisitions may require substantial capital leasing of a property. The Company expects that a portion of such costs will be funded from draws under the Credit Facility, to the extent the Credit Facility is 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 12 month period following completion of the Offering. 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 SIX MONTHS ENDED JUNE 30, 1997 TO SIX MONTHS ENDED JUNE 30, 1996

Net cash provided by operating activities increased $1,085,000 to $1,140,000 from $55,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The increase was due primarily to the acquisition of 1414 Avenue of the Americas, an increase in leasing commission income and a decrease in the share of net losses of uncombined joint ventures. Net cash used in investing activities increased $503,000 to $(145,000) from $(648,000) for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The increase was due primarily to the acquisition of 1414 Avenue of the Americas and net cash distributions from the partnerships that own 29 West 35th Street and 470 Park Avenue South. Net cash used in financing activities decreased $708,000 to $(425,000) from $283,000 for the six months ended June 30, 1997 compared to the six months ended June 30, 1996. The decrease was due primarily to the acquisition of 1414 Avenue of the Americas, the refinancing of the mortgage on 70 West 36th Street, net cash contribution from owners and an increase in distributions of approximately $100,000 to entities owned by Stephen L. Green.

COMPARISON OF YEAR ENDED DECEMBER 31, 1996 TO YEAR ENDED DECEMBER 31, 1995.

Net cash provided by operating activities increased $506,000 to $272,000 from a deficit of $234,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily to the acquisition of 1414 Avenue of the Americas, an increase in leasing commission income and a decrease in the share of net losses of uncombined joint ventures. Net cash used in investing activities increased $11,943,000 to $12,375,000 from $432,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily to the acquisition of 1414 Avenue of the Americas plus contributions to the partnerships that own 470 Park Avenue South and the Bar Building. Net cash provided by financing activities increased $11,987,000 to $11,960,000 form $63,000 for the year ended December 31, 1996 compared to the year ended December 31, 1995. The increase was due primarily

to the acquisition of 1414 Avenue of the Americas, the refinancing of the mortgage on 70 West 36th Street and net cash contribution from owners.

COMPARISON OF YEAR ENDED DECEMBER 31, 1995 TO YEAR ENDED DECEMBER 31, 1994.

Net cash used in operating activities increased by $1,173,000 to a deficit of $234,000 from a positive cash flow of $939,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994. The increase was due primarily to an increase in the share of net loss of uncombined joint ventures, operating expense increases related to the corporations which provide management leasing and construction services and additional marketing, general and administrative expenses for the corporations which provide management leasing and construction services. Net cash used in investing activities decreased $135,000 to $432,000 from $567,000 for the year ended December 31, 1995 compared to the year ended December 31, 1994. The decrease was due primarily to reduced investments in building improvements and reduced contributions to investee partnerships. Cash provided by financing activities decreased $115,000 to $63,000 from $178,000 due to reduced contributions from owners.

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 REITs 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 Offering, Funds from Operations for the six months ended June 30, 1997 and for the year ended December 31, 1996, respectively, are as follows:

	PRO FORMA	
	SIX MONTHS ENDED JUNE 30, 1997	YEAR ENDED DECEMBER 31, 1996
Net income before minority interest and extraordinary item.....	$ 9,165	$ 12,733
Add:		
Depreciation and amortization.....	3,630	6,979
Amortization of deferred financing costs and depreciation of non-rental real estate assets.....	(93)	(149)
Funds from Operations.....	$ 12,702	$ 19,563

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.

MARKET OVERVIEW

UNLESS INDICATED OTHERWISE, INFORMATION CONTAINED HEREIN CONCERNING THE NEW YORK METROPOLITAN ECONOMY AND THE MANHATTAN OFFICE MARKET IS DERIVED FROM THE ROSEN MARKET STUDY.

The Company believes that the strength of the New York metropolitan economy and the current supply/demand fundamentals in the Manhattan office market provide an attractive environment for acquiring, owning and operating Class B office properties.

NEW YORK ECONOMY

New York City is a leading international city with a large, dynamic and diverse economy. According to the U.S. Bureau of Economic Analysis, as of July 1994, the economy of the New York consolidated metropolitan statistical area ("CMSA") was larger than the economies of the next two largest U.S. CMSAs combined (Los Angeles and Chicago), and larger than the economy of any individual state except California, based on aggregate personal income (which the Company believes is a good proxy for overall economic output). Strong growth of the national economy has benefited New York City, causing the New York metropolitan area (including Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland and Westchester counties) economy to improve significantly in recent years. Private sector employment gained an average of approximately 44,000 jobs per year between 1994 and 1996 for an average annual growth rate of 1.4%; between May of 1996 and 1997, private sector employment growth was an even stronger 1.7%, which is the strongest growth rate in more than ten years. In July of 1996, Inc. magazine named New York City as the "Best Place to Do Business," stating that urban, compact areas promote interaction among companies, suppliers and customers.

With its unique appeal, New York City is headquarters to many of the leading corporations and service firms in the U.S., including:

- more Fortune 500 companies (47) than any other U.S. city;
- three of the four largest U.S. commercial banks (400 international banks have offices in New York City--more than any other city in the world);
- 23 of the 25 largest U.S. securities firms;
- four of the 10 largest U.S. money managers;
- 27 of the 100 largest U.S. law firms (64 of the 100 largest U.S. law firms have offices in New York City);
- four of the "Big Six" accounting firms; and
- four of the largest U.S. entertainment/media conglomerates.

New York is also a world leader in the advertising industry and contains a large base of nonprofit organizations. It also has the largest consulate community in the world, contributing to its position as an international center of business and politics.

In addition to its diverse base of large businesses, Manhattan also has a large base of small companies. The New York City Office of the Comptroller reports that small businesses (which are defined as businesses with fewer than 500 employees) comprise approximately 99.7% of all businesses in New York City and employ approximately 70.7% of the private-sector work force. In the three years between 1994 and 1996, during which period some 132,000 private sector jobs were added in the New York metropolitan area (an average of approximately 44,000 each year), the percentage of jobs added from small business has grown increasingly more significant, especially in New York City, where small businesses added approximately 69,000 jobs during 1994 and 1995 and approximately 22,000 jobs between the third quarters of 1995 and 1996.

The single fastest-growing employment sector in the New York metropolitan economy is the services sector, which grew at a rate of 3.0% during the year ended in May of 1997. With more than 1.4 million jobs, the services sector currently represents 37% of the New York metropolitan area's total employment base and 44% of its private sector employment base. Important components of the services sector are business services, legal services, engineering and management services and membership organizations (including approximately 20,000 nonprofit organizations which are based in New York City). One of the largest components of the services industry is business services, which supplied approximately 290,000 jobs as of May 1997, representing 20% of total services employment. Between 1992 and 1996, growth in business services employment averaged 4% per year, and between May 1996 and May 1997, business services employment grew 6.6%. Fueling the growth in the business services sector are the advertising industry, audio recording, software industries and agencies providing temporary workers. One very active sector of business services is the new media industry that is centered south of 41st Street in what is known as midtown south's "Silicon Alley." The companies that work in this industry include entertainment software, online/Internet services, CD-ROM title developers, and web site designers. Roughly 1,250 firms in Manhattan belong to the new media industry, and employment growth in this sector is estimated to be 30% per year through 1998.

The trade sector is the second largest and fastest growing part of the metropolitan economy, with an employment gain of 6,300 jobs during the 12 months ended May 31, 1997, representing a 0.9% annual growth rate. Approximately 68% of the metropolitan area's trade jobs are in the retail sector, where growth was an even stronger 1.5% during the same period. The retail industry has benefited from improved city services, reduced crime and an increase in the number of visitors and their spending volume.

Part of New York City's appeal to employers is a highly educated work-force. Over 40% of New York County's residents over the age of 25 have received a college degree and nearly half of those residents have received a graduate or professional degree, rates that are well above the national average. In addition, with a population of approximately 7.4 million, including approximately 169,000 households that have an annual income in excess of $150,000, New York City also provides a large base of potential consumers with significant disposable income, which is of particular appeal to businesses providing goods and services. Increased spending by local residents combined with a higher level of visitor spending caused retail sales growth in New York City to average 3.2% annually during the period January 1, 1994 to December 31, 1996.

New York City is an international financial and cultural capital that, in addition to housing the United Nations and numerous foreign missions, attracts tourism, is a center for international investment and a favored North American base for many multinational corporations headquartered overseas. The lower cost of office rents when compared internationally with other major cities is a competitive advantage in attracting such overseas companies to New York City. Midtown Manhattan ranks 13th among major business centers around the world in terms of office rental rates, after such cities as Tokyo, London, Paris, Hong Kong and Singapore, while downtown Manhattan ranked 37th.

New York City is the consummate "24-hour city," featuring a wide variety of restaurants, entertainment and cultural offerings, such as Broadway theater and productions at Carnegie Hall and Lincoln Center. In addition, many of the world's finest museums, including The Metropolitan Museum of Art, The Museum of Modern Art, The Guggenheim Museum, The Whitney Museum and The Museum of Natural History, are located in New York City. New York City is also home to major educational institutions, including Columbia University, Fordham University, New York University and Rockefeller University.

The quality of life in New York City also has improved with the implementation of various public/ private ventures and government initiatives. For example, Business Improvement Districts ("BIDs"), which are public/private ventures that provide security, sanitation and other services within their boundaries, operate in the Grand Central Station, Penn Station and Times Square areas and in thirty-three additional areas within New York City. In addition, crime in New York City has declined. Preliminary estimates for

1996 show that New York City ranked 159th out of the 198 largest U.S. cities in terms of total crimes, lower than such cities as Atlanta (1), Miami (8), Phoenix (42), Milwaukee (83) and Philadelphia (114). According to the New York City Police Department, New York City's crime rate decreased 16% during 1996, and the seven felony categories have declined a cumulative 39% since 1993 (a greater decrease than any other large U.S. city during the last three years).

The New York City government is "reinventing" itself in an effort to streamline its operations and attract and retain businesses. For example, the New York Economic Development Council has been actively involved in encouraging businesses to remain in New York City. New York City also has recently reduced or eliminated numerous taxes, including the real property transfer tax, the unincorporated businesses tax, the commercial rent tax, the hotel occupancy tax and the sidewalk vault tax. New York City also was influential in eliminating the New York State real property gains tax. Even with the reduction or elimination of numerous taxes, New York City has announced a budget surplus for its fiscal year ended June 30, 1997 of approximately $856 million, as a result of savings in operating expenses and improvements in the New York City economy.

With its dynamic and diverse base of businesses, New York City is poised to continue its course of steady growth and economic improvement. Private sector job creation in the New York metropolitan area is anticipated to continue at an average rate of 1.4% per annum, or approximately 33,000 private sector jobs per annum through 1998, and continue to increase at approximately 0.9% annually through 2001.

MANHATTAN OFFICE MARKET

OVERVIEW. The Company believes that current supply/demand fundamentals in the Manhattan office market provide an attractive environment for acquiring, owning and operating Class B Manhattan office properties. Specifically, the Midtown Markets have the following favorable characteristics: (i) the Class A and Class B sectors of the Midtown Markets, collectively, have experienced four consecutive years of positive net absorption and declining vacancy rates; (ii) there have been virtually no new additions to supply in the Midtown Markets since 1992; and (iii) significant new office development is unlikely at the current time because there are relatively few sites available for construction, the lead time required for construction typically exceeds three years and new construction generally is not economically feasible given current market rental rates.

The Manhattan office market consists primarily of midtown, midtown south and downtown submarkets. According to Rosen Consulting Group, midtown extends from the north side of 32nd Street to 62nd Street; midtown south is defined as Canal Street to the south side of 32nd Street; and downtown is defined as Battery to Canal Street. In each case the submarkets are defined from the East River on the east to the Hudson River on the west. As referred to herein, the Midtown Markets collectively consist of midtown and midtown south.

SIZE OF MARKET. The Manhattan office market, with an overall stock of approximately 378 million square feet, is the largest office market in the U.S and is larger than the next six largest U.S. central business district office markets combined (Chicago, Washington, D.C., Boston, San Francisco, Philadelphia and Los Angeles). The following chart sets forth the size of the Manhattan office market and the size of certain other U.S. office markets, as of December 31, 1996:

1996 COMPARATIVE OFFICE STOCK

RANK	METROPOLITAN STATISTICAL AREA	STOCK SQUARE FEET (000S)
1.....	New York, NY (includes all of Manhattan)	378,313
2.....	Chicago, IL	118,820
3.....	Washington, DC	78,801
4.....	Boston, MA	47,390
5.....	San Francisco, CA	39,940
6.....	Philadelphia, PA-NJ	38,525
7.....	Los Angeles-Long Beach, CA	36,563
8.....	Houston, TX	36,410
9.....	Dallas, TX	30,580
10.....	Pittsburgh, PA	29,390

Within Manhattan, 46% of the office space is classified as Class B space; almost half of the Class B space is located in midtown, and approximately one-fourth of the Class B space is located in each of midtown south and downtown. The following table sets forth the relative sizes of the Class A and Class B office markets and the rents and vacancy rates as of May 31, 1997 existing in such markets:

MANHATTAN OFFICE MARKET OVERVIEW

	% OF CLASS A AND CLASS B STOCK		2ND QUARTER 1997 VACANCY RATE		2ND QUARTER 1997 RENT/SQUARE FEET	
	CLASS A	CLASS B	CLASS A	CLASS B	CLASS A	CLASS B
Midtown Markets (1).....	70.2%	73.9%	10.1%	11.3%	$ 37.42	$ 24.44
Midtown.....	67.9%	48.3%	10.0%	11.4%	$ 37.88	$ 26.57
Midtown South.....	2.4%	25.7%	13.3%	11.2%	$ 27.40	$ 20.35
Downtown.....	29.8%	26.1%	13.5%	18.8%	$ 28.19	$ 22.42
Total.....	54.3%(2)	45.7%(2)	11.1%	13.3%	$ 34.08	$ 23.70

(1) Consists of midtown and midtown south submarkets.

(2) Represents proportion of total Class A stock and Class B stock in the Manhattan office market.

HISTORICAL PERSPECTIVE. The Midtown Markets experienced rapid growth both in demand for, and supply of, office space during the 1980s. A wave of new construction peaked in the late 1980s and, between 1985 and 1992, 39 buildings containing approximately 20.3 million square feet of space were built. However, since 1992, there has been very little new construction in the Midtown Markets.

NEW CONTRUCTION OF OFFICE SPACE

MIDTOWN MARKETS

Source: Real Estate Board of New York (historical); Rosen Consulting Group (projections).

In the late 1980s and early 1990s, as much of the new supply of office space was being delivered, the demand for space in the Midtown Markets fell off abruptly as a result of the general downturn in the economy and subsequent corporate downsizings. As a result of the increase in inventory and the significant decrease in employment in Manhattan, Class A vacancy rates in the Midtown Markets increased into the double digits, reaching 17.8% in 1991 and Class B vacancy rates in the Midtown Markets increased to 17.3% in 1992.

In the early 1990s, however, conditions began to improve in the Midtown Markets, as a result of the following factors: new jobs were created as the national and New York metropolitan economies recovered from their downturns; existing midtown Manhattan businesses expanded, resulting in an increased need for office space.

LIMITED SUPPLY OF NEW OFFICE SPACE. The Company expects the supply of office space in the Midtown Markets to remain relatively stable for the foreseeable future because there are relatively few sites available for construction, the lead time required for construction typically exceeds three years and new construction generally is not economically feasible at current market rental rates. Virtually no new construction of office space in the Midtown Markets is anticipated in the near term, except one major Class A development, containing approximately 1.5 million square feet, scheduled to be completed in 1999, which has substantial grandfathered tax benefits. (The Company does not believe that this property will have a material impact on the market because it represents less than 1% of the total Class A midtown office space and is already substantially preleased to two tenants.) In the absence of tax incentives, the Company believes that rents generally would have to increase significantly to justify the cost of new construction. Assuming development costs of approximately $358 per square foot (as estimated by Rosen

Consulting Group), a market base rent in excess of $55 per square foot would be needed to make construction economically viable. This suggests that, in order to justify new construction, market base rents (not taking into account any tax benefits that may apply) generally would have to increase to at least 47% more than current asking rents for Class A office space in midtown Manhattan (as estimated by Rosen Consulting Group).

INCREASING DEMAND FOR OFFICE SPACE IN THE MIDTOWN MARKETS. In addition, net absorption as calculated by Rosen Consulting Group ("Net Absorption") of Class B office space in the Midtown Markets has been positive since 1992 and surged in 1994, 1995 and 1996, reaching 3.0 million, 1.5 million and 1.7 million square feet, respectively. Net Absorption in the Midtown Markets is forecasted to reach almost 2.3 million square feet for 1997. An average of 30,200 office space-consuming jobs are projected to be created annually from 1997 until 2001, leading to an estimated average annual Net Absorption of Class B office space in the Midtown Markets of 1.5 million square feet in 1998 and 1999.

NET ABSORPTION OF CLASS B OFFICE SPACE

MIDTOWN MARKETS

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

	SQUARE FEET (MILLIONS)
1993	1.1
1994	3
1995	1.5
1996	1.7
1997 proj.	2.3
1998 proj.	1.7
1999 proj.	1.3
2000 proj.	1

As a result of sustained positive Net Absorption coupled with virtually no new construction since 1992, the Class A office vacancy rate in the Midtown Markets had fallen to 10.1% as of June 30, 1997 from its 1990s high of 17.8% in 1991 and the Class B office vacancy rate in the Midtown Markets had fallen to 11.3% from its 1990s high of 17.3% in 1992. As a result of the projected economic strength and private sector job growth, combined with a lack of projected new construction through 1998, Rosen Consulting Group projects that the Class A vacancy rate in the Midtown Markets will fall to 7.6% in 1998 and further to 5.9% in 2001; similarly, Rosen Consulting Group projects that the Class B vacancy rate in the Midtown Markets will fall to 8.4% in 1998 and further to 5.7% in 2001. The Company believes the demand for Class B space will increase as a result of the expectation of the following factors: (i) growth in the office space demands of small businesses, which generally choose to locate in office space with lower occupancy costs, (ii) the continued desire of larger corporations to reduce office occupancy costs and (iii) growth in key office-consuming sectors such as finance, securities, legal services and accounting which would reduce the availability of Class A office space.

The following chart shows the history and projections of vacancy rates and asking rents for Class B office space in the Midtown Markets. According to Rosen Consulting Group, rent growth is inversely related to vacancy rates. When market conditions tighten and the market vacancy rate falls below the optimal vacancy rate, rent growth accelerates. The optimal vacancy rate is the vacancy rate at which neither excess supply nor excess demand exists, and it is determined by examining the historical relationship between vacancy rates and rent growth. As shown in the chart below, the Class B vacancy rate in the Midtown Markets rose to its highest level in 1992, at which time average asking rents continued to decline to their lowest levels in 1993. Since 1992, the Class B vacancy rate has decreased, and as the actual vacancy rate has approached the optimal vacancy rate, average asking rents stabilized and began to rise in 1995.

The chart further shows that as vacancy rates decline below the optimal rate of 10% (as is projected to occur over the next four years), projected asking rents begin to increase at an accelerated rate over current levels. In light of the supply and demand fundamentals outlined above and the estimate of Class A base rental rates required to justify new office construction (in excess of $55 per square foot), the Company believes the estimate in the chart below of Class B asking rents in the $30 per square foot range at a projected vacancy level of 6% to be reasonable. However, conditions in the Midtown Markets are subject to change and there can be no assurance that any projections will approximate actual results. See "Risk Factors--The Company's Dependence on the Midtown Markets Due to Limited Geographic Diversification Could Adversely Affect the Company's Financial Performance."

OFFICE VACANCY RATES AND ASKING RENTS

MIDTOWN MARKETS CLASS B

[Bar chart showing vacancy rates and asking rents for 1991 through the projection for 2001]

POSITIVE OUTLOOK FOR EFFECTIVE RENTAL RATES. As discussed above, the Company anticipates continued growth in the demand for Class A and Class B office space in the Midtown Markets and relatively little new supply of such space being delivered over the next several years. Accordingly, the Company believes that vacancy rates among Class A and Class B properties in the Midtown Markets should continue to decrease, which the Company believes should result in increased rental rates and decreased re-leasing costs in well-managed, well-located Class A and Class B office properties. However, there can be no assurance that any of these expectations will be met.

DOWNTOWN SUBMARKET. The downtown submarket of the Manhattan office market, where the Option Property is located, has been the subject of significant revitalization efforts in recent years. The Downtown Commercial Revitalization Program offers a mix of commercial rent tax, real estate tax and energy expense relief to tenants who sign new or renew leases in buildings constructed before 1975. These efforts appear to be yielding results, as the vacancy rate for downtown Class B office space had declined to 18.8% as of June 30, 1997 from its 1990s high of 21.3% at the end of 1995 (although such rate represents an increase from the vacancy rate of 17.8% at the end of 1996). In addition, average asking rents per square foot for Class B office space in the downtown submarket rose to $22.42 as of June 30, 1997 from its 1990s low of $21.53 at the end of 1995. Rosen Consulting Group projects the vacancy rate for downtown Class B office space to decrease to 14.7% by the end of 1998 and to continue to decline to below 12% by the end of 2001. In addition, Rosen Consulting Group estimates that average asking rents per square foot for Class B office space in the downtown submarket will increase to $23.15 by the end of 1998 and continue rising to $26.56 by the end of 2001.

THE PORTFOLIO

GENERAL. Upon the completion of the Offering, the Company will own or have contracted to acquire interests in nine Class B office Properties located in midtown Manhattan which contain approximately 2.2 million rentable square feet. Of these Properties, six office properties encompassing 1.2 million rentable square feet are currently owned and managed by SL Green and three office properties encompassing approximately 1.0 million rentable square feet will be acquired on or after completion of the Offering. See "Structure and Formation of the Company--Formation Transactions." Upon completion of the Offering, the Company will effectively own 100% of the economic interest in each of the Properties. Certain of the Properties include at least a small amount of retail space on the lower floors, as well as basement/storage space. One Property (673 First Avenue) includes an underground parking garage. The Company believes that each of the Properties is adequately covered by property and liability insurance. In addition, upon completion of the Offering, the Company will own an option to acquire 17 Battery Place, a property containing approximately 800,000 rentable square feet of office space in downtown Manhattan. See "-- The Option Property" below.

As noted above under "Market Overview," the Manhattan office market is predominantly segregated into two distinct categories: Class A and Class B. The Class B category generally includes office properties that are more than 25 years old, in good physical condition, attract high-quality tenants and are situated in desirable locations in Manhattan. Class B 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 in their markets.

The following table sets forth certain information with respect to each of the Properties as of June 30, 1997:

	YEAR BUILT/ RENOVATED	SUBMARKET	APPROXIMATE RENTABLE SQUARE FEET	PERCENTAGE OF PORTFOLIO RENTABLE SQUARE FEET	PERCENT LEASED	ANNUALIZED RENT(1)	PERCENTAGE OF PORTFOLIO ANNUALIZED RENT	NUMBER OF LEASES
CORE PORTFOLIO								
673 First Avenue	1928/1990	Grand Central South	422,000	19.0%	100%	$10,837,482	22.1%	15
470 Park Avenue South(4)	1912/1994	Park Avenue South/Flatiron	260,000(4)	11.7	99	5,853,720	12.0	27
Bar Building (5)	1922/1985	Rockefeller Center	165,000(5)	7.4	89(5)	4,139,704	8.5	58
70 W. 36th Street	1923/1994	Garment	151,000	6.8	98	2,795,986	5.7	38
1414 Avenue of the Americas	1923/1990	Rockefeller Center	111,000	5.0	98	3,370,001	6.9	31
29 W. 35th Street	1911/1985	Garment	78,000	3.5	92	1,393,135	2.8	8
			1,187,000	53.4	97	28,390,028	58.0	177
ACQUISITION PROPERTIES								
1372 Broadway	1914/1985	Garment	508,000	22.9	84	9,631,140	19.7	32
1140 Avenue of the Americas	1926/1951	Rockefeller Center	191,000	8.6	98	4,917,520	10.0	39
50 W. 23rd Street	1892/1992	Chelsea	333,000	15.0	91	5,995,608	12.3	16
Total/Weighted Average			2,219,000(6)	100.0%	94%	$48,934,296	100.0%	264

	ANNUALIZED RENT PER LEASED SQUARE FOOT(2)	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT(3)
CORE PORTFOLIO		

673 First Avenue.....	$ 25.68	$ 21.79
470 Park Avenue South(4).....	22.66	19.43
Bar Building (5).....	28.33	24.74
70 W. 36th Street.....	18.90	16.13
1414 Avenue of the Americas...	30.85	30.87
29 W. 35th Street.....	19.53	16.23
	24.65	21.43
ACQUISITION PROPERTIES - -----------------		
1372 Broadway....	22.47	21.57
1140 Avenue of the Americas...	26.30	24.70
50 W. 23rd Street.....	19.68	17.09
Total/Weighted Average.....	$ 23.58	$ 21.11

(FOOTNOTES ON FOLLOWING PAGE)

(FOOTNOTES FOR PRECEDING PAGE)
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(1) As used throughout this Prospectus, Annualized Rent represents the monthly contractual rent under existing leases as of June 30, 1997 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 June 30, 1997 for the 12 months ending June 30, 1998 are approximately $815,000.

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

(3) As used throughout this Prospectus, 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 SL Green, the remaining lease payments under the lease 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 SL Green and for leases at the Acquisition Properties, all lease payments under the lease divided by the number of months in the lease multiplied by 12, and, in the case of both (a) and (b), adjusted for tenant improvement costs and leasing commissions, if any, paid or payable by SL Green and presented on a per leased square foot basis. In certain cases, Annual Net Effective Rent Per Leased Square Foot may exceed Annualized Rent Per Leased Square Foot as a result of the provision for future contractual increases in rental payments in the Annual Net Effective Rent Per Leased Square Foot data.

(4) 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).

(5) SL Green first acquired an interest in the Bar Building in October 1996. SL Green has commenced an aggressive leasing program at the Property and as of July 15, 1997, approximately 93% of the rentable square feet in the Property was leased. The Bar Building is comprised of two buildings, 36 West 44th Street (a 14-story building) and 35 West 43rd Street (a four-story building).

(6) Includes approximately 2,043,000 square feet of rentable office space, 146,000 square feet of rentable retail space and 30,000 square feet of garage space.

HISTORICAL OCCUPANCY. The Properties in the Core Portfolio historically have achieved consistently higher occupancy rates in comparison to the overall Class B Midtown Markets, as shown in the following table:

	PERCENT LEASED AT THE PROPERTIES (1)	OCCUPANCY RATE OF CLASS B OFFICE PROPERTIES IN THE MIDTOWN MARKETS (2)
June 30, 1997	97%	89%
December 31, 1996	95	89
December 31, 1995	95	87
December 31, 1994	98	86
December 31, 1993	96	84
December 31, 1992	93	83

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(1) Includes space for leases that were executed as of the relevant date in Properties owned by SL Green as of that date.

(2) Includes vacant space available for direct lease, but does not include vacant space available for sublease; including vacant space available for sublease would reduce the occupancy rate as of each date shown. Sources: RELocate, Rosen Consulting Group.

LEASE EXPIRATIONS. Leases at the Properties, as at many other Manhattan office properties, typically extend for a term of ten or more years, compared to typical lease terms of 5-10 years in other large U.S. office markets. From January 1, 1994 through June 30, 1997, SL Green renewed approximately 78% of the leases scheduled to expire at the Properties in the Core Portfolio owned and managed by SL Green during such period, constituting renewal of approximately 80% of the expiring rentable square footage during such period. As a result of these re-leasing efforts, through December 31, 2002, the average annual rollover at the Properties is approximately 110,280 square feet, representing an average

annual expiration of 5.3% of the total leased square feet at the Properties per year (assuming no tenants exercise renewal or cancellation options and no tenant bankruptcies or other tenant defaults).

The following table sets out a schedule of the annual lease expirations at the Properties (including the Acquisition Properties) with respect to leases in place as of June 30, 1997 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):

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)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS(3)
June 30 through December 31, 1997.....	22	47,979	2.3%	$ 1,378,363	$ 28.73	$ 28.81
1998.....	26	71,514	3.5	2,058,149	28.78	29.31
1999.....	30	114,207	5.5	3,063,842	26.83	27.24
2000.....	26	148,161	7.1	3,851,078	25.99	27.32
2001.....	28	85,417	4.1	2,269,226	26.57	28.50
2002.....	31	139,260	6.7	2,970,971	21.33	22.81
2003.....	25	250,439	12.1	5,808,334	23.19	28.83
2004.....	22	346,424	16.7	8,176,306	23.60	27.67
2005.....	13	327,111	15.8	7,510,196	22.96	25.09
2006.....	16	179,893	8.7	4,571,056	25.41	29.75
2007.....	25	364,855	17.6	7,276,775	19.94	24.92
TOTAL/Weighted Average.....	264	2,075,260	100.0%	$ 48,934,296	$ 23.58(4)	$ 26.84(4)

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(1) Annualized Rent of Expiring Leases, as used throughout this Prospectus, represents the monthly contractual rent under existing leases as of June 30, 1997 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 June 30, 1997 for the 12 months ending June 30, 1998 are approximately $815,000.

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

(3) Annualized Rent Per Leased Square Foot of Expiring Leases With Future Step-Ups represents Annualized Rent Per Leased Square Foot of Expiring Leases, as described in footnote (2) above, adjusted to reflect contractual increases in monthly base rent that occur after June 30, 1997.

(4) For comparison purposes, the Direct Weighted Average Rental Rate for the Class B Midtown Markets, according to RELocate (as adjusted by the Company to weight the representation of the Properties in the Chelsea, Grand Central South, Garment, Park Avenue South/Flatiron and Rockefeller Center submarkets), was $24.64 per square foot as of June 30, 1997. The Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B office space as it relates to the Properties. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). In addition, the Direct Weighted Average Rental Rate represents a large number of Class B properties in various locations within the Midtown Markets, and, therefore, may not be representative of asking or actual rental rates at the Properties. Additionally, the Annualized Rent Per Leased Square Foot of Expiring Leases includes the effect of retail rental rates at the Properties, which are generally higher than office rental rates. Excluding rental payments attributable to retail space at the Properties, the Weighted Average Annualized Rent Per Leased Square Foot of Expiring Leases would be $22.72.

TENANT DIVERSIFICATION. The Properties (including the Acquisition Properties) currently are leased to over 250 tenants which are engaged in a variety of businesses, including publishing, health services, retailing and banking. The following table sets forth information regarding the leases with respect to the 20

largest tenants at the Properties, based on the amount of square footage leased by such tenants as of June 30, 1997:

TENANT	PROPERTY	REMAINING LEASE TERM IN MONTHS	TOTAL LEASED SQUARE FEET	PERCENTAGE OF AGGREGATE PORTFOLIO LEASED SQUARE FEET	ANNUALIZED RENT	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUALIZED RENT
Kallir, Philips, Ross Inc.....	673 First Avenue	84	80,000	3.9%	$ 1,913,449	3.9%
New York Hospital(1).....	673 First Avenue	110	76,000	3.7	1,906,829	3.9
Gibbs & Cox.....	50 West 23rd Street	96	66,700	3.2	1,604,402	3.3
Capital-Mercury.....	1372 Broadway	97	64,122	3.1	1,292,732	2.6
Board of Education of the City of New York.....	50 West 23rd Street	156	64,000	3.1	722,475	1.5
Ann Taylor.....	1372 Broadway	157	58,975	2.8	1,169,118	2.4
NationsBank.....	1372 Broadway	33	55,238	2.7	1,364,343	2.8
Vollmer Associates.....	50 West 23rd Street	96	53,577	2.6	1,252,154	2.6
Newbridge Communications(2)....	673 First Avenue	100	49,000	2.4	1,456,155	3.0
Ross Stores.....	1372 Broadway	120	48,604	2.3	939,346	1.9
Cygne.....	1372 Broadway	156	46,392	2.2	775,808	1.6
UNICEF.....	673 First Avenue	78	40,300	1.9	1,070,667	2.2
Franklin Strategic.....	673 First Avenue	82	40,000	1.9	1,404,425	2.9
U.S. Committee for UNICEF.....	673 First Avenue	78	40,000	1.9	1,071,161	2.2
Republic of South Africa.....	673 First Avenue	82	40,000	1.9	1,108,913	2.3
Henry Siegel.....	1372 Broadway	98	34,045	1.6	578,765	1.2
Meredith Garage Corp.	673 First Avenue	85	30,000	1.4	372,058	0.8
AJ Contracting.....	470 Park Ave. So.	150	27,870	1.3	635,803	1.3
Cowles Business Media.....	470 Park Ave. So.	69	24,767	1.2	589,117	1.2
Work Bench.....	470 Park Ave. So.	66	22,000	1.1	375,000	0.8
TOTAL/Weighted Average(3).....		100	961,590	46.3%	$ 21,602,719	44.1%

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(1) This tenant occupies an additional 65,000 square feet of space at 673 First Avenue pursuant to two subleases expiring December 31, 2003 and April 29, 2004.

(2) This tenant occupies an additional 13,000 square feet of space at 673 First Avenue pursuant to a sublease expiring April 29, 2004.

(3) Weighted average calculation based on total rentable square footage leased by each tenant.

LEASE DISTRIBUTION. The following table sets forth information relating to the distribution of leases at the Properties (including the Acquisition Properties), based on rentable square feet under lease, as of June 30, 1997:

SQUARE FEET UNDER LEASE	NUMBER OF LEASES	PERCENT OF ALL LEASES	TOTAL LEASED SQUARE FEET	PERCENTAGE OF AGGREGATE PORTFOLIO LEASED SQUARE FEET	ANNUALIZED RENT	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUALIZED RENT
2,500 or less	114	43.0%	162,180	7.8%	$ 4,829,621	9.9%
2,501-5,000	59	22.3	205,151	9.9	5,830,629	11.9
5,001-7,500	22	8.3	141,907	6.8	3,255,363	6.7
7,501-10,000	22	8.3	201,681	9.7	4,822,277	9.8
10,001-20,000	21	7.9	290,421	14.0	6,558,268	13.4
20,001-39,999	11	4.1	251,012	12.1	4,845,592	9.9
40,000 +	15	5.7	822,908	39.2	18,792,546	38.4
TOTAL	264	100.0%	2,075,260	100.0%	$ 48,934,296	100.0%

TENANT RETENTION AND HISTORICAL LEASE RENEWALS. The Company works closely with its tenants to provide a high level of tenant services. The Company continually seeks to improve its tenant roster by attracting high-quality tenants to the Properties and seeks to stabilize its rent roll through the early extension of near-term expiring leases. From January 1, 1994 through June 30, 1997, SL Green renewed approximately 78% of the leases scheduled to expire at the Properties in the Core Portfolio owned and managed by SL Green during such period, constituting renewal of approximately 80% of the expiring rentable square footage in the Core Portfolio during such period. The following table sets forth certain historical information regarding tenants at the Properties in the Core Portfolio who renewed an existing lease at or prior to the expiration of such lease:

	1994	1995	1996	SIX MONTHS ENDED JUNE 30, 1997	TOTAL/ WEIGHTED AVERAGE JANUARY 1, 1994- JUNE 30, 1997
Number of leases expired during calendar year or period	5	12	31	15	63
Number of leases renewed	5	7	26	11	49
Percentage of leases renewed	100.0%	58.3%	83.9%	73.3%	77.8%
Aggregate rentable square footage of expiring leases	14,223	38,008	137,932	49,514	239,677
Aggregate rentable square footage of lease renewals	14,223	28,055	108,758	39,943	190,979
Percentage of expiring rentable square foot renewed	100.0%	73.8%	78.9%	80.7%	79.7%

HISTORICAL TENANT IMPROVEMENTS AND LEASING COMMISSIONS. The following table sets forth certain historical information regarding tenant improvement and leasing commission costs for tenants at the Properties in the Core Portfolio for the years 1994 through 1996 and for the first six months of 1997:

	1994	1995	1996	SIX MONTHS ENDED JUNE 30, 1997	TOTAL/ WEIGHTED AVERAGE JANUARY 1, 1994-JUNE 30, 1997
RENEWALS					
Number of leases	5	7	26	11	49
Square feet	14,223	28,055	108,758	39,943	190,979
Tenant improvement costs per square foot	$ 1.96	$ 0.00	$ 2.39	$ 1.84	$ 1.89
Leasing commission costs per square foot	$ 1.77	$ 1.99	$ 3.36	$ 2.40	$ 2.84
Total tenant improvement and leasing commission costs per square foot	$ 3.73	$ 1.99	$ 5.75	$ 4.24	$ 4.73
RE-TENANTED OR NEWLY TENANTED SPACE					
Number of leases	8	7	11	24	50
Square feet	42,632	25,787	36,911	70,721	176,051
Tenant improvement costs per square foot	$ 16.41	$ 22.73	$ 13.76	$ 17.99	$ 17.42
Leasing commission costs per square foot	$ 7.27	$ 4.55	$ 9.41	$ 6.24	$ 6.91
Total tenant improvement and leasing commission costs per square foot	$ 23.69	$ 27.27	$ 23.18	$ 24.23	$ 24.33
TOTAL					
Number of leases	13	14	37	35	99
Square feet	56,855	53,842	145,669	110,664	367,030
Tenant improvement costs per square foot	$ 12.80	$ 10.88	$ 5.27	$ 12.16	$ 9.34
Leasing commission costs per square foot	$ 5.90	$ 3.21	$ 4.90	$ 4.85	$ 4.79
Total tenant improvement and leasing commission costs per square foot	$ 18.70	$ 14.10	$ 10.17	$ 17.01	$ 14.13(1)

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(1) The cost of leasing vacant space (i.e., newly-tenating) generally exceeds the cost of renewing or retenating occupied space. During the period January 1, 1994 through June 30, 1997, certain of the Properties were in a lease-up phase. In the event the weighted average of total tenant improvement costs and leasing commission per square foot were calculated assuming a 75% renewal rate on expiring square footage and an occupancy rate throughout such period equal to 94% (the occupancy rate at the Properties as of June 30, 1997), such weighted average per square foot amount would be $9.63.

HISTORICAL CAPITAL EXPENDITURES. Each property within the Core Portfolio, except for the Bar Building, has been substantially renovated. Within the next 18 months the Company anticipates spending $5.3 million in capital improvements at the Properties, of which approximately $1.1 million is designated for the Bar Building, an interest in which was first purchased by SL Green in October 1996, and approximately $3.0 million is designated for the Acquisition Properties. See "--36 West 44th Street (The Bar Building)" and "--Acquisition Properties" below. These costs are expected to be paid from remaining net proceeds from the Offering after completion of the Formation Transactions (estimated to be $6.2 million) and/or from operating cash flows. See "Use of Proceeds."

Prior to acquisition each property under consideration is evaluated to determine an initial capital budget. The extent of these improvements is predicated on the physical condition and vacancy at the property, and the anticipated target market rent. Ongoing capital budgets are determined annually and are geared toward addressing tenant rollover and changing target market rent.

The following table sets forth information regarding historical capital expenditures at the Properties in the Core Portfolio (except for the Bar Building, an interest in which was first acquired by SL Green in October 1996) for the years 1994 through 1996:

	1994	1995	1996	TOTAL
673 First Ave.	$ 10,929	$ 52,369	$ 15,636	$ 78,934
470 Park Ave. So.	$ 241,923(1)	$ --	$ 130,700(2)	$ 372,623
70 W. 36th St.	$ 129,721(3)	$ 24,717	$ 178,521(4)	$ 332,959
1414 Ave. of Americas (5)	$ --	$ --	$ 132,459(6)	$ 132,459
29 W. 35th St.	$ 68,585	$ 176,123(7)	$ 98,786(8)	$ 343,494
Total	$ 451,158	$ 253,209	$ 556,102	$ 1,260,469
Total Square Feet	1,021,000	1,021,000	1,021,000	1,021,000
Capital Expenditures Per Square Foot	$0.44	$0.25	$0.54	$0.41(9)

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(1) Expenditures included asbestos abatement, new boiler and new roof-top structures.

(2) Expenditures included partial elevator modernization.

(3) Expenditures included elevator modernization.

(4) Expenditures included new boiler, exit signs and fire doors.

(5) SL Green's interest in 1414 Avenue of the Americas was acquired in May, 1996; however, SL Green managed the Property for prior ownership since December 1989.

(6) Expenditures included floor renovations, ADA bathrooms, new windows and parapet.

(7) Expenditures included elevator modernization.

(8) Expenditures included new roof.

(9) Weighted average.

673 FIRST AVENUE

673 First Avenue is a 12-story office building that occupies the entire block front on the west side of First Avenue between East 38th Street and East 39th Street in the Grand Central South submarket of the Manhattan office market. 673 First Avenue contains approximately 422,000 rentable square feet (including approximately 366,600 square feet of office space, 26,000 square feet of retail space and a 30,000 square foot garage), with floor plates of approximately 40,000 square feet on all but the top two floors. The building, located three blocks from the United Nations, was completed in 1928 and converted from a warehouse/distribution facility to an office building by SL Green in 1989 and 1990. SL Green acquired a net leasehold interest (which expires in 2037) in the Property and a ground leasehold interest (which expires in 2037) in the land underlying the Property in 1988. Upon completion of the Formation Transactions, such leasehold interests will be transferred to the Company. See "Risk Factors--The Company's Performance and Value are Subject to Risks Associated with the Real Estate Industry--The expiration of net leases could adversely affect the Company's financial condition."

At 673 First Avenue, SL Green converted a distribution and warehouse facility into an office property to take advantage of desirable 40,000 square foot floor plates and a strategic location near the United Nations complex. To accomplish the repositioning, SL Green invested approximately $25 million in the Property for (i) new building entrance, lobby and storefronts, (ii) complete replacement of the elevator systems, (iii) the creation of common areas, (iv) entirely reconfigured HVAC and electrical systems and (v) the build-out of tenant spaces. The repositioning resulted in the conversion of a 43% occupied warehouse/distribution facility into a 100% occupied Class B office building within 24 months. The Property's net operating income (NOI) increased dramatically from approximately $466,000 per annum upon acquisition to approximately $7.6 million per annum following repositioning and lease-up (exclusive of net lease payments and debt service payments).

As of June 30, 1997, 100% of the rentable square footage in 673 First Avenue was leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUALIZED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	100%	$ 25.68	$ 21.79
1996	100	25.12	21.79
1995	97	24.83	21.66
1994	100	23.83	21.47
1993	100	23.48	21.50
1992	100	22.18	21.50

(1) Information is as of June 30, 1997.

As of June 30, 1997, 673 First Avenue was leased to 15 tenants operating in various industries, including healthcare, advertising and publishing, three of whom occupied 10% or more of the rentable square footage at the Property. A major New York City hospital occupied approximately 76,000 square feet (approximately 18% of the Property) under two leases expiring on August 31, 2006, that provide for an aggregate annualized base rent as of June 30, 1997 of approximately $1.9 million (approximately $24.80 per square foot) and renewal options for five years on the two direct leases. In addition, such tenant occupies an additional 65,000 square feet under two subleases, one expiring on December 31, 2003 and the other expiring on December 31, 2004. In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

In addition, an advertising firm occupied approximately 80,000 square feet (approximately 19% of the Property) under a lease expiring on June 30, 2004 that provides for annualized base rent as of June 30, 1997 of approximately $1.8 million (approximately $22.00 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

Also, a publishing company occupied approximately 49,000 square feet (approximately 11.6% of the Property) under two leases expiring on October 31, 2005 that provide for an aggregate annualized base rent as of June 30, 1997 of approximately $1.4 million (approximately $28.00 per square foot). In addition, such tenant occupies an additional 13,000 square feet under a sublease expiring on April 30, 2004. In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year payment.

The following table sets out a schedule of the annual lease expirations at 673 First Avenue for leases executed as of June 30, 1997 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	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES (1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
June 30 through December 31, 1997	--	--	--	--	--	--
1998	--	--	--	--	--	--
1999	1	1,018	0.2%	$ 10,180	$ 10.00	$ 10.00
2000	1	100	0	44,223	442.23(2)	511.94(2)
2001	--	--	--	--	--	--
2002	1	1,046	0.3	23,986	22.93	24.57
2003	2	80,300	19.0	2,141,828	26.67	36.16
2004	6	203,944	48.0	4,989,147	24.46	28.63
2005	1	49,000	11.6	1,456,155	29.72	32.47
2006	1	76,000	18.0	1,906,829	25.09	27.35
2007 and thereafter	2	10,659	2.5	265,134	24.87	35.55
SUBTOTAL/WEIGHTED AVERAGE	15	422,067	100.0%	$ 10,837,482	$ 25.68	$ 30.51(3)
Unleased at 6/30/97	0					
TOTAL		422,067	100.0%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Grand Central South submarket (which, according to RELocate is the area bounded by 32nd Street to 40th Street, Fifth Avenue east to the East River) was $26.85 per square foot as of June 30, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 673 First Avenue.

(2) These rental rates reflect the lease of approximately 100 square feet of roof and office space at the Property for the placement of cellular telephone antennas and equipment.

(3) The differential between Annualized Rent Per Leased Square Foot of Expiring Leases and Annualized Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

The aggregate undepreciated tax basis of depreciable real property at 673 First Avenue for Federal income tax purposes was $22,360,268 as of June 30, 1997. 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 $10.072 per $100 of assessed value. The total annual tax for 673 First Avenue at this rate for the 1997-98 tax year is $1,225,561 (at a taxable assessed value of $12,168,000).

470 PARK AVENUE SOUTH

470 Park Avenue South is comprised of two buildings, 468 Park Avenue South (a 17-story building) and 470 Park Avenue South (a 12-story building), that occupy the entire blockfront on the west side of Park Avenue South between East 31st and East 32nd Streets in the Park Avenue South/Flatiron submarket of the Manhattan office market. The buildings are joined together by a single lobby and common base building systems. 468 Park Avenue South was completed in 1912 and 470 Park Avenue South was completed in 1917. Various portions of the common areas of both buildings were substantially renovated in 1987, 1990 and 1994. SL Green acquired a 100% fee simple interest in the Property in 1986. Upon completion of the Formation Transactions, this fee simple interest will be transferred to the Company. The Property contains an aggregate of approximately 260,000 rentable square feet (including approximately 232,000 square feet of office space and approximately 28,000 square feet of retail space), with floor plates of approximately 8,400 square feet in the 468 building and floor plates of approximately 9,735 square feet in the 470 building.

As of June 30, 1997, 99% of the rentable square footage in 470 Park Avenue South was leased (including space for leases that were executed as of June 30, 1997). The office space was 99% leased and the retail space was 100% leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUALIZED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FEET
1997(1)	99%	$ 22.66	$ 19.43
1996	95	21.93	19.57
1995	93	21.79	18.50
1994	99	21.23	17.82
1993	98	21.15	17.62
1992	84	21.28	17.19

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(1) Information is as of June 30, 1997.

As of June 30, 1997, 470 Park Avenue South was leased to 27 tenants operating in various industries, including financial services, publishing and general contracting, one of whom leased 10% or more of the Property's rentable square feet. A general contractor occupied approximately 27,870 square feet (approximately 11% of the Property) under a lease expiring on December 31, 2009 that provides for annualized base rent as of June 30, 1997 of approximately $621,000 (approximately $22.28 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 470 Park Avenue South with respect to leases executed as of June 30, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FOOT	ANNUALIZED RENT OF EXPIRING LEASES	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
June 30 through December 31, 1997	--	--	--	--	--	--
1998	1	2,400	0.9	$ 54,000	$22.50	$23.23
1999	3	18,800	7.2	439,760	23.39	24.44
2000	2	18,135	7.0	417,091	23.00	27.43
2001	3	19,271	7.4	478,038	24.81	28.53
2002	6	53,520	20.6	1,182,058	22.09	23.98
2003	5	61,062	23.5	1,311,933	21.49	26.58
2004	2	18,364	7.1	316,582	17.24	21.56
2005	1	9,735	3.8	198,096	20.35	22.40
2006	2	26,135	10.1	664,359	25.42	31.82
2007 and thereafter	2	30,870	11.9	791,803	25.65	33.90
SUBTOTAL/WEIGHTED AVERAGE	27	258,292	99.4	$5,853,720	$22.66	$26.95(2)
Unleased at 6/30/97		1,637	0.6%			
TOTAL		259,929	100.0%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Park Avenue South/Flatiron submarket (which, according to RELocate, is the area bounded by the northside of 32nd Street, the southside of 20th Street, First Avenue and east to Fifth Avenue from 20th Street to 23rd Street and Broadway from 24th Street to 32nd Street) was $22.38 per square foot as of June 30, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 470 Park Avenue South.

(2) The differential between Annualized Rent Per Leased Square Foot of Expiring Leases and Annualized Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

In 1987, 1990 and 1994, 470 Park Avenue South was substantially renovated by SL Green to upgrade the building's amenities and services to accommodate first class office use. The renovations were completed at a total cost of approximately $2.6 million and included a significant restoration of the exterior of the building, a new lobby, a cosmetic upgrade of the elevator cabs, modernization of the elevator machinery, new plumbing risers, electrical service upgrades, heating plant replacement, asbestos abatement, installation of a new roofing system and new windows and replacement of the bathrooms and HVAC systems on a floor by floor basis. Over the next 18 months, the Company anticipates replacing the sidewalk in front of the building, upgrading the elevators, completing a modest facade restoration and scraping and painting the windows, at an estimated aggregate cost of $337,000.

The aggregate undepreciated tax basis of depreciable real property at 470 Park Avenue South for Federal income tax purposes was $15,006,453 as of June 30, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.072 per $100 of assessed value. The total annual tax for 470 Park Avenue South at this rate for the 1997-98 tax year is $648,133 (at an assessed value of $6,435,000).

36 WEST 44TH STREET (THE BAR BUILDING)

36 West 44th Street (the Bar Building) is comprised of two buildings, 36 West 44th Street (a 14-story building) and 35 West 43rd Street (a four-story building), located on the south side of West 44th Street through to the north side of West 43rd Street between Fifth and Avenue of the Americas in the Rockefeller Center submarket of the Manhattan office market. The buildings were completed in 1922 and, as discussed below, a renovation is scheduled for 1997/1998. The Property contains approximately 165,000 rentable square feet (including approximately 148,500 square feet of office space and approximately 16,500 square feet of retail space), with floor plates of approximately 12,000 square feet at the 44th Street building and floor plates of approximately 2,200 square feet at the 43rd Street building. A limited liability company owned by SL Green and an unaffiliated real estate fund (the "Bar Building Joint Venture") acquired non-performing mortgage indebtedness encumbering the Property from an institutional lender in October 1996 with the intent of obtaining a 100% economic interest in such Property. Pursuant to a subsequent agreement with the mortgagor, the Bar Building Joint Venture obtained the right to foreclose on the Bar Building no earlier than September 30, 1998. Upon recording of the conveyancing instruments, the Bar Building Joint Venture is required to pay to the mortgagor and/or its affiliates the sum of $350,000, and to pay the New York City and New York State Real Property Transfer Gains Taxes imposed upon recording of the conveyancing instruments. Upon completion of the Formation Transactions, the Company will acquire all of the mortgage indebtedness encumbering the Property (representing effectively a 100% economic interest therein) as well as such right of foreclosure. Upon exercising such right of foreclosure, the Company would obtain a leasehold interest (which expires in 2080) in the land and building at 35 West 43rd Street and fee simple title to the building at 36 West 44th Street. See "Risk Factors--The Company's Performance and Value are Subject to Risks Associated with the Real Estate Industry--The expiration of net leases could adversely affect the Company's financial condition."

The Bar Building is centrally located on 44th Street between Fifth Avenue and Avenue of the Americas, in the heart of midtown Manhattan, a block that includes the headquarters of the Association of the Bar of the City of New York, the University of Pennsylvania Alumni Club, the Harvard Club, the Algonquin Hotel, the Royalton Hotel and the Mansfield Hotel. A new Sofitel hotel is planned for the vacant parcel of land located across the street from the Bar Building. This location is within two and one half blocks of Grand Central Terminal, four blocks of Rockefeller Center and five blocks of the Port Authority Bus Terminal, a major transportation hub for commuters from New Jersey.

When SL Green first purchased its interest in the Bar Building in October 1996, approximately 35,000 square feet of space was vacant and approximately 70,000 square feet of space was subject to leases expiring within 18 months. The Property was nearing the end of a consensual foreclosure process during which little capital was spent on preventive maintenance or leasing incentives. Since the purchase of its interest, SL Green has implemented an aggressive leasing and marketing campaign in conjunction with a strategic property-wide renovation program. The Company is planning to spend $1.1 million over the next 18 months on this upgrade and renovation program at the Property, which expense will be funded out of the net proceeds of the Offering. Some of this work includes roof repair, facade restoration and steam cleaning, window upgrade, entrance and lobby upgrade, sidewalk replacement and public corridor renovations. As of July 15, 1997, approximately 14,000 square feet of space at the Property was vacant and approximately 64% of the expiring leases were renewed.

As of June 30, 1997, approximately 89% of the rentable square footage in The Bar Building was leased. The office space was 89% leased and the retail space was 89% leased. As noted above, SL Green has commenced an aggressive leasing program at the Property and as of July 15, 1997, approximately 93%

of the rentable square feet in the Property was leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUALIZED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	89%	$ 28.33	$ 24.74
1996	78	29.28	25.98

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(1) Information is as of June 30, 1997.

As of June 30, 1997, the Bar Building was leased to 58 tenants operating in various businesses, including legal, not-for-profit and the theater, one of whom occupied 10% or more of the rentable square footage at the Property. A professional organization for lawyers occupied approximately 16,777 square feet (approximately 10.7% of the Property) under two leases expiring on September 30, 1999 that provide for an aggregate annualized base rent as of June 30, 1997 of approximately $403,000 (approximately $24.00 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at The Bar Building with respect to leases executed as of June 30, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUALIZED RENT OF EXPIRING LEASES	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
June 30 through December 31, 1997	10	17,981	10.9	$ 535,370	$ 29.77	$ 29.83
1998	5	5,136	3.1	145,810	28.39	28.39
1999	5	22,176	13.5	871,169	39.28	39.59
2000	12	25,824	15.7	732,869	28.38	29.14
2001	8	16,906	10.3	479,040	28.34	30.85
2002	10	31,251	19.0	699,803	22.39	23.10
2003	3	8,069	4.9	157,210	19.48	21.55
2004	2	9,982	6.1	277,754	27.83	29.36
2005	--	--	--	--	--	--
2006	2	8,095	4.9	209,407	25.87	28.74
2007 and thereafter	1	700	0.4	31,272	44.67	83.30
SUBTOTAL/WEIGHTED AVERAGE	58	146,120	88.8%	$ 4,139,704	$ 28.33	$ 29.52
Unleased at 6/30/97		18,664	11.2%			
TOTAL		164,784	100.0%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Rockefeller Center submarket (which, according to RELocate, is the area between 40th Street to 59th Street along Avenue of the Americas and 40th Street to 52nd Street between 5th Avenue and Avenue of the Americas) was $27.38 per square foot as of June 30, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at the Bar Building. Additionally, the

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

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Annualized Rent Per Leased Square Foot of Expiring Leases includes the effect of retail rental rates at this Property, which are generally higher than office rental rates. Excluding rental payments attributable to retail space at this Property, the weighted average Annualized Rent Per Leased Square Foot of Expiring Leases would be $27.23.

The aggregate tax basis of the mortgage indebtedness encumbering The Bar Building for Federal income tax purposes was $11,444,247 as of June 30, 1997.

The current real estate tax rate for all Manhattan office properties is $10.072 per $100 of assessed value. The total annual tax for The Bar Building at this rate for the 1997-98 tax year is $729,572 (at an assessed value of $7,245,000).

70 WEST 36TH STREET

70 West 36th Street is a 16-story office building located on the south side of West 36th Street between Fifth Avenue and Sixth Avenue in the Garment submarket of the Manhattan office market. The building, situated between Grand Central Terminal and Penn Station, was completed in 1923 and various portions of the common areas were renovated in 1985, 1993 and 1994. SL Green acquired a 100% fee simple interest in the Property in 1984. Upon completion of the Formation Transaction, this fee simple interest will be transferred to the Company. The Property contains approximately 151,000 rentable square feet (including approximately 130,000 square feet of office space and approximately 21,000 square feet of retail space including the basement), with floor plates ranging from 6,500 square feet to 10,000 square feet. The Company's headquarters is located at 70 West 36th Street.

As of June 30, 1997, approximately 98% of the rentable square footage in 70 West 36th Street was leased (including space for leases that were executed as of June 30, 1997). The office space was 98% leased and the retail space was 100% leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUALIZED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	98%	$ 18.90	$ 16.13
1996	95	19.50	15.92
1995	94	21.13	16.08
1994	92	21.31	16.09
1993	89	21.99	16.59
1992	92	20.55	15.18

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(1) Information is as of June 30, 1997.

As of June 30, 1997, 70 West 36th Street was leased to 38 tenants operating in various industries, including textiles, not-for-profit and advertising, one of whom occupied 10% or more of the rentable square footage at the Property. A textile company occupied approximately 16,222 square feet (approximately 10.7% of the Property) under one lease expiring on December 31, 2003 that provides for an aggregate annualized base rent as of June 30, 1997 of approximately $266,000 (approximately $16.40 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 70 West 36th Street with respect to leases executed as of June 30, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUALIZED RENT OF EXPIRING LEASES	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
June 30 through December 31, 1997	2	2,227	1.5%	$ 51,355	$ 23.06	$ 23.06
1998	7	24,314	16.4	494,338	20.33	20.68
1999	3	7,078	4.7	120,075	16.96	17.15
2000	2	7,245	4.9	141,864	19.58	19.95
2001	7	12,777	8.6	241,689	18.92	20.00
2002	5	16,011	10.8	298,838	18.66	19.59
2003	3	29,714	20.1	536,014	18.04	20.01
2004	1	2,589	1.8	57,585	22.24	22.24
2005	2	9,047	6.1	178,309	19.71	20.47
2006	3	18,356	12.4	328,461	17.89	23.42
2007 and thereafter	3	18,559	12.6	347,458	18.72	19.00
SUBTOTAL/WEIGHTED AVERAGE	38	147,917	98.3%	$ 2,795,986	$ 18.90	$ 20.34
Unleased at 6/30/97		2,336	1.7%			
TOTAL		150,523	100.0%			

(1) For comparison purposes, according to RELocate the Direct Weighted Average Rental Rate for the direct Class B Garment submarket (which, according to RELocate is the area from 32nd Street to 40th Street, west of Avenue of the Americas to the Hudson River) was $23.32 per square foot as of June 30, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 70 West 36th Street.

In 1984, a complete renovation of 70 West 36th Street was commenced to convert the Property from a manufacturing loft building into an office building. The conversion included the creation of a new lobby and building entrance, installation of office quality public corridors and lavatories, steam cleaning and repainting of the Property's facade and upgrading and reconfiguration of the building's plumbing system and electric service. In addition, a monitored, state-of-the-art security system was installed for the building's entrance and all tenant spaces. In 1994, further renovations included a new heating plant, asbestos abatement and elevator modernization, including new cabs. The aggregate cost of these renovations was approximately $3 million.

70 West 36th Street is located in the Fashion Center Business Improvement District (BID). The Fashion Center BID encompasses the area bordered to the north and south by 41st Street and 35th Street, respectively, and to the east and west by Avenue of the Americas and Ninth Avenue, respectively. The BID includes approximately 450 buildings with over 5,000 fashion-related tenants occupying more than 34 million square feet of office space. The Fashion Center BID provides a private, uniformed security force for on-street, five-day-per week surveillance and response and a private, uniformed sanitation force. In addition, the BID has been responsible for the implementation of various special projects in the area, including the construction of handicapped access curbs and the installation of enhanced street lighting.

The aggregate undepreciated tax basis of depreciable real property at 70 West 36th Street for Federal income tax purposes was $6,660,097 as of June 30, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.072 per $100 of assessed value. The total annual tax for 70 West 36th Street at this rate for the 1997-98 tax year, including the applicable BID tax, is $377,394 (at an assessed value of $3,645,000).

1414 AVENUE OF THE AMERICAS

1414 Avenue of the Americas is a 19-story office building located on the southeast corner of Avenue of the Americas (Sixth Avenue) and West 58th Street in the Rockefeller Center submarket of the Manhattan office market. The building, situated one block from Central Park, was completed in 1923 and a renovation program is scheduled for 1997/1998. The program will include new windows, lobby and entrance as well as steam cleaning of the facade, at an estimated aggregate cost of $660,000. SL Green acquired a 100% fee simple interest in the Property in 1996. Upon completion of the Formation Transactions, such fee simple interest will be transferred to the Company. The Property contains approximately 111,000 rentable square feet (including approximately 103,000 square feet of office space and approximately 8,000 square feet of retail space), with floor plates of approximately 6,400 square feet on all but the top floor.

Located on the easterly blockfront of Sixth Avenue between 57th and 58th Streets, the Property is at the heart of the Avenue of the Americas corridor which is host to many of world's most recognizable corporate names in domestic and international banking, legal services, manufacturing, securities, printing, publishing, advertising and communications. The Property also benefits from being strategically located one block north of 57th Street. 57th Street has become the focal point of the resurgence of high end and specialty retail development in New York in recent years. Warner Brothers recently expanded their successful company store on 57th Street and Fifth Avenue. In addition, the Nike Town Store recently opened on 57th Street between Fifth and Madison Avenues. High-profile theme retail restaurants such as the Harley Davidson Cafe, the Hard Rock Cafe, the Motown Cafe, Planet Hollywood and the Jekyll and Hyde Cafe have all also opened restaurant/theme stores on 57th Street and Avenue of the Americas. These developments have made the 57th Street corridor a major shopping and tourist destination which accommodates clientele generated by the area's concentration of businesses and tourist attractions.

As of June 30, 1997, approximately 98% of the rentable square footage in 1414 Avenue of the Americas was leased (including space for leases that were executed as of June 30, 1997). The office space was 98% leased and the retail space was 100% leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUALIZED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	98%	$ 30.85	$ 30.87
1996	97	30.40	31.14

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(1) Information is as of June 30, 1997.

As of June 30, 1997, 1414 Avenue of the Americas was leased to 31 tenants operating in various industries including financial services, shoe manufacturing and travel, two of whom occupied 10% or more of the rentable square footage at the Property. A shoe manufacturer and retailer occupied approximately 12,200 square feet (approximately 11% of the Property) under a lease expiring on September 30, 1998 that provides for annualized base rent as of June 30, 1997 of approximately $420,268 (approximately $34.45 per square foot) and a cancellation option that has been exercised and takes effect as of September 30, 1998.

All of the space subject to the expiration has been released to two tenants. In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

In addition, an entertainment product developer occupied approximately 13,975 square feet (approximately 12.5% of the Property) under a lease expiring on May 31, 2004 that provides for annualized base rent as of June 30, 1997 of approximately $305,725 (approximately $21.88 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 1414 Avenue of the Americas with respect to leases executed as of June 30, 1997 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:

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUALIZED RENT OF EXPIRING LEASES	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
June 30 through December 31, 1997	1	980	0.9%	$ 20,409	$ 20.83	$ 23.83
1998	6	21,533(2)	19.3	854,107	39.67	40.45
1999	3	13,700	12.3	458,180	33.44	34.21
2000	3	5,300	4.8	141,968	26.79	30.30
2001	5	14,265	12.8	380,134	26.65	28.63
2002	2	4,400	4.0	98,349	22.35	26.26
2003	5	21,465	19.3	575,602	26.82	32.88
2004	1	13,975	12.6	355,950	25.47	30.35
2005	1	2,187	2.0	60,327	27.58	31.69
2006	2	3,100	2.8	82,600	26.65	38.73
2007 and thereafter	2	8,346	7.5	342,375	41.02	58.09
SUBTOTAL/WEIGHTED AVERAGE	31	109,251	98.2%	$ 3,370,001	$ 30.85	$ 35.26(3)
Unleased at 6/30/97		2,100	1.8%			
TOTAL		111,351	100.0%			

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(1) For comparison purposes, according to RELocate the Direct Weighted Average Rental Rate for the direct Class B Rockefeller Center submarket (which, according to RELocate, is the area between 40th Street to 59th Street along Avenue of the Americas and 40th Street to 52nd Street between Fifth Avenue and Avenue of the Americas) was $27.38 per square foot as of June 30, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 1414 Avenue of the Americas. Additionally, the Annualized Rent Per Leased Square Foot of Expiring Leases includes the effect of retail rental rates at this Property, which are generally higher than office rental rates. Excluding rental payments attributable to retail space at this Property, the weighted average Annualized Rent Per Leased Square Foot of Expiring Leases would be $27.92.

(2) As noted above, 12,200 square feet of the space expiring during 1998 has been released to two tenants.

(3) The differential between Annualized Rent Per Leased Square Foot of Expiring Leases and Annualized Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

The aggregate undepreciated tax basis of depreciable real property at 1414 Avenue of the Americas for Federal income tax purposes was $11,830,680 as of June 30, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.072 per $100 of assessed value. The total annual tax for 1414 Avenue of the Americas at this rate for the 1997-98 tax year is $484,967 (at an assessed value of $4,815,000).

29 WEST 35TH STREET

29 West 35th Street is a 12-story building located on the north side of West 35th Street between Fifth Avenue and Sixth Avenue in the Garment submarket of the Manhattan office market. The building, situated between Grand Central Terminal and Penn Station, was completed in 1911 and substantially renovated in 1985. SL Green acquired a 100% fee simple interest in the Property in 1983. Upon completion of the Formation Transactions, such fee simple interest will be transferred to the Company. The Property contains approximately 78,000 rentable square feet (including approximately 72,000 square feet of office space and approximately 6,000 square feet of retail space), with floor plates of approximately 6,500 square feet.

As of June 30, 1997, approximately 92% of the rentable square footage in 29 West 35th Street was leased (including space for leases executed as of June 30, 1997). The office space was 90% leased and the retail space was 100% leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUALIZED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	92%	$ 19.53	$ 16.23
1996	92	21.06	15.60
1995	92	21.26	15.77
1994	100	19.90	15.77
1993	88	19.53	15.94
1992	92	19.13	15.75

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(1) Information is as of June 30, 1997.

As of June 30, 1997, 29 West 35th Street was leased to eight tenants operating in the publishing, executive recruiting and specialty apparel industries, three of whom occupied 10% or more of the rentable square footage at the Property. A publishing company occupied approximately 19,500 square feet (approximately 25% of the Property) under three leases expiring on April 8, 2004 that provide for an aggregate annualized base rent as of June 30, 1997 of approximately $522,000 (approximately $26.75 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalation in excess of a base year amount.

Also, a second publishing company occupied approximately 16,250 square feet (approximately 20.9% of the Property) under a lease expiring on December 31, 1999 that provides for annualized base rent as of June 30, 1997 of approximately $260,000 (approximately $16.00 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalation in excess of a base year amount.

In addition, an executive recruiting firm occupied approximately 9,750 square feet (approximately 12.5% of the Property) under a lease expiring on August 14, 1998 that provides for annualized base rent as of June 30, 1997 of approximately $191,000 (approximately $19.61 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 29 West 35th Street with respect to leases executed as of June 30, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUALIZED RENT OF EXPIRING LEASES	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
June 30 through December 31, 1997	--	--	--	--	--	--
1998	1	9,750	12.5%	$ 191,475	$ 19.64	$ 20.42
1999	1	16,250	20.9	260,585	16.04	16.04
2000	--	--	--	--	--	--
2001	--	--	--	--	--	--
2002	1	3,835	4.9	66,000	17.21	19.57
2003	--	--	--	--	--	--
2004	3	28,500	36.6	699,575	24.55	33.75
2005	--	--	--	--	--	--
2006	--	--	--	--	--	--
2007 and thereafter	2	13,000	16.7	175,500	13.50	17.56
SUBTOTAL/WEIGHTED AVERAGE	8	71,335	91.6%	$ 1,393,135	$ 19.53	$ 24.18(2)
Unleased at 6/30/97		6,500	8.4%			
TOTAL		77,835	100.0%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Garment submarket (which, according to RELocate, is the area from 32nd Street to 40th Street west of Avenue of the Americas to the Hudson River) was $23.32 per square foot as of June 30, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 29 West 35th Street.

(2) The differential between Annualized Rent Per Leased Square Foot of Expiring Leases and Annualized Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

In 1985, 29 West 35th Street was substantially renovated by SL Green at a total cost of approximately $1 million. The program included the renovation of the building's lobby, entrance and storefronts, modernization of the elevator equipment, including new cabs, new electric service and distribution, code compliant lavatories and fire protection system and a new roof and sidewalk.

29 West 35th Street is located in the Fashion Center BID, which encompasses the area bordered to the north and south by 41st Street and 35th Street and to the east and west by Avenue of the Americas and Ninth Avenue, respectively. The BID includes approximately 450 buildings with over 5,000 fashion-related tenants occupying more than 34 million square feet of office space. The Fashion Center BID provides a private, uniformed security force for on-street, five-day-per week surveillance and response and a private, uniformed sanitation force. In addition, the BID has been responsible for the implementation of various special projects in the area, including the construction of handicapped access curbs and the installation of enhanced street lighting.

The aggregate undepreciated tax basis of depreciable real property at 29 West 35th Street for Federal income tax purposes was $1,482,682 as of June 30, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.072 per $100 of assessed value. The total annual tax for 29 West 35th Street at this rate for the 1997-98 tax year, including the applicable BID tax, is $176,776 (at an assessed value of $1,705,500).

ACQUISITION PROPERTIES

1372 BROADWAY. The Company has contracted to acquire a 100% fee interest in 1372 Broadway from an unaffiliated seller. Pursuant to a contractual arrangement with the seller, the closing for the acquisition of such fee interest may not occur prior to January 1998. However, the Company has also contracted to acquire, at the time of the closing of the Offering, from an unaffiliated institutional lender, certain mortgage indebtedness that will effectively entitle the Company to receive all of the cash flow derived from the Property at such time. The aggregate purchase price for such fee interest and such mortgage indebtedness is approximately $54.14 million (including $440,000 in acquisition costs and $1.2 million in capital improvements). SL Green has been the leasing agent and asset manager of this Property since June 1, 1997.

1372 Broadway is a 21-story office building located on the northeast corner of West 37th Street in the Garment submarket of the Manhattan office market. The building, situated within four blocks of the Port Authority Bus Terminal and Penn Station, was completed in 1914 and a renovation is anticipated to commence in the fall of 1997. The Property contains approximately 508,000 rentable square feet (including approximately 475,000 square feet of office space, approximately 24,000 square feet of retail space and 9,000 square feet of mezzanine space), with floor plates ranging from 34,000 square feet to 11,000 square feet.

The Property is located within five blocks of Times Square, arguably the most vibrant development area in New York City. Times Square has undergone large-scale redevelopment in recent years that has transformed the area into a popular family entertainment destination.

The Company has targeted the Fall of 1997 for commencement of a $2 million capital improvement program geared toward enhancing the infrastructure and marketability of the Property. Included in this renovation is a new lobby, elevator cab modernization, freight elevator upgrade, facade restoration and cleaning, sidewalk replacement and asbestos abatement.

As of June 30, 1997, approximately 84% of the rentable square footage in 1372 Broadway was leased (including space for leases that were executed as of June 30, 1997). The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUALIZED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	84%	$ 22.47	$ 21.57
1996	89	22.05	21.20

(1) Information is as of June 30, 1997.

As of June 30, 1997, 1372 Broadway was leased to 32 tenants operating in various industries including financial services, textiles and retailing, three of whom occupied 10% or more of the rentable square footage at the Property. A shirt manufacturer occupied approximately 64,000 square feet (approximately 12.6% of the Property) under a lease expiring on July 31, 2005 that provides for annualized base rent as of June 30, 1997 of approximately $1.28 million (approximately $20.00 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

Also, a women's fashion retailer occupied approximately 58,975 square feet (approximately 11.6% of the Property) under a lease expiring on July 31, 2010 that provides for annualized base rent as of June 30, 1997 of approximately $1.17 million (approximately $19.82 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

In addition, a commercial bank occupied approximately 55,238 square feet (approximately 10.9% of the Property) under a lease expiring on March 31, 2000 that provides for annualized base rent as of June 30, 1997 of approximately $1.24 million (approximately $22.37 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 1372 Broadway with respect to leases executed as of June 30, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUALIZED RENT OF EXPIRING LEASES	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES (1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
June 30 through December 31, 1997	1	506	0.1%	$ 11,119	$ 21.97	$ 21.97
1998	2	2,847	0.6	138,128	48.52	48.67
1999	5	10,266	2.0	233,683	22.76	23.66
2000	4	78,157	15.4	1,996,071	25.54	26.14
2001	--	--	--	--	--	--
2002	5	26,189	5.2	504,857	19.28	20.00
2003	1	20,500	4.0	429,987	20.97	21.97
2004	--	--	--	--	--	--
2005	2	98,167	19.3	1,871,498	19.006	21.41
2006	4	8,177	1.6	595,542	72.83	86.90
2007 and thereafter	8	183,829	36.2	3,850,255	20.94	25.17
SUBTOTAL/WEIGHTED AVERAGE	32	428,638	84.4%	$ 9,631,140	$ 22.47	$ 25.31(2)
Unleased at 6/30/97		79,300	15.6%			
TOTAL		507,938	100.0%			

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(1) For comparison purposes, according to RELocate, the Direct Weighted Average Rental Rate for the direct Class B Garment submarket (which, according to RELocate is the area from 32nd Street to 40th Street, west of Avenue of the Americas to the Hudson River) was $23.32 per square foot as of June 30, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 1372 Broadway. Additionally, the Annualized Rent Per Leased Square Foot of Expiring Leases includes the effect of retail rental rates at this Property, which are generally higher than office rental rates. Excluding rental payments attributable to retail space at this Property, the weighted average Annualized Rent Per Leased Square Foot of Expiring Leases would be $20.36.

(2) The differential between Annualized Rent Per Leased Square Foot of Expiring Leases and Annualized Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

1372 Broadway is located in the Fashion Center BID, which encompasses the area bordered to the north and south by 41st Street and 35th Street, respectively, and to the east and west by Avenue of the Americas and Ninth Avenue, respectively. The BID includes approximately 450 buildings with over 5,000

fashion-related tenants occupying more than 34 million square feet of office space. The Fashion Center BID provides a private, uniformed security force for on-street, five-day-per week surveillance and response and a private, uniformed sanitation force. In addition, the BID has been responsible for the implementation of various special projects in the area, including the construction of handicapped access curbs and the installation of enhanced street lighting.

The aggregate undepreciated tax basis of depreciable real property at 1372 Broadway for Federal income tax purposes was $52.5 million as of June 30, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.072 per $100 of assessed value. The total annual tax for 1372 Broadway at this rate for the 1997-98 tax year, including the applicable BID tax, is $2,258,000 (at an assessed value of $21,793,000).

1140 AVENUE OF THE AMERICAS. The Company has contracted to acquire a 100% interest in the leasehold position in 1140 Avenue of the Americas from an unaffiliated seller for an aggregate cash purchase price of approximately $21.3 million (including $50,000 of acquisition costs). The remaining term of the leasehold is in excess of 19 years, with an option to extend for a further 50 year term. See "Risk Factors--The Company's Performance and Value are Subject to Risks Associated with the Real Estate Industry--The expiration of net leases could adversely affect the Company's financial condition." The Company initially intends to encumber the Property with an approximately $14 million first mortgage loan from LBHI at the time of closing of the Offering. See "The Properties--Mortgage Indebtedness." 1140 Avenue of the Americas is a 22-story office building completed in 1926 and renovated in 1951 and located in the Rockefeller Center submarket of the Manhattan office market. The Property contains approximately 191,000 rentable square feet (including approximately 175,000 square feet of office space, approximately 7,600 square feet of retail space and 8,400 square feet of mezzanine space), with floor plates ranging from 3,500 square feet to 9,400 square feet.

1140 Avenue of the Americas is centrally located at the northeast corner of West 44th Street and Avenue of the Americas, in the heart of midtown Manhattan, at the end of a block that includes the headquarters of the Association of the Bar of the City of New York, the University of Pennsylvania Alumni Club, the Harvard Club, the Algonquin Hotel, the Royalton Hotel and the Mansfield Hotel. A new Sofitel hotel is planned for a vacant parcel of land located on the block. The location is within three blocks of Grand Central Terminal, four blocks of Rockefeller Center and five blocks of the Port Authority Bus Terminal, a major transportation hub for commuters from New Jersey.

As of June 30, 1997, approximately 98% of the rentable square footage in 1140 Avenue of the Americas was leased (including space for leases that were executed as of June 30, 1997). The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUALIZED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	98%	$ 26.30	$ 24.70
1996	99	26.57	24.78

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(1) Information is as of June 30, 1997.

As of June 30, 1997, 1140 Avenue of the Americas was leased to 39 tenants operating in various industries including executive placement, financial services and precious stones, one of whom occupied 10% or more of the rentable square footage at the Property. An executive placement firm occupied approximately 28,200 square feet (approximately 14.8% of the Property) under two leases expiring on September 30, 2005 and September 30, 2006, respectively, that provide for aggregate annualized base rent as of June 30, 1997 of approximately $714,000 (approximately $25.33 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 1140 Avenue of the Americas with respect to leases executed as of June 30, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUALIZED RENT OF EXPIRING LEASES	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES (1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
June 30 through December 31, 1997	4	12,676	6.6%	$ 319,419	$ 25.20	$ 25.20
1998	4	5,534	2.9	180,291	32.58	33.04
1999	8	22,119	11.6	541,252	24.47	24.47
2000	2	13,400	7.0	376,992	28.13	29.73
2001	5	22,198	11.6	690,325	31.10	31.50
2002	--	--	--	--	--	--
2003	5	17,819	9.3	449,036	25.20	29.30
2004	5	40,370	21.1	972,060	24.08	27.20
2005	3	17,498	9.2	425,385	24.31	29.08
2006	1	18,800	9.8	486,638	25.89	32.39
2007 and thereafter	2	16,575	8.7	476,122	28.73	34.16
SUBTOTAL/WEIGHTED AVERAGE	39	186,989	97.8%	$ 4,917,520	$ 26.30	$ 29.12(2)
Unleased at 6/30/97		3,982	2.2%			
TOTAL		190,971	100.0%			

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(1) For comparison purposes, according to RELocate the Direct Weighted Average Rental Rate for the direct Class B Rockefeller Center submarket (which, according to RELocate, is the area between 40th Street to 59th Street along Avenue of the Americas and 40th Street to 52nd Street between Fifth Avenue and Avenue of the Americas) was $27.38 per square foot as of June 30, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 1140 Avenue of the Americas. Additionally, the Annualized Rent Per Leased Square Foot of Expiring Leases includes the effect of retail rental rates at this Property, which are generally higher than office rental rates. Excluding rental payments attributable to retail space at this Property, the weighted average Annualized Rent Per Leased Square Foot of Expiring Leases would be $24.99.

(2) The differential between Annualized Rent Per Leased Square Foot of Expiring Leases and Annualized Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

The aggregate undepreciated tax basis of depreciable real property at 1140 Avenue of the Americas for Federal income tax purposes was $21.2 million as of June 30, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.072 per $100 of assessed value. The total annual tax for 1140 Avenue of the Americas at this rate for the 1997-98 tax year is $974,000 (at an assessed value of $9,675,000).

50 WEST 23RD STREET. In June 1997, SL Green obtained an option from an unaffiliated seller to acquire a 100% fee interest in 50 West 23rd Street, a 333,000 rentable square foot 13-story Class B office building located on West 23rd Street between 5th Avenue and Avenue of the Americas in the Chelsea submarket of Manhattan. The cost of obtaining the option was $500,000 (to be credited against the purchase price) and the purchase price for the Property is approximately $36.0 million (including $50,000 of acquisition costs).

In connection with the Formation Transactions, the option will be assigned to the Operating Partnership at cost and will be exercisable through July 31, 1997. The term of the option is extendable for up to three successive one month periods (I.E., through October 31, 1997) at a cost of $100,000 per extension. Under the option terms, the closing must occur within 30 days after exercise of such option. Management of the Company intends to exercise the option on or about the closing of the Offering. Consequently, the Company expects to acquire the Property within 30 days after the Offering is completed.

In addition to the foregoing, the contract of sale will provide that if, by the date 50 West 23rd Street is acquired by the Company, there has not been enacted into law a reduction in the federal income tax rate on capital gains in effect on the contract date, the Company will deposit in an escrow account the sum of $1.56 million. In the event there is enacted into law by April 16, 1998 a reduction in such rate applicable to gains recognized on or before January 2, 1998, a portion of such escrowed amount approximately equal to the differential between (i) the income tax payable by the seller on its capital gains attributable to the sale of this Property and (ii) the income tax that would have been payable on such gain in the event such reduction had been in effect at the time of sale, will be paid to the seller and the balance will be refunded to the Company.

50 West 23rd Street was completed in 1892 and substantially renovated in 1992. The property contains approximately 333,000 rentable square feet (including approximately 324,000 square feet of office space and approximately 9,000 square feet of retail space), with floor plates ranging from 32,000 square feet to 6,500 square feet. The substantial renovation of 50 West 23rd Street in 1992, completed by the prior owner of the building at a cost of approximately $15.4 million, included (i) construction of a new lobby, (ii) overhaul of elevator mechanical systems, (iii) enhancement of electrical capacity, (iv) replacement of HVAC and plumbing systems, (v) installation of new windows, (vi) facade restoration and (vii) asbestos abatement.

As of June 30, 1997, approximately 91% of the rentable square footage in 50 West 23rd Street was leased (including space for leases that were executed as of June 30, 1997). The office space was 91% leased and the retail space was 100% leased. The following table sets forth certain information with respect to the Property:

YEAR-END	PERCENT LEASED	ANNUALIZED RENT PER LEASED SQUARE FOOT	ANNUAL NET EFFECTIVE RENT PER LEASED SQUARE FOOT
1997(1)	91%	$ 19.58	$ 17.09
1996	91	19.68	17.09

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(1) Information is as of June 30, 1997.

As of June 30, 1997, 50 West 23rd Street was leased to 16 tenants operating in various industries including engineering, architecture and aerospace, three of whom occupied 10% or more of the rentable square footage at the Property. A naval architecture firm occupied approximately 64,700 square feet (approximately 19.4% of the Property) under a lease expiring on August 31, 2005, that provides for annualized base rent as of June 30, 1997 of approximately $1.25 million (approximately $19.61 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

In addition, a New York City agency occupied approximately 64,000 square feet (approximately 19.2% of the Property) under a lease expiring on June 30, 2010, that provides for annualized base rent as of June 30, 1997 of approximately $700,000 (approximately $11.00 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

Also, an engineering firm occupied approximately 53,600 square feet (approximately 16.1% of the Property) under a lease expiring on June 30, 2005, that provides for annualized base rent as of June 30, 1997 of approximately $1.1 million (approximately $20.02 per square foot). In addition to annualized base rent, this tenant pays real estate tax escalations and operating escalations in excess of a base year amount.

The following table sets out a schedule of the annual lease expirations at 50 West 23rd Street with respect to leases executed as of June 30, 1997 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):

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF TOTAL LEASED SQUARE FEET	ANNUALIZED RENT OF EXPIRING LEASES	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES(1)	ANNUALIZED RENT PER LEASED SQUARE FOOT OF EXPIRING LEASES WITH FUTURE STEP-UPS
June 30 through December 31, 1997.....	4	13,609	4.1%	$ 440,691	$ 32.38	$ 32.39
1998.....	--	--	--	--	--	--
1999.....	1	2,800	0.8	128,958	46.06	46.06
2000.....	--	--	--	--	--	--
2001.....	--	--	--	--	--	--
2002.....	1	3,008	0.9	97,080	32.27	39.05
2003.....	1	11,510	3.4	206,724	17.96	21.31
2004.....	2	28,700	8.6	507,653	17.69	17.95
2005.....	3	141,477	42.4	3,320,426	23.47	24.98
2006.....	1	21,230	6.4	297,220	14.00	16.00
2007 and thereafter.....	3	82,317	24.7	996,856	12.11	16.41
Subtotal/Weighted Average.....	16	304,651	91.3%	$ 5,995,608	$ 19.68	$ 21.90(2)
Unleased at 6/30/97.....		28,979	8.7%			
TOTAL.....		333,630	100.0%			

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(1) For comparison purposes, according to RELocate the Direct Weighted Average Rental Rate for the direct Class B Chelsea submarket (which, according to RELocate, is the area from 14th Street to 33rd Street between 5th Avenue, from 14th Street to 23rd Street, and Broadway from 23rd Street to 33rd Street and the Hudson River), was $20.41 per square foot as of June 30, 1997. Direct Weighted Average Rental Rate represents the weighted average of asking rental rates for direct Class B space. Asking rental rates generally are higher than actual rental rates (which generally are not publicly available). Therefore, the Direct Weighted Average Rental Rate may not be representative of asking or actual rental rates at 50 West 23rd Street.

(2) The differential between Annualized Rent Per Leased Square Foot of Expiring Leases and Annualized Rent Per Leased Square Foot of Expiring Leases with Future Step-Ups is attributable to significant contractual step-ups in base rental rates that exist in certain leases at this Property.

The aggregate undepreciated tax basis of depreciable real property at 50 West 23rd Street for Federal income tax purposes was $36.0 million as of June 30, 1997. Depreciation and amortization are computed on the straight-line method over 39 years.

The current real estate tax rate for all Manhattan office properties is $10.072 per $100 of assessed value. The total annual tax for 50 West 23rd Street at this rate for the 1997-98 tax year is $969,000 (at an assessed value of $9,621,000).

THE OPTION PROPERTY

In July 1997, 17 Battery LLC, a limited liability company owned by Stephen L. Green, contracted to acquire from an unaffiliated seller an interest in 17 Battery Place for an aggregate purchase price of $59 million. 17 Battery Place contains 1.2 million rentable square feet and is comprised of two Class B office buildings, 17 Battery Place North, a 22-story building encompassing approximately 423,000 rentable square feet (the "North Building"), and 17 Battery Place South, a 31-story building (the "South Building") encompassing approximately 799,000 rentable square feet located at the intersection of Battery Place and West Street in the financial district of downtown Manhattan. SL Green has been leasing agent and property manager at 17 Battery Place since January 2, 1996.

During the contract period, the seller of 17 Battery Place, with the assistance of 17 Battery LLC, will convert the South Building into two condominium units. One unit will be comprised of portions of the basement and the ground floor and floors 2 through 13 and will continue to function as office space (the "Office Unit"). The second unit will be comprised of floors 14 through 31 and will be redeveloped by the seller into a residential/hotel facility (the "Hotel Unit"). In addition, the North Building will continue to function as office space. Pursuant to the contract of sale, Green 17 LLC, subject to the satisfactory completion of the condominium conversion, will acquire all of the North Building and the Office Unit (an aggregate of approximately 800,000 rentable square feet) but will have no interest in the Hotel Unit.

As of June 30, 1997, the North Building and the South Building were 71% and 93% leased, respectively. Tenants include MCI Communications, the City of New York and New York Association for New Americans. 17 Battery LLC has agreed to keep vacant until December 31, 1998 an aggregate of 153,000 square feet of office space in the North Building and the Office Unit in order to accommodate the relocation of office tenants from the Hotel Unit.

The Operating Partnership has been granted an option, exercisable over a 10 year period commencing on the closing of the Offering, to acquire from 17 Battery LLC its interest in the North Building and the Office Unit at a price equal to the aggregate of (i) the purchase price paid by 17 Battery LLC for such interest (I.E., $59 million), (ii) all financing and other costs and expenses incurred in connection with the acquisition or ownership by 17 Battery LLC of such interest and (iii) interest on all such sums from the date of incurrence.

In addition to the foregoing, 17 Battery LLC has agreed during the 10 year option term, not to sell or otherwise transfer its interest in 17 Battery Place to any third party without providing 30 days prior notice to the Operating Partnership and offering to the Operating Partnership the right to (i) exercise its option under the aforementioned terms and sell its interest to such third party or (ii) retain such option following the sale to such third party. In the event the Operating Partnership elects not to exercise its option and a third party sale is consummated, 17 Battery LLC will pay to the Operating Partnership its net after tax profit from such sale (defined as the excess of the gross sales price for 17 Battery LLC's interest over the total of any outstanding mortgage or other encumbrance, the federal income tax payable by the members of 17 Battery LLC as a result of the sale as well as other transaction costs incurred in connection with such sale, including transfer taxes, closing adjustments, brokerage commissions, legal fees and accounting fees).

Exercise of the option to acquire 17 Battery Place by the Company is subject to approval by the independent Directors of the Company. Accordingly, there can be no assurance that such Property will be acquired by the Company.

GENERAL TERMS OF LEASES IN THE MIDTOWN MARKETS

Leases entered into for space in the Midtown 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 ten to 15 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 increases periodically over the term of the lease. Base rent for renewal terms, and base rent for the final years of a long-term year 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) but not less than the base rent payable at the end of the prior period. Leases typically do not provide for increases in rent based upon increases in the consumer price index.

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.

Electricity is most often supplied by the landlord either on a submetered 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.

In a typical lease for a new tenant, the landlord, at its expense, 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 which the landlord will make 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.

MORTGAGE INDEBTEDNESS

Upon completion of the Offering, the Company expects to have outstanding approximately $46.5 million of indebtedness secured by four of the Properties.

The Company currently is negotiating with each of its lenders (and the Property-owning entities are negotiating with each of their lenders) regarding the terms of the indebtedness that will be outstanding after the Offering. The following table sets forth the mortgage debt of the Company expected to be outstanding after completion of the Offering and the Formation Transactions and the Company's best estimate of the expected terms of such indebtedness.

MORTGAGE INDEBTEDNESS TO BE OUTSTANDING AFTER THE COMPLETION OF THE OFFERING

PROPERTY	ESTIMATED INTEREST RATE	EXPECTED PRINCIPAL BALANCE(1)	ESTIMATED ANNUAL DEBT SERVICE	ESTIMATED MATURITY DATE	ESTIMATED BALANCE AT MATURITY
673 First Avenue	9.00%	$ 18,618,630	$ 3,140,964	12/13/03	$ 2,000,000
470 Park Avenue South	8.25	10,934,798	1,206,528	04/14/04	8,284,863
29 West 35th Street	8.46	2,991,454	323,912	02/01/01	2,704,409
1140 Avenue of the Americas (2)	7.50(3)	14,000,000	1,050,000	08/30/07	12,842,560
Total		$ 46,544,882	$ 5,721,404		$ 25,831,832

(FOOTNOTES ON FOLLOWING PAGE)

(FOOTNOTES FOR PRECEDING PAGE)
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(1) As of August 1, 1997.

(2) The Company expects to encumber this Acquistion Property with a first mortgage loan from LBHI upon approximately the terms set forth in this table, with no amortization during the first five years. Upon completion of the Offering and the Company's acquisition of 50 West 23rd Street, however, it is intended that 50 West 23rd Street will become the collateral for such loan and 1140 Avenue of the Americas will be released from the mortgage lien.

(3) Estimated based upon current market interest rates.

CREDIT FACILITY

The Company currently is engaged in discussions with various lenders regarding the establishment of a revolving $75 million Credit Facility that will be used to facilitate acquisitions and for working capital purposes. Although the Company expects that the Credit Facility will be established shortly after the completion of the Offering, there can be no assurance at this time as to whether the Company will be successful in obtaining the Credit Facility, or, if the Credit Facility is established, the terms governing the Credit Facility.

ENVIRONMENTAL MATTERS

The Company engaged independent environmental consulting firms to perform Phase I environmental site assessments on the Properties, in order to assess existing environmental conditions. All of the Phase I assessments have been conducted since March 1997, except for the Bar Building, where a Phase I assessment was conducted in September 1996. 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, a historical record review, a review of regulatory agency data bases and records, interviews, and a report, with the purpose of identifying potential environmental concerns associated with real estate. The Phase I assessments conducted at the Properties also addressed certain issues that are not covered by the ASTM Standard, including asbestos, radon, lead-based paint and lead in drinking water. These environmental site assessments did not reveal any known environmental liability that the Company believes will have a material adverse effect on the Company's financial condition or results of operations or would represent a material environmental cost.

The following summarizes certain environmental issues described in the Phase I environmental site assessment reports:

The asbestos surveys conducted as part of the Phase I site assessments identified immaterial amounts of damaged, friable asbestos-containing material ("ACM") in isolated locations in three of the Core Properties (470 Park Avenue South, 29 West 35th Street and the Bar Building) and in the Acquisition Properties (1140 Avenue of the Americas and 1372 Broadway). At each of these Properties, the environmental consultant recommended abatement of the damaged, friable ACM. At all of the Properties except 50 West 23rd Street, non-friable ACM, in good condition, was identified. For each of these Properties, the consultant recommended preparation and implementation of an asbestos Operations and Maintenance ("O & M") program, to monitor the condition of ACM and to ensure that any ACM that becomes friable and damaged is properly addressed. The Company does not believe that any risks associated with ACM are likely to have a material adverse effect on the Company's business.

The Phase I environmental site assessments identified minor releases of petroleum products at the Bar Building and at 70 West 36th Street. The consultant recommended implementation of certain measures to further investigate, and to clean up, these releases. The Company does not believe that any actions that may be required as a result of these releases will have a material adverse effect on the Company's business.

PROPERTY MANAGEMENT AND LEASING SERVICES

The Company (through the Management Entities and the Leasing Corporation) will conduct its management and leasing business largely in the same manner as it currently is conducted by SL Green. SL Green currently provides management and leasing services for 29 properties (including the Properties in the Core Portfolio) in the New York metropolitan area. Of these properties, SL Green currently has an ownership interest in the six Properties in the Core Portfolio to be owned by the Company.

SL Green's management and leasing business is an established office property management and leasing business with extensive experience. SL Green has been managing and leasing Manhattan office properties since 1981. SL Green seeks to provide tenants with a level of service more typically found in Class A properties. The Company's comprehensive tenant service program and property amenities have been designed to maximize tenant satisfaction and retention as well as to establish long-term relationships with its tenant base. See "Business and Growth Strategies" above.

The Company believes that its fully integrated management structure enhances its ability to respond to tenant needs and permits the Company to maintain control over certain costs associated with the management and renovation of its properties. The Company maintains a staff of 40 professionals experienced in the management of Manhattan Class B office properties. This management team has developed a comprehensive knowledge of the Class B Manhattan office market, an extensive network of local tenant and other business relationships and is experienced in acquiring office properties and repositioning them into profitable Class B properties through intensive full service management and leasing efforts.

In addition, the Company seeks to capitalize on its market position and relationships with an extensive network of brokers and tenants to implement a proactive leasing program. Management believes that its extensive knowledge of the Class B Manhattan office market enhances its ability to monitor, understand and anticipate the current and future space needs of tenants in its submarkets. See "Business and Growth Strategies" above.

After the completion of the Offering and the Formation Transactions, the Company (through the Management LLC) will provide management and leasing services for the Properties to be owned by the Company as well as tenant representation services for certain properties in which the Company will own no interest. In addition, it is anticipated that the Company (through the Management Corporation and the Leasing Corporation) will provide management and leasing services for properties in which the Company owns no interest and tenant representation services for a portion of such properties.

CONSTRUCTION SERVICES

The Company (through the Construction Corporation and the Management Entities) will conduct the construction business largely in the same manner as it currently is conducted by SL Green. Construction services will be provided both as a part of the Company's management business and through the Construction Corporation as a general contractor.

CONSTRUCTION MANAGEMENT AS PART OF MANAGEMENT SERVICE AGREEMENTS. A fee from 1.5% to 5% of costs incurred for capital improvements or tenant installations is paid to the Management Entities for construction management services. These services are comprised of (i) preconstruction scope of work development and preliminary cost estimating for the leasing department in connection with potential leasing transactions, plan review and approval of proposed tenant installation plans; coordination with property management with respect to tenant installation construction as it relates to building systems; and, coordination and supervision of tenant's architects, engineers and contractors in managed properties from the beginning of lease workletter negotiations through construction of the tenant's build-out to move-in and (ii) capital improvement programs, including major building renovations, system upgrades, local law compliance requirements, and completion of deferred maintenance items requiring replacement (rather than repair).

GENERAL CONTRACTOR SERVICES PROVIDED THROUGH THE CONSTRUCTION CORPORATION. The Construction Corporation will charge from 5% to 10% over the costs of construction for the building of tenant installations in properties managed and leased by the Management Entities and the Leasing Corporation. This service enables the leasing agent to offer "turn-key" and "prebuilt" spaces to prospective tenants who want to have space prepared for them to move into without having to go through the designing/building process, while holding down the costs of tenant improvements.

EMPLOYEES

The Company initially intends to employ approximately 50 persons. Of such 50 employees, approximately 48 will be "home office" executive and administrative personnel and approximately two will be on-site management and administrative personnel. Following the completion of the Offering and the Formation Transactions, the Company currently expects that none of these employees will be represented by a labor union.

TRANSFER OF PROPERTIES

Interests in the Properties in the Core Portfolio will be acquired by the Company (through the Operating Partnership) pursuant to agreements for contribution of interests (each a "Contribution Agreement"). The acquisitions are subject to all of the terms and conditions of such agreements. The holders of interests in the Property-owning entities (which own partial or complete interests in the individual Properties) will transfer their interests to entities controlled by the Company for cash or Units. The Company will assume all the rights, obligations and responsibilities of the contributors of interests. The transfer of ownership interests in each Property is subject to the completion of the Offering.

The Contribution Agreements generally contain representations only with respect to the ownership of the interests by the holders thereof and certain other limited matters. Pursuant to a Supplemental Representations and Warranties Agreement (the "Supplemental Agreement"), certain SL Green entities will agree to indemnify the Company against certain breaches of representations and warranties made by such SL Green entities with respect to the Properties and the management, leasing and construction businesses being transferred to the Company for a period of 12 months following the completion of the Offering. The maximum aggregate liability of such SL Green entities under the Supplemental Agreement is limited to $20 million of the Units received by the SL Green entities in the Formation Transactions, with no liability being assumed until the aggregate liability exceeds $250,000. Recourse for any liabilities under the Supplemental Agreement will be limited to Units received by such SL Green entities in the Formation Transactions. Certain SL Green entities will pledge an aggregate of $20 million of Units (based on the initial public offering price of shares of Common Stock) to secure their indemnification obligations under the Supplemental Agreement.

ASSETS NOT BEING TRANSFERRED TO THE COMPANY

In addition to the interests of SL Green in the Properties which are being acquired by the Company and the Option Property, SL Green also owns interests in certain other properties which the Company will not acquire at the time of the completion of the Offering and the Formation Transactions. These interests are (i) a portion of a net leasehold interest scheduled to expire in 2000, in a substantially vacant showroom building located at 305 East 63rd Street in Manhattan which is slated for conversion to residential space, (ii) a one-third non-controlling interest in a loft building located at 133 West 21st Street in Manhattan substantially occupied by one tenant pursuant to leases scheduled to expire in the near term, (iii) the net leasehold of an office building located at 215 Park Avenue South in Manhattan, the equity in which is controlled by the leasehold mortgagee and which the Company believes has no value to SL Green, (iv) interests in ground floor retail and other non-office commercial space in various predominantly residential buildings located in Manhattan (830/832 Broadway, 5 East 16th Street, 12 East 12th Street, 8

East 12th Street and 30 West 15th Street) and (v) an 89% interest in a warehouse/distribution center in Bethlehem, Pennsylvania.

The Company also will not acquire at the time of the completion of the Offering any interest in certain office property service businesses currently conducted by companies which are owned by a son of Stephen L. Green. These services include office cleaning (and related) services and security services with respect to the Company's properties and properties in which the Company will not own any interest, as well as facilities management services with respect to third parties. The interests in these service businesses are not being transferred to the Company at the time of the completion of the Offering in order to maintain the Company's qualification as a REIT for Federal income tax purposes or because the Company does not believe such services are directly related or material to the Company's business strategy.

After the completion of the Offering, the Company may retain two entities (both of which are owned by a son of Stephen L. Green) to provide cleaning and security services for the Properties. Such services would be provided to the Company at competitive rates. The Company expects these services would be provided under contracts with such SL Green entities with an initial one-year term, but will be terminable by either party upon 30 days' notice. Any actions with respect to the contracts to provide these services that may be taken by the Company in the future would need to be approved by a vote of the disinterested members of the Board of Directors of the Company. See "Policies With Respect To Certain Activities-- Conflict of Interest Policies." After the completion of the Offering, certain employees of the Management LLC will supervise the provision of cleaning and security services by SL Green entities with respect to the Company's properties.

COMPETITION

All of the Properties are located in highly developed areas of midtown 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 six largest central business district office markets in the United States combined. Of the total inventory of 378 million rentable square feet in Manhattan approximately 205 million rentable square feet is comprised of Class A office space and 173 million of Class B office space. Class A office properties are generally newer than Class B office properties, have higher finishes and command higher rental rates. Many tenants have been attracted to Class B properties in part because of their relatively less expensive rental rates and the tightening of the Class A office market in midtown Manhattan. See "Market Overview." Consequently, an increase in vacancy rates and/or a decrease in rental rates for Class A office space would likely have an adverse effect on rental rates for Class B office space. Also, the number of competitive Class B office properties in Manhattan (some of which are newer and better located) could have a material adverse effect on the Company's ability to lease office space at its properties, and on the effective rents the Company is able to charge. In addition, the Company may compete with other property owners that have greater resources than the Company. See "Risk Factors--Competition in its Marketplace Could Have an Adverse Impact on the Company's Results of Operations."

REGULATION

GENERAL. Office properties in Manhattan are subject to various laws, ordinances and regulations, including regulations relating to common areas. The Company believes that each Property has the necessary permits and approvals to operate its business.

AMERICANS WITH DISABILITIES ACT. The Company's properties must comply with Title III of the ADA to the extent that such properties are "public accommodations" as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of the Company's properties where such removal is readily achievable. The Company believes that the Properties are in substantial compliance with the ADA and that it will not be required to make substantial capital

expenditures with respect to the Properties to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and the Company will continue to assess its properties and to make alterations as appropriate in this respect.

ENVIRONMENTAL MATTERS. Under various Federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up certain hazardous substances released at a property, and may be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by the parties in connection with the contamination. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. See "Risk Factors-- Liability for Environmental Matters Could Adversely Affect the Company's Financial Condition."

INSURANCE

The Operating Partnership carries comprehensive liability, fire, extended coverage and rental loss insurance covering all of the Properties, with policy specifications and insured limits which the Company believes are adequate and appropriate under the circumstances. There are, however, certain types of losses that are not generally insured because they are either uninsurable or not economically feasible to insure. Should an uninsured loss or a loss in excess of insured limits occur, the Operating Partnership could lose its capital invested in the property, as well as the anticipated future revenues from the property and, in the case of debt which is with recourse to the Operating Partnership, would remain obligated for any mortgage debt or other financial obligations related to the property. Any such loss would adversely affect the Company. Moreover, as a general partner of the Operating Partnership, the Company will generally be liable for any unsatisfied obligations other than non-recourse obligations. The Company believes that the Properties will be adequately insured; however no assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

LEGAL PROCEEDINGS

The Company currently is not a party to any legal proceedings. Certain SL Green entities are parties to a variety of legal proceedings relating to their ownership of the Properties in the Core Portfolio and SL Green's activities with regard to its construction, management and leasing businesses, respectively, arising in the ordinary course of business. Because the Company may be acquiring certain of the Properties subject to associated liabilities, it may therefore become a successor party-in-interest to certain of these proceedings as a result of the Formation Transactions. The Company believes that substantially all of this liability is covered by insurance. All of these matters, taken together, are not expected to have a material adverse impact on the Company.

DIRECTORS, DIRECTOR NOMINEES AND EXECUTIVE OFFICERS

The Board of Directors of the Company will be expanded immediately following the completion of the Offering to include the director nominees named below, each of whom has been nominated for election and has consented to serve. Upon election of the director nominees, a majority of directors will not be employees or affiliates of the Company or SL Green. Pursuant to the Company's Charter, the Board of Directors is divided into three classes of directors. The initial terms of the first, second and third classes will expire in 1998, 1999 and 2000, respectively. Beginning in 1998, directors of each class will be chosen for three-year terms upon the expiration of their current terms and each year one class of directors will be elected by the stockholders. The Company believes that classification of the Board of Directors will help to assure the continuity and stability of the Company's business strategies and policies as determined by the Board of Directors. Holders of shares of Common Stock will have no right to cumulative voting in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the shares of Common Stock will be able to elect all of the successors of the class of directors whose terms expire at that meeting.

The following table sets forth certain information with respect to the directors, director nominees and executive officers of the Company immediately following the completion of the Offering:

NAME	AGE	POSITION
Stephen L. Green	59	Chairman of the Board, Chief Executive Officer and President (term will expire in 2000)
David J. Nettina	44	Executive Vice President, Chief Operating Officer and Chief Financial Officer
Nancy Ann Peck	53	Executive Vice President--Development and Operations
Steven H. Klein	37	Executive Vice President--Acquisitions
Benjamin P. Feldman	45	Executive Vice President, General Counsel, Secretary and Director (term will expire in 1999)
Gerard Nocera	40	Executive Vice President--Leasing
Louis A. Olsen	53	Senior Vice President--Finance
John H. Alschuler, Jr.	49	Director Nominee (term will expire in 2000)
Edwin Thomas Burton, III	54	Director Nominee (term will expire in 1998)
John S. Levy	61	Director Nominee (term will expire in 1999)

STEPHEN L. GREEN will serve as the Chairman of the Board of Directors, Chief Executive Officer and President of the Company. Stephen L. Green founded S.L. Green Real Estate in 1980. Since then he has been involved in the acquisition of over 30 Manhattan office buildings containing in excess of four million square feet and the management of 50 Manhattan office buildings containing in excess of 10 million square feet. His clients have included Aldrich Eastman & Waltch, Bank of New York, CalPERS, Dai-lchi Kangyo Bank, and CS First Boston. Mr. Green is a Governor of the Real Estate Board of New York and an at-large member of the Executive Committee of the Board of Governors of the Real Estate Board of New York. Additionally, Mr. Green is a Co-Chairman of the Real Estate Tax Fairness Coalition. Mr. Green received a B.A. degree from Hartwick College and a J.D. degree from Boston College Law School. Mr. Green is the husband of Nancy A. Peck.

DAVID J. NETTINA will serve as Executive Vice President, Chief Operating Officer and Chief Financial Officer of the Company. Prior to joining SL Green, Mr. Nettina worked for The Pyramid Companies ("Pyramid"), based in Syracuse, NY, in various positions from March 1986 to June, 1997. From 1990 to 1997, Mr. Nettina was a partner and Chief Financial Officer of Pyramid. From 1989 to 1990, Mr. Nettina was a development partner at the Boston, MA office of Pyramid. Mr. Nettina was the Director of Corporate Finance of the Pyramid Development Group from 1987 to 1989. From 1986 to 1987, Mr.

Nettina was Chief Operating Officer of the Pyramid Management Group. Mr. Nettina served as President of Citibank (Maine), N.A. from 1983 to 1986. From 1980 to 1983, Mr. Nettina was Assistant Vice President of Citibank (NYS), N.A. in Rochester, NY. Mr. Nettina was in the U.S. Army from 1976 until he completed service as a Captain in 1980. Mr. Nettina received a B.S. degree in 1974 and a MBA in 1976 from Canisius College.

NANCY ANN PECK will serve as Executive Vice President-Development and Operations of the Company. Since 1983, Ms. Peck has supervised redevelopment of the SL Green projects and has overseen the management and construction of all properties owned and managed by SL Green. Prior to joining SL Green, Ms. Peck served as project coordinator for projects valued in excess of $500 million, one of which was the renovation and conversion of the two million square foot American Furniture Mart in Chicago into a multi-use complex. Ms. Peck worked for McKeon Construction Corp., Paul Properties and Shelter Rock Holdings Corp. She recently was appointed to the Board of Directors of the Real Estate Board of New York, Management Division. Ms. Peck received a B.A. degree from the University of California at Berkeley and an MBA in finance from New York University Business School. She is the wife of Stephen L. Green.

STEVEN H. KLEIN will serve as Executive Vice President-Acquisitions of the Company. Mr. Klein has overseen the Asset Management division of SL Green since 1991 and leads acquisition, sale and investment analysis decisions. Mr. Klein has played a major role in the redevelopment of SL Green's managed portfolio. Prior to joining SL Green, Mr. Klein worked at Gallin Realty Company in marketing and leasing. Mr. Klein received a B.A. degree from the University of Michigan.

BENJAMIN P. FELDMAN will serve as Executive Vice President and General Counsel of the Company and as a Director of the Company. He has served as General Counsel of SL Green since 1987. Mr. Feldman handles the legal aspects of all leasing, financing and acquisition decisions. Prior to joining the Company, Mr. Feldman was vice-president and general counsel for Bruce Berger Realty. Mr. Feldman received a B.A. degree from Columbia University and a J.D. degree from Columbia University School of Law.

GERARD NOCERA will serve as Executive Vice President-Leasing of the Company. Since 1991, Mr. Nocera has been responsible for the development and implementation of marketing and leasing programs at SL Green owned and managed properties. Prior to joining SL Green, Mr. Nocera worked for The Cohen Brothers as a landlord representative. Mr. Nocera is a member of the Real Estate Board of New York. Mr. Nocera received a B.A. degree from Duquesne University.

LOUIS A. OLSEN will serve as Senior Vice President--Finance of the Company. Since 1988, Mr. Olsen has overseen all financial and accounting functions at SL Green. Before joining SL Green, Mr. Olsen was vice president and comptroller of the management division of Edward S. Gordon Company where he was responsible for the financial accounting of an 8 million square foot commercial office portfolio managed by Edward S. Gordon. Mr. Olsen also served for four years as vice president of Chase Manhattan Bank where he was responsible for financial reporting for the $200 million Real Estate Owned Portfolio. Mr. Olsen also worked as a manager in the real estate department at Peat, Marwick & Mitchell. Mr. Olsen received a B.S. degree in accounting from Bloomfield College and an M.B.A. degree in accounting and taxation from Fairleigh Dickenson University. Mr. Olsen is a licensed New York State Certified Public Accountant.

JOHN H. ALSCHULER, JR. has served as President and the Partner-in-Charge of the New York office of Hamilton, Rabinowitz & Alschuler, Inc., ("HRA") a nationally recognized real estate and management consulting firm since 1996 and 1983, respectively. Mr. Alschuler has also been an Adjunct Assistant Professor in the Graduate Program in Real Estate at Columbia University since 1987. As President of HRA, Mr. Alschuler is currently advising the Government of Kuwait on the redevelopment of the main commercial district of Kuwait City. Mr. Alschuler is also advising the Governor of Massachusetts and the Board of the MBTA on the restructuring and privatization of the nation's second largest mass transit system. Mr. Alschuler also serves as the real estate advisor to the Guggenheim family and their foundation. Mr. Alschuler has advised a wide range of development clients, including Olympia & York, Maguire

Thomas Partners, Queens West Development Corporation and the Empire State Development Corporation. Mr. Alschuler has also advised many public organizations and elected officials, including the Mayor of New York City and the Governor of New York. Mr. Alschuler received a B.A. degree from Wesleyan University and Ed.D. degree from the University of Massachusetts of Amherst.

EDWIN THOMAS BURTON, III has been Chairman of the Board of Trustees and a member of the Investment Advisory Committee of the Virginia Retirement System ("VRS") for state and local employees of the Commonwealth of Virginia ($25 billion in assets) since 1994. Mr. Burton also served as the Chairman of the VRS Special Committee on the sale of RF&P Corporation, a $570 million real estate company. He is also currently a visiting professor of commerce and economics at the University of Virginia, where he has received several awards of distinction. From 1994 until 1995, Mr. Burton served as Senior Vice President, Managing Director and member of the Board of Directors of Interstate Johnson Lane, Incorporated, an investment banking firm where he was responsible for the Corporate Finance and Public Finance Divisions. From 1987 to 1994, Mr. Burton served as President of Rothschild Financial Services, Incorporated (a subsidiary of Rothschild, Inc. of North America), an investment banking company headquartered in New York City that is involved in proprietary trading, securities lending and other investment activities. From 1985 until 1987, Mr. Burton was a partner of First Capital Strategists, a partnership that managed security lending and investment activities for large endowment portfolios. Mr. Burton also served as a consultant to the American Stock Exchange from 1985 until 1986 and a senior vice president with Smith Barney (or its corporate predecessor) from 1976 until 1984. Mr. Burton currently serves on the Board of Directors of Capstar, a publicly traded hotel company and SNL Securities, a private securities data company. He has held various teaching positions at York College, Rice University and Cornell University and has written and lectured extensively in the field of economics. Mr. Burton also serves as a member of the Children's Medical Center Committee of the University of Virginia Hospital Advisory Board, a member of the Jefferson Scholar Selection Committee at the University of Virginia, a board member of Madison House in Charlottesville, Virginia and a member of the Governor's Commission on Governmental Reform for the Commonwealth of Virginia. Mr. Burton received a B.A. and an M.A. in economics from Rice University and a Ph.D in economics from Northwestern University.

JOHN S. LEVY is a private investor. Mr. Levy was associated with Lehman Brothers Inc. (or its corporate predecessors) from 1983 until 1995. During this period, Mr. Levy served as Managing Director and Chief Administrative Officer of the Financial Services Division, Senior Executive Vice President and Co-Director of the International Division overseeing the International Branch System and Managing Partner of the Equity Securities Division, where he managed the International, Institutional, Retail and Research Departments. Prior to that period, Mr. Levy was associated with A.G. Becker Incorporated (or its corporate predecessors) from 1960 until 1983. During this period, Mr. Levy served as Managing Director of the Execution Services Division, Vice President-Manager of Institutional and Retail Sales, Manager of the Institutional Sales Division, Manager of the New York Retail Office and a Registered Representative. Mr. Levy received a B.A. degree from Dartmouth College.

COMMITTEES OF THE BOARD OF DIRECTORS

EXECUTIVE COMMITTEE. Promptly following the completion of the Offering, the Board of Directors will establish an Executive Committee. Subject to the Company's conflict of interest policies, the Executive Committee will be granted the authority to acquire and dispose of real estate and the power to authorize, on behalf of the full Board of Directors, the execution of certain contracts and agreements, including those related to the borrowing of money by the Company (and, consistent with the Partnership Agreement of the Operating Partnership, to cause the Operating Partnership to take such actions). The Executive Committee initially will consist of Stephen L. Green and at least two additional directors.

AUDIT COMMITTEE. Promptly following the completion of the Offering, the Board of Directors will establish an Audit Committee. The Audit Committee will make recommendations concerning the engagement of independent public accountants, review with the independent public accountants the scope and

results of the audit engagement, approve professional services provided by the independent public accountants, review the independence of the independent public accountants, consider the range of audit and non-audit fees and review the adequacy of the Company's internal accounting controls. The Audit Committee initially will consist of two or more independent directors.

COMPENSATION COMMITTEE. Promptly following the completion of the Offering, the Board of Directors will establish a Compensation Committee consisting of at least two independent directors to establish remuneration levels for executive officers of the Company and to implement and administer the Company's stock option plans and any other incentive programs.

The Board of Directors may from time to time establish certain other committees to facilitate the management of the Company.

COMPENSATION OF DIRECTORS

The Company intends to pay its non-employee directors annual compensation of $12,000 for their services. In addition, non-employee directors will receive a fee of $1,000 for each Board of Directors meeting attended (in person or by telephone). Non-employee directors will receive an additional fee of $500 for each committee meeting attended (in person or by telephone), unless the committee meeting is held on the day of a meeting of the Board of Directors. Non-employee directors also will be reimbursed for reasonable expenses incurred to attend director and committee meetings. Compensation and fees may be paid to non-employee directors in the form of cash or Common Stock, at the election of each such director. Officers of the Company who are directors will not be paid any director's compensation or fees. Pursuant to the Company's stock option plan, non-employee directors will receive, upon initial election to the Board of Directors, options to purchase 6,000 shares of Common Stock (at the initial public offering price or, if elected following the completion of the Offering, at the prevailing market price) which will vest after one year.

EXECUTIVE COMPENSATION

The following table sets forth the annual base salary rates and other compensation expected to be paid in 1997 to the Company's Chief Executive Officer and each of the Company's other five most highly compensated executive officers.

NAME	TITLE	1997 BASE SALARY RATE (1)	OPTIONS ALLOCATED (2)
Stephen L. Green	Chairman of the Board, President and Chief Executive Officer	$ 250,000	--
David J. Nettina	Executive Vice President, Chief Operating Officer and Chief Financial Officer	$ 200,000	50,000
Nancy A. Peck	Executive Vice President-- Development and Operations	$ 150,000	50,000
Steven H. Klein	Executive Vice President-- Acquisitions	$ 175,000	50,000
Benjamin P. Feldman	Executive Vice President and General Counsel	$ 150,000	50,000
Gerard Nocera	Executive Vice President--Leasing	$ 175,000	50,000

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(1) Does not include bonuses that may be paid to the above individuals. See "--Incentive Compensation Plan" below.

(2) Upon the effective date of the Offering, options to purchase a total of 660,000 shares of Common Stock will be granted to officers and other employees of the Company under the Company's stock option plan at a price equal to the initial public offering price. See "--Stock Option and Incentive Plan" below."

OPTION GRANTS IN FISCAL YEAR 1997

NAME	OPTIONS TO BE GRANTED(1)	PERCENT OF TOTAL OPTIONS TO BE GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE PER SHARE(2)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF SHARE PRICE APPRECIATION FOR OPTION TERM	
					5%	10%
Stephen L. Green	--	--	--	--	--	--
David J. Nettina	50,000	7.6%	$ 20.00	-/-/07	$ 628,895	$ 1,593,742
Nancy A. Peck	50,000	7.6%	$ 20.00	-/-/07	$ 628,895	$ 1,593,742
Benjamin P. Feldman	50,000	7.6%	$ 20.00	-/-/07	$ 628,895	$ 1,593,742
Steven H. Klein	50,000	7.6%	$ 20.00	-/-/07	$ 628,895	$ 1,593,742
Gerard Nocera	50,000	7.6%	$ 20.00	-/-/07	$ 628,895	$ 1,593,742

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(1) The options for one-third of the covered shares (disregarding fractional shares, if any) will become exercisable on each of the first, second and third anniversaries of the date of the grant.

(2) Based on the assumed initial public offering price. The exercise price per share will be the initial public offering price.

EMPLOYMENT AND NONCOMPETITION AGREEMENTS

Each of Stephen L. Green, Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen will enter into an employment and noncompetition agreement with the Company which will be effective as of the completion of the Offering. Each agreement will expire on the third anniversary of the closing of the Offering, unless otherwise extended, except that Mr. Olsen's agreement will expire on the first anniversary of the closing of the Offering, unless extended. Employment under the agreements may be terminated for "cause" by the Company for: (i) engagement in conduct that constitutes a felony, (ii) breach of fiduciary duty, gross negligence or willful misconduct or other conduct against the best interests of the Company, (iii) a breach of material obligations or covenants under the agreement, or (iv) an uncured failure to substantially perform the duties provided for in such agreement. The employee may terminate his or her employment for "good reason," which includes (i) failure to be elected to offices with the same or substantially the same duties as provided for in the agreement, (ii) an uncured breach by the Company of its material obligations under the agreement, or (iii) a substantial adverse change in the nature or scope of the responsibility and authority provided in the agreement following a change-in-control of the Company. If employment is terminated by the Company "without cause" or by the employee "with good reason," then the employee is entitled to severance benefits for the remaining period of the agreement including (i) base salary paid on the same periodic payment dates provided for in the agreement, (ii) continuation of benefits provided for in the agreement and (iii) continuation of any rights of the employee under the Company's Stock Option Plan.

The employment and noncompetition agreements will, subject to certain exceptions, prohibit each of such persons from engaging, directly or indirectly, during the term of his or her employment, in any business which engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management or leasing of any office real estate property within the New York City metropolitan area (the "Competitive Activities"). The exceptions include investments listed under "The Properties--Assets Not Being Transferred to the Company" and any investments in publicly traded real-estate entities representing less than 1% of the equity ownership of such entity. Pursuant to the agreements, each of such persons will devote substantially all of his or her business time to the Company. The employment and noncompetition agreement of Stephen L. Green will also, subject to certain exceptions, prohibit Mr. Green from engaging, directly or indirectly, during the Noncompetition Period in any Competitive Activities. The Noncompetition Period is the period beginning on the date of the

termination of employment and ending on the later of (i) three years from the closing of the Offering and (ii) one year from the termination of his employment with the Company.

David J. Nettina has entered into a similar employment and noncompetition agreement with the Company. Mr. Nettina's agreement also provides for a minimum yearly bonus of $100,000, the award of options to purchase at least 50,000 shares of Common Stock upon completion of the Offering (exercisable at the initial public offering price), the award of $200,000 worth of shares of Common Stock on each of the first, second and third anniversaries of his employment and customary relocation expenses. The definition of "good reason" in Mr. Nettina's agreement includes a change-in-control of the Company.

In addition, pursuant to the terms of Mr. Nettina's employment agreement, Mr. Nettina will receive a loan from the Company to purchase shares of Common Stock to be issued under the Stock Option and Incentive Plan ("Stock Loan"). The principal amount of the Stock Loan will be $300,000. The Stock Loan will have a term of three years, accrue interest at the Federal mid-term "Applicable Federal Rate" ("AFR") as in effect from time to time, and will be secured by the Common Stock purchased and will otherwise be non-recourse. One-third of the Stock Loan (together with accrued interest on the Stock Loan) will be forgiven each year during the term of the Stock Loan provided that Mr. Nettina is then employed by the Company. In the event of a change-in-control of the Company, Mr. Nettina's death or permanent disability or termination of his employment by the Company without cause, the outstanding principal amounts of the Stock Loan will be forgiven in full. In the event Mr. Nettina leaves the employ of the Company or is terminated with cause, the outstanding amount of the Stock Loan will be immediately due and payable. The outstanding amount shall be equal to the amount then due and owing, pro rated for the number of months elapsed for the year in which termination occurs. Mr. Klein will receive a similar Stock Loan from the Company in the principal amount of $500,000, with a term of five years.

STOCK OPTION AND INCENTIVE PLAN

Prior to the Offering, the Board of Directors will adopt, and the stockholders will approve, the 1997 Stock Option and Incentive Plan (the "Stock Option Plan"). On and after the closing of the Offering, the Stock Option Plan will be administered by the Compensation Committee of the Board of Directors. Officers and certain other employees of the Company and its subsidiaries generally will be eligible to participate in the Stock Option Plan. Non-employee Directors of the Company are eligible to receive stock options under the Stock Option Plan on a limited basis. See "--Compensation of Directors."

The following summary of the Stock Option Plan is qualified in its entirety by reference to the full text of the Stock Option Plan, a copy of which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part.

The Stock Option Plan authorizes (i) the grant of stock options that qualify as incentive stock options under Section 422 of the Code ("ISOs"), (ii) the grant of stock options that do not so qualify ("NQSOs"), (iii) the grant of stock options in lieu of cash Directors' fees and employee bonuses, (iv) grants of shares of Common Stock, in lieu of cash compensation and (v) the making of loans to acquire shares of Common Stock, in lieu of compensation. The exercise price of stock options will be determined by the Compensation Committee, but may not be less than 100% of the fair market value of the shares of Common Stock on the date of grant in the case of ISOs; provided that, in the case of grants of NQSOs granted in lieu of cash Directors' fees and employee bonuses, the exercise price may not be less than 50% of the fair market value of the shares of Common Stock on the date of grant. The Company has reserved 1,100,000 shares of Common Stock for issuance under the Stock Option Plan.

INCENTIVE COMPENSATION PLAN

Prior to the completion of the Offering, the Company intends to establish an incentive compensation plan for key officers of the Company and the Company's subsidiaries and affiliates. This plan will provide for payment of cash bonuses to participating officers after an evaluation of the officer's performance and

the overall performance of the Company has been completed. The Chief Executive Officer will make recommendations to the Compensation Committee of the Board of Directors, which will make the final determination for the award of bonuses in its sole discretion. The Compensation Committee will determine the amount of such bonuses, if any, for the Chief Executive Officer in its sole discretion.

401(k) PLAN

Effective upon the completion of the Offering, the Company intends to maintain a 401(k) Savings/ Retirement Plan (the "401(k) Plan") to cover eligible employees of the Company and any designated affiliate.

The 401(k) Plan will permit eligible employees of the Company 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.

LIMITATION OF LIABILITY AND INDEMNIFICATION

The MGCL permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services, or (ii) active and deliberate dishonesty established by a final judgment as being material to the cause of action. The Charter contains such a provision which eliminates such liability to the maximum extent permitted by the MGCL.

The Charter authorizes the Company, to the maximum extent permitted by Maryland law, to obligate itself to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (i) any present or former director or officer, or (ii) any individual who, while a director of the Company and at the request of the Company serves or has served another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, member, partner or trustee of such corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise from and against any claim or liability which such persons may incur by reason of his status as a present or former stockholder, director or officer of the Company. The Bylaws obligate the Company, to the maximum extent permitted by Maryland law, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (i) any present or former director or officer who is made a party to the proceeding by reason of his service in that capacity, or (ii) any individual who while a director of the Company and at the request of the Company serves or has served another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, member, partner or trustee of such corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made a party to the proceeding by reason of his service in that capacity against any claim or liability to which he may become subject by reason of such service. The Charter and the Bylaws also permit the Company to indemnify and advance expenses to any person who served a predecessor of the Company in any of the capacities described above and to any employee or agent of the Company or a predecessor of the Company.

The MGCL requires a corporation (unless its charter provides otherwise, which the Company's Charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (i) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (A) was committed in bad faith, or (B) was the result of active

and deliberate dishonesty, (ii) the director or officer actually received an improper personal benefit in money, property or services, or (iii) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation. In addition, the MGCL requires the Company, as a condition to advancing expenses, to obtain (i) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by the Bylaws, and (ii) a written statement by or on his behalf to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met.

The Partnership Agreement also provides for indemnification and advance of expenses of the Company and its officers and directors to the same extent indemnification and advance of expenses is provided to officers and directors of the Company in the Charter and Bylaws, and limits the liability of the Company and its officers and directors to the Operating Partnership and its partners to the same extent liability of officers and directors of the Company to the Company and its stockholders is limited under the Charter. See "Partnership Agreement--Liability and Indemnification."

THE OPERATING ENTITIES OF THE COMPANY

Following the completion of the Offering and the Formation Transactions, the operations of the Company will be carried on through the Operating Partnership. The Formation Transactions were designed to (i) enable the Company to raise the necessary capital to acquire the Properties, repay certain mortgage indebtedness secured by certain of the Properties and establish a working capital reserve, (ii) provide a vehicle for future acquisitions, (iii) enable the Company to comply with certain requirements under the Code (and the regulations promulgated by the IRS thereunder (the "Treasury Regulations")) relating to REITs, and (iv) preserve certain tax advantages for certain participants in the Formation Transactions.

THE OPERATING PARTNERSHIP. Following the completion of the Offering and the Formation Transactions, substantially all of the Company's assets will be held by, and its operations conducted through, the Operating Partnership and its subsidiaries and affiliates. The Company is the sole general partner of the Operating Partnership and will have the exclusive power under the Partnership Agreement to manage and conduct the business of the Operating Partnership. Except with respect to the Lock-out Provisions, limited partners generally will have only limited consent rights. See "Partnership Agreement." The Board of Directors of the Company will manage the affairs of the Company by directing the affairs of the Operating Partnership. The Operating Partnership will continue until December 31, 2095, unless sooner dissolved or terminated. The Operating Partnership cannot be dissolved for a period of 50 years without the consent of the limited partners, except in connection with a sale of all or substantially all of its assets, which also requires the consent of the limited partners. See "Partnership Agreement." The Company's limited and general partner interests in the Operating Partnership will entitle it to share in cash distributions from, and in the profits and losses of, the Operating Partnership in proportion to the Company's percentage interest therein and will entitle the Company to vote on substantially all matters requiring a vote of the limited partners.

Following the completion of the Offering and the Formation Transactions, the Company initially will own an approximate 81.9% interest in the Operating Partnership. Certain participants in the Formation Transactions, including entities owned by Stephen L. Green, will own the remaining Units. The Operating Partnership anticipates that it will acquire additional properties in exchange for Units in the future, in which case partners in the partnerships that own such properties will become limited partners of the Operating Partnership.

After the completion of the Offering and the Formation Transactions, the Operating Partnership expects to make regular quarterly cash distributions to its partners (including the Company) in proportion to their percentage interests in the Operating Partnership. The Company, in turn, will pay cash dividends to its stockholders in an amount per share of Common Stock equal to the amount distributed by the Operating Partnership per Unit. In addition, after a holding period of up to two years following the completion of the Offering, and at any time thereafter (for as long as the Operating Partnership is in existence and subject to compliance with the securities laws and the ownership limits of the Company's organizational documents), limited partners in the Operating Partnership will be able to have their Units redeemed by the Operating Partnership. In the event that the Company elects to acquire Units in exchange for shares of Common Stock upon the exercise of a redemption right by a limited partner, each such acquisition will increase the Company's percentage ownership interest in the Operating Partnership and will decrease the aggregate percentage ownership interest of the limited partners (other than the Company) in the Operating Partnership.

THE MANAGEMENT CORPORATION. In order to maintain the Company's qualification as a REIT while realizing income from management contracts with third parties, all of the management operations with respect to properties in which the Company will not own 100% of the interest will be conducted through the Management Corporation. The Company, through the Operating Partnership, will own 100% of the non-voting common stock (representing 95% of the total equity) of the Management Corporation.

Through dividends on its equity interest, the Operating Partnership expects to receive substantially all of the cash flow from the Management Corporation's operations. All of the voting common stock of the Management Corporation (representing 5% of the total equity) will be held by the Service Corporation LLC. This controlling interest will give The Service Corporation LLC the power to elect all directors of the Management Corporation.

THE MANAGEMENT LLC. All of the management and leasing operations with respect to the Properties and properties to be acquired by the Company as well as tenant representation services with respect to certain properties not owned by the Company will be conducted through the Management LLC. The Operating Partnership will own a 100% interest in the Management LLC.

THE LEASING CORPORATION. In order to maintain the Company's qualification as a REIT while realizing income from leasing and tenant representation services performed for third parties, all of the leasing operations with respect to properties in which the Company will not own 100% of the interest, as well as tenant representation services for a portion of such properties, will be conducted through the Leasing Corporation. The Company, through the Operating Partnership, will own 100% of the non-voting common stock (representing 95% of the total equity) of the Leasing Corporation. Through dividends on its equity interest, the Operating Partnership expects to receive substantially all of the cash flow from the Leasing Corporation's operations. All of the voting common stock of the Leasing Corporation (representing 5% of the total equity) will be held by the Service Corporation LLC. This controlling interest will give the Service Corporation LLC the power to elect all directors of the Leasing Corporation.

THE CONSTRUCTION CORPORATION. In order to maintain the Company's qualification as a REIT while realizing income from construction services all of the Company's construction operations will be conducted through the Construction Corporation. The Company, through the Operating Partnership, will own 100% of the non-voting common stock (representing 95% of the total equity) of the Construction Corporation. Through dividends on its equity interest, the Operating Partnership expects to receive substantially all of the cash flow from the Construction Corporation's operations. All of the voting common stock of the Construction Corporation (representing 5% of the total equity) will be held by the Service Corporation LLC. This controlling interest will give the Service Corporation LLC the power to elect all directors of the Construction Corporation.

FORMATION TRANSACTIONS

The following Formation Transactions have been consummated or will be consummated concurrently with the completion of the Offering.

- The Company was organized as a Maryland corporation and the Operating Partnership was organized as a Delaware limited partnership in June 1997. In connection with the formation of the Company, certain members of SL Green management (including Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) were issued an aggregate of 553,616 shares of Common Stock for total consideration of $3,831 in cash (the aggregate par value amount of such stock at the time of issuance).

- LBHI entered into the LBHI Loan with Green Realty LLC pursuant to which LBHI agreed to loan up to $46 million to acquire interests in the Core Portfolio and the Acquisition Properties, to fund property related operating expenses, to fund organizational expenses of the Company and to purchase Treasury Securities. The LBHI Loan is secured by partnership interests in certain Property-owning entities and the Treasury Securities.

- The Company will sell 10,100,000 shares of Common Stock in the Offering and will contribute the net proceeds therefrom to the Operating Partnership in exchange for 10,100,000 Units (representing approximately an 76.7% economic interest in the Operating Partnership after the Offering).

- The Operating Partnership will receive a contribution of its interests in the Core Portfolio as well as 95% of the economic interest in the Service Corporations from the Property-owning entities, the

partners or members of such entities and the holders of interests in the Service Corporations. As consideration therefor, the Operating Partnership will issue to such entities, partners or members and holders 2,383,284 Units (having an aggregate value of approximately $47.7 million, based on the assumed initial offering price) approximately and $6.4 million.

- The management and leasing business of SL Green with respect to the Properties in which the Company will have a 100% ownership interest and the tenant representation business with respect to certain properties not owned by the Company will be transferred to the Management LLC.

- The Operating Partnership will be granted an option from 17 Battery LLC to acquire its interest in 17 Battery Place, a property containing approximately 800,000 rentable square feet of office space in downtown Manhattan from an unaffiliated seller for a purchase price of approximately $59 million in cash. See "The Properties--The Option Property."

- The Operating Partnership will acquire interests in the Acquisition Properties for an aggregate purchase price of approximately $113.0 million (including a $1.6 million escrow account established in connection with the acquisition of 50 West 23rd Street), to be funded with net proceeds from the Offering and mortgage financing.

- The Operating Partnership will use approximately $82.3 million of net proceeds from the Offering to repay mortgage debt encumbering the Core Portfolio and the LBHI Loan (including approximately $9.4 million in proceeds drawn under the LBHI Loan to fund purchase of the Acquisition Properties).

- The Company will issue to Victor Capital 85,600 shares of restricted Common Stock and the Operating Partnership will pay $900,000 (funded with borrowings under the LBHI Loan and proceeds from the Offering) to Victor Capital as consideration for financial advisory services rendered to the Company in connection with the Formation Transactions.

No independent third-party appraisals, valuations or fairness opinions have been obtained by the Company in connection with the Formation Transactions. Accordingly, there can be no assurance that the value of the Units and other consideration received in the Formation Transactions by persons or entities contributing interests in the Core Portfolio and the Service Corporations to the Operating Partnership is equivalent to the fair market value of such interests.

CONSEQUENCES OF THE OFFERING AND THE FORMATION TRANSACTIONS

The Offering and the Formation Transactions will have the following consequences:

- The Operating Partnership directly or indirectly will own substantially all of the interests in the Properties currently owned by SL Green and its affiliates.

- The purchasers of the Common Stock offered in the Offering will own approximately 93.7% of the outstanding Common Stock.

- The Company will be the general partner of, and will own approximately 81.9% of the ownership interests in, the Operating Partnership and 95% of the non-voting stock in the Service Corporations.

If all limited partners in the Operating Partnership were to exchange their Units for Common Stock immediately after the completion of the Offering (notwithstanding the provision of the Partnership Agreement which prohibits such exchange for up to two years following the completion of the Offering), but subject to the Ownership Limit, then the participants in the Formation Transactions would beneficially own approximately 18.1% of the outstanding shares of Common Stock.

See "Risk Factors--Conflicts of Interest in the Formation Transactions and the Business of the Company Could Adversely Affect the Company" and "Principal Stockholders."

BENEFITS TO RELATED PARTIES

Certain affiliates of the Company will realize certain material benefits in connection with the Formation Transactions and the Offering, including the following:

- Certain continuing investors (including Stephen L. Green) will receive 2,383,284 Units in consideration for their interests in the Properties, Property-owning entities and the management, leasing and construction businesses of SL Green with a total value of approximately $47.7 million, based on the assumed initial public offering price (representing approximately 18.1% of the equity of the Company on a fully-diluted basis).

- The Operating Partnership will use $20 million to repay a portion of the LBHI Loan that was made to Green Realty LLC and invested in Treasury Securities pledged as collateral therefor (which, upon repayment of the LBHI Loan, will be released for the benefit of Stephen L. Green).

- Certain members of SL Green management (including Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) own an aggregate of 553,616 shares of restricted Common Stock that initially will have a value of $11.1 million, based on the assumed initial public offering price.

- Certain members of SL Green management (including Stephen L. Green, David J. Nettina, Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen) will become officers and/or directors of the Company. In addition, each of such persons will enter into employment and noncompetition agreements with the Company. See "Management--Employment and Noncompetition Agreements." Also, the Company will grant to directors, officers and employees of the Company options to purchase an aggregate of 660,000 shares of Common Stock at the initial public offering price under the Company's stock option and incentive plan, subject to certain vesting requirements. In addition, pursuant to the terms of their employment agreements, Messrs. Nettina and Klein will receive loans to purchase Common Stock to be issued under such plan in the principal amount of $300,000 and $500,000, respectively. See "Management."

- The structure of the Formation Transactions will provide the Unit recipients (including the members of management referred to above) the opportunity for deferral of the tax consequences of their contribution to the Operating Partnership of their interest in the Properties, Property-owning entities and Service Corporations.

- The Service Corporation LLC will own all of the voting stock of each of the Service Corporations (representing a 5% equity interest therein).

- Pursuant to the Lock-out Provisions, the Company will be restricted in its ability to sell, or reduce the amount of mortgage indebtedness on, two of the Properties (673 First Avenue and 470 Park Avenue South) for up to 12 years following the completion of the Offering, which could enable certain participants in the Formation Transactions (including Stephen L. Green) to defer certain tax consequences associated with the Formation Transactions.

- Persons or entities receiving Units in the Formation Transactions (including entities owned by Stephen L. Green) will have registration rights with respect to shares of Common Stock issued in exchange for Units.

See "Risk Factors--Conflicts of Interests in the Formation Transactions and the Business of the Company Could Adversely Affect the Company," "Management" and "Certain Relationships and Transactions."

POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain investment, financing and other policies of the Company. These policies have been determined by the Company's Board of Directors and may be amended or revised from time to time by the Board of Directors without a vote of the stockholders, except that (i) the Company cannot change its policy of holding its assets and conducting its business only through the

Operating Partnership and its affiliates without the consent of the holders of Units as provided in the Partnership Agreement, (ii) changes in certain policies with respect to conflicts of interest must be consistent with legal requirements, and (iii) the Company cannot take any action intended to terminate its qualification as a REIT without the approval of the holders of a majority of the outstanding shares of Common Stock.

INVESTMENT POLICIES

INVESTMENT IN REAL ESTATE OR INTERESTS IN REAL ESTATE. The Company will conduct all of its investment activities through the Operating Partnership and its affiliates. The Company's primary business objective is to maximize total return to stockholders through growth in distributable cash flow and appreciation in the value of its assets. For a discussion of the Properties and the Company's corporate and growth strategies, see "The Properties" and "Business and Growth Strategies." In general, it is the Company's policy to acquire assets primarily for income.

The Company expects to pursue its investment objectives primarily through the direct or indirect ownership by the Operating Partnership of the Properties and other acquired office properties. The Company currently intends to invest primarily in existing improved properties but may, if market conditions warrant, invest in development projects as well. Furthermore, the Company currently intends to invest in or develop commercial office properties, primarily in midtown Manhattan. However, future investment or development activities will not be limited to any geographic area or product type or to a specified percentage of the Company's assets. The Company does not have any limit on the amount or percentage of its assets that may be invested in any one property or any one geographic area. The Company intends to engage in such future investment or development activities in a manner which is consistent with the maintenance of its status as a REIT for Federal income tax purposes. In addition, the Company may purchase or lease income-producing commercial properties and other types of properties for long-term investment, expand and improve the real estate presently owned or other properties purchased, or sell such real estate or other properties, in whole or in part, if and when circumstances warrant.

The Company also may participate with third parties in property ownership, through joint ventures or other types of co-ownership. Such investments may permit the Company to own interests in larger assets without unduly restricting diversification and, therefore, may add flexibility in structuring its portfolio. The Company will not, however, enter into a joint venture or partnership to make an investment that would not otherwise meet its investment policies.

Equity investments may be subject to existing mortgage financing and other indebtedness or such financing or indebtedness as may be incurred in connection with acquiring or refinancing these investments. Debt service on such financing or indebtedness will have a priority over any distributions with respect to the Common Stock. Investments also are subject to the Company's policy not to be treated as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act").

INVESTMENTS IN REAL ESTATE MORTGAGES. While the Company's business objectives emphasize equity investments in commercial real estate, the Company may, in the discretion of the Board of Directors, invest in mortgages and other types of equity real estate interests consistent with the Company's qualification as a REIT. In that regard, upon completion of the Formation Transactions, the Company will acquire mortgage interests in the Bar Building and 1372 Broadway which will provide the Company with substantially all control over, and economic interest derived from, such Properties. Although the Company does not presently intend to emphasize investments in mortgages or deeds of trust, it may invest in non-performing mortgages on an opportunistic basis in order to acquire an equity interest in the underlying property or in participating or convertible mortgages if the Company concludes that it would be in the Company's interest to do so. Investments in real estate mortgages are subject to the risk that one or more borrowers may default under such mortgages and that the collateral securing such mortgages may not be sufficient to enable an investor to recoup its full investment.

SECURITIES OR INTERESTS IN PERSONS PRIMARILY ENGAGED IN REAL ESTATE ACTIVITIES AND OTHER ISSUERS. Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, the Company also may invest in securities of other REITs, securities of other entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. See "Material Federal Income Tax Consequences--Taxation of the Company." No such investment will be made, however, unless the Board of Directors determines that the proposed investment would not cause the Company or the Operating Partnership to be an "investment company" within the meaning of the 1940 Act. The Company may acquire all or substantially all of the securities or assets of other REITs or similar entities if such investments would be consistent with the Company's investment policies.

DISPOSITION POLICIES

The Company does not currently intend to dispose of any of the Properties, although it reserves the right to do so, subject to the Lock-out Provisions, if, based upon management's periodic review of the Company's portfolio, the Board of Directors determines that such action would be in the best interests of the Company. The tax consequences of the disposition of the Properties may, however, influence the decision of certain directors and executive officers of the Company who hold Units as to the desirability of a proposed disposition. See "Risk Factors--Conflicts of Interests in the Formation Transactions and the Business of the Company Could Adversely Affect the Company" and "--Limitations on Ability to Sell or Reduce the Mortgage Indebtedness on Certain Properties Could Adverseley Affect the Value of the Common Stock."

Any decision to dispose of a Property must be approved by a majority of the Board of Directors (and in accordance with the applicable partnership agreement). In addition, under the Lock-out Provisions contained in the Partnership Agreement, the Company may not sell (except in certain events, including certain transactions that would not result in the recognition of any gain for tax purposes) 673 First Avenue and 470 Park Avenue South during the Lock-out Period without, in the case of either Property, the consent of holders of 75% of the Units originally issued to limited partners in the Operating Partnership who immediately prior to completion of the Formation Transactions owned direct or indirect interests in such Property that remain outstanding at the time of such vote (other than Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise). The Lock-out Provisions apply even if it would otherwise be in the best interest of the stockholders for the Company to sell one or more of these three Properties.

FINANCING POLICIES

As a general policy, the Company intends to limit its total consolidated indebtedness, and its pro rata share of unconsolidated indebtedness, so that at the time any debt is incurred, the Company's Debt Ratio does not exceed 50%. Upon the completion of the Offering and the Formation Transactions, the Debt Ratio of the Company will be approximately 15.0%. The Charter and Bylaws do not, however, limit the amount or percentage of indebtedness that the Company may incur. In addition, the Company may from time to time modify its debt policy in light of current economic conditions, relative costs of debt and equity capital, market values of its Properties, general conditions in the market for debt and equity securities, fluctuations in the market price of its Common Stock, growth and acquisition opportunities and other factors. Accordingly, the Company may increase its Debt Ratio beyond the limits described above. If this policy were changed, the Company could become more highly leveraged, resulting in an increased risk of default on its obligations and a related increase in debt service requirements that could adversely affect the financial condition and results of operations of the Company and the Company's ability to make distributions to stockholders.

The Company has established its debt policy relative to the total market capitalization of the Company computed at the time the debt is incurred, rather than relative to the book value of its assets, a ratio that is frequently employed, because it believes the book value of its assets (which to a large extent is

the depreciated value of real property, the Company's primary tangible asset) does not accurately reflect its ability to borrow and to meet debt service requirements. Total market capitalization, however, is subject to greater fluctuation than book value, and does not necessarily reflect the fair market value of the underlying assets of the Company at all times. Moreover, due to fluctuations in the value of the Company's portfolio of properties over time, and since any measurement of the Company's total consolidated indebtedness, and its pro rata share of unconsolidated indebtedness incurred, to total market capitalization is made only at the time debt is incurred, the Debt Ratio could exceed the 50% level.

The Company has not established any limit on the number or amount of mortgages that may be placed on any single property or on its portfolio as a whole.

Although the Company will consider factors other than total market capitalization in making decisions regarding the incurrence of debt (such as the purchase price of properties to be acquired with debt financing, the estimated market value of properties upon refinancing, and the ability of particular properties and the Company as a whole to generate sufficient cash flow to cover expected debt service), there can be no assurance that the Debt Ratio, or any other measure of asset value, at the time the debt is incurred or at any other time will be consistent with any particular level of distributions to stockholders.

CONFLICT OF INTEREST POLICIES

Certain holders of Units, including Stephen L. Green, will incur adverse tax consequences upon the sale of certain of the Properties to be owned by the Company at the completion of the Formation Transactions and on the repayment of indebtedness which are different from the tax consequences to the Company and persons who purchase shares of Common Stock in the Offering. Consequently, such holders may have different objectives regarding the appropriate pricing and timing of any such sale or repayment of indebtedness. In addition, pursuant to the Lock-out Provisions, the Operating Partnership may not sell or reduce the mortgage indebtedness on 673 First Avenue and 470 Park Avenue South for up to 12 years following completion of the Offering, even if such sale or reduction in mortgage indebtedness would be in the best interests of the Company's stockholders. Subject to the Lock-out Provisions, the limited partners of the Operating Partnership have agreed that in the event of a conflict in the fiduciary duties owed by the Company to its stockholders and by the General Partner to such limited partners, the General Partner will fulfill its fiduciary duties to such limited partnership by acting in the best interest of the Company's stockholders. See "Partnership Agreement."

The Company has adopted certain policies and entered into agreements with its executive officers designed to eliminate or minimize certain potential conflicts of interest. See "Management--Employment and Noncompetition Agreements." In that regard, the Company has adopted a policy that, without the approval of a majority of the disinterested Directors, it will not (i) acquire from or sell to any director, officer or employee of the Company, or any entity in which a director, officer or employee of the Company beneficially owns more than a 1% interest, or acquire from or sell to any affiliate of any of the foregoing, any of the assets or other property of the Company, (ii) make any loan to or borrow from any of the foregoing persons or (iii) engage in any other transaction with any of the foregoing persons.

In addition, the Company's Board of Directors is subject to certain provisions of Maryland law, which are designed to eliminate or minimize certain potential conflicts of interest. There can be no assurance, however, that these policies and provisions or these agreements always will be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that may fail to reflect fully the interests of all stockholders.

See "Risk Factors--Conflicts of Interest in the Formation Transactions and the Business of the Company Could Adversely Affect the Company."

INTERESTED DIRECTOR AND OFFICER TRANSACTIONS

Under Maryland law, a contract or other transaction between the Company and a director or between the Company and any other corporation or other entity in which a director is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the

presence of the director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director's vote in favor thereof if (i) the transaction or contract is authorized, approved or ratified by the board of directors or a committee of the board, after disclosure of the common directorship or interest, by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum, or by a majority of the votes cast by disinterested stockholders, or (ii) the transaction or contract is fair and reasonable to the Company.

Under Delaware law (where the Operating Partnership is formed), the Company, as general partner, has a fiduciary duty to the Operating Partnership and, consequently, such transactions also are subject to the duties of care and loyalty that the Company, as general partner, owes to limited partners in the Operating Partnership (to the extent such duties have not been eliminated pursuant to the terms of the Partnership Agreement). The Company will adopt a policy which requires that all contracts and transactions between the Company, the Operating Partnership or any of its subsidiaries, on the one hand, and a director or executive officer of the Company or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of the disinterested directors. Where appropriate in the judgment of the disinterested directors, the Board of Directors may obtain a fairness opinion or engage independent counsel to represent the interests of non-affiliated security holders, although the Board of Directors will have no obligation to do so.

BUSINESS OPPORTUNITIES

Pursuant to Maryland law, each director is obligated to offer to the Company any business opportunity (with certain limited exceptions) that comes to him and that the Company reasonably could be expected to have an interest in pursuing. After the Formation Transactions, SL Green will continue to own interests in certain other properties as well as entities that will provide cleaning (and related) services to office properties and security services to office properties, including the Properties. The Company will not have any interest in these properties or businesses. See "The Properties--Assets Not Being Transferred to the Company."

POLICIES WITH RESPECT TO OTHER ACTIVITIES

The Company and the Operating Partnership have authority to offer Common Stock, Preferred Stock, Units, preferred Units or options to purchase capital stock or Units in exchange for property and to repurchase or otherwise acquire its Common Stock or Units or other securities in the open market or otherwise and may engage in such activities in the future. Except in connection with the Formation Transactions, the Company has not issued Common Stock, Units or any other securities in exchange for property or any other purpose, and the Board of Directors has no present intention of causing the Company to repurchase any Common Stock. The Company may issue Preferred Stock from time to time, in one or more series, as authorized by the Board of Directors without the need for stockholder approval. See "Capital Stock--Preferred Stock." The Company has not engaged in trading, underwriter or agency distribution or sale of securities of other issuers other than the Operating Partnership, nor has the Company invested in the securities of other issuers other than the Operating Partnership for the purposes of exercising control, and does not intend to do so. At all times, the Company intends to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Code (or the Treasury Regulations), the Board of Directors determines that it is no longer in the best interest of the Company to qualify as a REIT and such determination is approved by a majority vote of the Company's stockholders, as required by the Charter. The Company has not made any loans to third parties, although it may in the future make loans to third parties, including, without limitation, to joint ventures in which it participates. The Company intends to make investments in such a way that it will not be treated as an investment company under the 1940 Act. The Company's policies with respect to such activities may be reviewed and modified or amended from time to time by the Company's Board of Directors without a vote of the stockholders.

CERTAIN RELATIONSHIPS AND TRANSACTIONS

FORMATION TRANSACTIONS

The terms of the acquisitions of interests in the Properties and the Service Corporations by the Operating Partnership are described in "Structure and Formation of the Company--Formation Transactions."

CLEANING SERVICES

First Quality Maintenance, L.P. ("First Quality") provides cleaning and related services with respect to the Properties. First Quality is owned by Gary Green, a son of Stephen L. Green. First Quality also provides additional services directly to tenants on a separately negotiated basis. The aggregate amount of fees to First Quality for services provided (excluding services provided directly to tenants) was approximately $188,000 in 1994, $164,000 in 1995 and $296,000 in 1996. After the completion of the Offering, the Company may retain First Quality to provide cleaning and related services for the Company's properties at market rates. In addition, the cleaning entity will continue to have the non-exclusive opportunity to provide cleaning and related services to individual tenants at the Company's properties on a basis separately negotiated with any tenant seeking such additional services. The cleaning entity will provide such services to individual tenants pursuant to agreements on customary terms (including at market rates). First Quality leases 3,740 square feet of space at 70 West 36th Street pursuant to a lease that expires on December 31, 2005 and provides for annual rental payments of approximately $68,660.

SECURITY SERVICES

Classic Security LLC ("Classic Security") provides security services with respect to the Properties. Classic Security is owned by Gary Green, a son of Stephen L. Green. The aggregate amount of fees for such services was approximately $24,000 in 1996 (no fees were paid to such entity in 1994 or 1995). After the completion of the Offering, Classic Security may continue to provide security services for the Company's properties at market rates.

RELATED PARTY TRANSACTIONS

During 1996, HRA, a real estate and management consulting firm of which John H. Alschuler, Jr., a director nominee of the Company, is the President provided consulting services for the Leasing Corporation. HRA negotiated certain New York City benefit programs for Information Builders, Inc., a tenant that was represented by the Leasing Corporation in connection with its relocation from 1250 Broadway to 2 Penn Plaza. For such services, HRA was paid a total of $128,962.99 by the Leasing Corporation.

PARTNERSHIP AGREEMENT

THE FOLLOWING SUMMARY OF THE AGREEMENT OF LIMITED PARTNERSHIP OF THE OPERATING PARTNERSHIP (THE "PARTNERSHIP AGREEMENT"), INCLUDING THE DESCRIPTIONS OF CERTAIN PROVISIONS SET FORTH ELSEWHERE IN THIS PROSPECTUS, IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PARTNERSHIP AGREEMENT, WHICH IS FILED AS AN EXHIBIT TO THE REGISTRATION STATEMENT OF WHICH THIS PROSPECTUS IS A PART.

OPERATIONAL MATTERS

GENERAL. Holders of Units (other than the Company in its capacity as general partner) will hold a limited partnership interest in the Operating Partnership, and all holders of Units (including the Company in its capacity as general partner) will be entitled to share in cash distributions from, and in the profits and losses of, the Operating Partnership. Each Unit generally will receive distributions in the same amount paid on each share of Common Stock. See "Distributions."

Holders of Units will have the rights to which limited partners are entitled under the Partnership Agreement and, to the extent not limited by the Partnership Agreement, the Delaware Revised Uniform

Limited Partnership Act (the "Act"). The Units have not been and are not expected to be registered pursuant to any Federal or state securities laws or listed on any exchange or quoted on any national market system. The Partnership Agreement imposes certain restrictions on the transfer of Units, as described below.

PURPOSES, BUSINESS AND MANAGEMENT. The purpose of the Operating Partnership includes the conduct of any business that may be lawfully conducted by a limited partnership formed under the Act, except that the Partnership Agreement requires the business of the Operating Partnership to be conducted in such a manner that will permit the Company to be classified as a REIT under Section 856 of the Code, unless the Company ceases to qualify as a REIT for reasons other than the conduct of the business of the Operating Partnership. Subject to the foregoing limitation, the Operating Partnership may enter into partnerships, joint ventures or similar arrangements and may own interests directly or indirectly in any other entity.

The Company, as the general partner of the Operating Partnership, has the exclusive power and authority to conduct the business of the Operating Partnership, subject to the consent of the limited partners in certain limited circumstances discussed below. No limited partner may take part in the operation, management or control of the business of the Operating Partnership by virtue of being a holder of Units.

The Company may not conduct any business other than the business of the Operating Partnership without the consent of the holders of a majority of the limited partnership interests (not including the limited partnership interests held by the Company in its capacity as a limited partner in the Operating Partnership).

DISTRIBUTIONS. The Partnership Agreement provides for the quarterly distribution of Available Cash (as defined below), as determined in the manner provided in the Partnership Agreement, to the Company and the limited partners in proportion to their percentage interests in the Operating Partnership. "Available Cash" is generally defined as net income plus any reduction in reserves and minus interest and principal payments on debt, capital expenditures, any additions to reserves and other adjustments. Neither the Company nor the limited partners are entitled to any preferential or disproportionate distributions of Available Cash.

BORROWING BY THE OPERATING PARTNERSHIP. The Company is authorized to cause the Operating Partnership to borrow money and to issue and guarantee debt as it deems necessary for the conduct of the activities of the Operating Partnership. Such debt may be secured by mortgages, deeds of trust, liens or encumbrances on properties of the Operating Partnership. The Company also may cause the Operating Partnership to borrow money to enable the Operating Partnership to make distributions, including distributions in an amount sufficient to permit the Company, as long as it qualifies as a REIT, to avoid the payment of any Federal income tax. See "Policies with Respect to Certain Activities--Financing Policies." Pursuant to the Lock-out Provisions, the Operating Partnership may not, earlier than one year prior to its maturity, repay the mortgage indebtedness on 673 First Avenue or 470 Park Avenue South and may not consent to any such prepayment of mortgage indebtedness on 673 First Avenue or 470 Park Avenue South (other than pursuant to scheduled amortization) during the Lock-out Period without, in the case of each such Property, the consent of holders of 75% of the Units originally issued to limited partners in the Operating Partnership who immediately prior to completion of the Formation Transactions owned direct or indirect interests in such Property that remain outstanding at the time of such vote (whether held by the original recipient of such Units or by a successor or transferee of the original recipient, but excluding Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise) unless the repayment is in connection with either a refinancing of the outstanding debt (on a basis that is nonrecourse to the Operating Partnership and providing for the least amount of principal amortization that is available on commercially reasonable terms and permitting certain guarantees by the holders of the Units originally issued with respect to the affected Property) or an involuntary

sale pursuant to foreclosure of a mortgage securing the debt (or other similar event). In addition, during the Lock-out Period, the Company is obligated to use commercially reasonable efforts, commencing one year prior to the stated maturity, to refinance at maturity (on a basis that is nonrecourse to the Operating Partnership and providing for the least amount of principal amortization that is available on commercially reasonable terms and permitting certain guarantees by the holders of the Units originally issued with respect to the affected Property) the mortgage indebtedness secured by each of these two Properties at not less than the principal amount outstanding on the maturity date. Finally, during the Lock-out Period, the Company may not incur debt secured by either of these two Properties if the amount of the new debt would exceed the greater of 75% of the value of the Property securing the debt or the amount of existing debt being refinanced (plus the costs associated therewith).

REIMBURSEMENT OF THE COMPANY; TRANSACTIONS WITH THE COMPANY AND ITS AFFILIATES. The Company will not receive any compensation for its services as general partner of the Operating Partnership. The Company, however, as a partner in the Operating Partnership, has the same right to allocations and distributions as other partners in the Operating Partnership. In addition, the Operating Partnership will reimburse the Company for substantially all expenses it incurs relating to the ongoing operation of the Company and offerings of Units or shares of Common Stock (or rights, options, warrants or convertible or exchangeable securities).

Except as expressly permitted by the Partnership Agreement, affiliates of the Company will not engage in any transactions with the Operating Partnership except on terms that are fair and reasonable and no less favorable to the Operating Partnership than would be obtained from an unaffiliated third party.

SALES OF ASSETS. Under the Partnership Agreement, the Company generally has the exclusive authority to determine whether, when and on what terms the assets of the Operating Partnership (including the Properties) will be sold, subject to the Lock-out Provisions. A sale of all or substantially all of the assets of the Operating Partnership (or a merger of the Operating Partnership with another entity) generally requires an affirmative vote of the holders of a majority of the outstanding Units (including Units held by the Company), but also is subject to the Lock-out Provisions.

Under the Lock-out Provisions, the Operating Partnership may not sell or otherwise dispose of 673 First Avenue or 470 Park Avenue South (or any direct or indirect interest therein) during the Lock-out Period (except pursuant to a sale or other disposition of all or substantially all of the Operating Partnership's assets approved as described below, an involuntary sale pursuant to foreclosure of a mortgage secured by one of these Properties or a bankruptcy proceeding, and certain transactions, including a "Section 1031 like-kind exchange," that would not result in the recognition of any gain for tax purposes by the holders of Units issued in the Formation Transactions with respect to these Properties) without, in the case of each such Property, the consent of holders of 75% of the Units originally issued to limited partners in the Operating Partnership who immediately prior to the completion of the Formation Transactions owned direct or indirect interests in such Property that remain outstanding at the time of such vote (whether held by the original recipient of such Units or by a successor or transferee of the original recipient, but excluding Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise). Under the Lock-out Provisions, a sale or other disposition of all or substantially all of the assets of the Operating Partnership during the Lock-out Period generally would require the approval of the holders, as a group, of 75% of the aggregate Units originally issued with respect to 673 First Avenue and 470 Park Avenue South that remain outstanding (whether held by the original recipient of such Units or by a successor or transferee of the original recipient, but excluding Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise). The consent requirement under the Lockout Provisions, however, would not apply in the event of a merger or consolidation involving the Operating Partnership and substantially all of its assets if (i) the transaction would not result in the recognition of any gain with

respect to the Units originally issued with respect to 673 First Avenue and 470 Park Avenue South, (ii) the Lock-out Provisions would continue to apply with respect to each of these two Properties, and (iii) the surviving entity agrees to a number of restrictions and conditions for the benefit of the holders of such Units designed to preserve the benefit of certain provisions and restrictions in the Partnership Agreement for the holders of such Units.

NO REMOVAL OF THE GENERAL PARTNER. The Partnership Agreement provides that the limited partners may not remove the Company as general partner of the Operating Partnership with or without cause (unless neither the General Partner nor its parent entity is a "public company," in which case the General Partner may be removed for cause).

ISSUANCE OF LIMITED PARTNERSHIP INTERESTS. The Company is authorized, without the consent of the limited partners, to cause the Operating Partnership to issue Units to the Company, to the limited partners or to other persons for such consideration and upon such terms and conditions as the Company deems appropriate. The Operating Partnership also may issue partnership interests in different series or classes, which may be senior to the Units. If Units are issued to the Company, then the Company must issue shares of Common Stock and must contribute to the Operating Partnership the proceeds received by the Company from such issuance. In addition, the Company may cause the Operating Partnership to issue to the Company partnership interests in different series or classes of equity securities, which may be senior to the Units, in connection with an offering of securities of the Company having substantially similar rights upon the contribution of the proceeds therefrom to the Operating Partnership. Consideration for partnership interests may be cash or any property or other assets permitted by the Act. No limited partner has preemptive, preferential or similar rights with respect to capital contributions to the Operating Partnership or the issuance or sale of any partnership interests therein.

AMENDMENT OF THE PARTNERSHIP AGREEMENT. Generally, the Partnership Agreement may be amended with the approval of the Company, as general partner, and limited partners (including the Company) holding a majority of the Units. Certain provisions regarding, among other things, the rights and duties of the Company as general partner or the dissolution of the Operating Partnership, may not be amended without the approval of a majority of the Units not held by the Company. Notwithstanding the foregoing, the Company, as general partner, has the power, without the consent of the limited partners, to amend the Partnership Agreement in certain circumstances. Certain amendments that would affect the fundamental rights of a limited partner must be approved by the Company and each limited partner that would be adversely affected by such amendment. In addition, any amendment that would affect the Lock-out Provisions with respect to 673 First Avenue or 470 Park Avenue South during the Lock-out Period would require, in the case of each such Property affected by the Amendment, the consent of holders of 75% of the Units originally issued with respect to such Property that remain outstanding at the time of such vote (whether held by the original recipient of such Units or by a successor or transferee of the original recipient, but excluding Units held by the Company and excluding any such Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise).

DISSOLUTION, WINDING UP AND TERMINATION. The Operating Partnership will continue until December 31, 2095, unless sooner dissolved and terminated. The Operating Partnership will be dissolved prior to the expiration of its term, and its affairs wound up upon the occurrence of the earliest of: (i) the withdrawal of the Company as general partner without the permitted transfer of the Company's interest to a successor general partner (except in certain limited circumstances); (ii) the sale of all or substantially all of the Operating Partnership's assets and properties (subject to the Lock-out Provisions during the Lockout Period); (iii) the entry of a decree of judicial dissolution of the Operating Partnership pursuant to the provisions of the Act; (iv) the entry of a final non-appealable order for relief in a bankruptcy proceeding of the general partner, or the entry of a final non-appealable judgment ruling that the general partner is bankrupt or insolvent (except that, in either such case, in certain circumstances the limited partners (other than the Company) may vote to continue the Operating Partnership and substitute a new

general partner in place of the Company); and (v) on or after January 1, 2046, at the option of the Company, in its sole and absolute discretion. Upon dissolution, the Company, as general partner, or any liquidator will proceed to liquidate the assets of the Operating Partnership and apply the proceeds therefrom in the order of priority set forth in the Partnership Agreement.

LIABILITY AND INDEMNIFICATION

LIABILITY OF THE COMPANY AND LIMITED PARTNERS. The Company, as general partner of the Operating Partnership, is liable for all general recourse obligations of the Operating Partnership to the extent not paid by the Operating Partnership. The Company is not liable for the nonrecourse obligations of the Operating Partnership. Assuming that a limited partner does not take part in the control of the business of the Operating Partnership and otherwise acts in conformity with the provisions of the Partnership Agreement and the Act, the liability of a limited partner for obligations of the Operating Partnership under the Partnership Agreement and the Act will be limited, subject to certain exceptions, generally to the loss of such limited partner's investment in the Operating Partnership represented by his Units. The Operating Partnership will operate in a manner that the Company deems reasonable, necessary or appropriate to preserve the limited liability of the limited partners.

EXCULPATION AND INDEMNIFICATION OF THE COMPANY. The Partnership Agreement generally provides that the Company, as general partner of the Operating Partnership, will incur no liability to the Operating Partnership or any limited partner for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission, if the Company carried out its duties in good faith. In addition, the Company is not responsible for any misconduct or negligence on the part of its agents, provided the Company appointed such agents in good faith.

The Partnership Agreement also provides for indemnification (including, in certain circumstances, the advancement of expenses) of the Company, the directors and officers of the Company and such other persons as the Company may from time to time designate against any judgments, penalties, fines, settlements and reasonable expenses that are actually (or will be) incurred by such person in connection with a proceeding in which any such person is involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the indemnified person was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the indemnified person actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful.

TRANSFERS OF INTERESTS

RESTRICTIONS ON TRANSFER OF THE COMPANY'S INTEREST. The Company may not transfer any of its interests as general or limited partner in the Operating Partnership, except in connection with a merger or sale of all or substantially all of its assets, in which (i) the limited partners in the Operating Partnership either will receive, or will have the right to receive, substantially the same consideration as holders of shares of Common Stock, and (ii) such transaction has been approved by the holders of a majority of the interests in the Operating Partnership (including interests held by the Company). The Lock-out Provisions do not apply to a sale or other transfer by the Company of its interests as a partner in the Operating Partnership, but they would apply to transfers of assets of the Operating Partnership undertaken during the Lock-out Period in connection with or as part of any such transaction by the Company. See "--Operational Matters--Sales of Assets" above.

RESTRICTIONS ON TRANSFERS OF UNITS BY LIMITED PARTNERS. For up to two years after the completion of the Offering, a limited partner may not transfer any of his rights as a limited partner without the consent of the Company, which consent the Company may withhold in its sole discretion. Any attempted transfer in violation of this restriction will be void ab initio and without any force or effect. Beginning two years after the completion of the Offering, limited partners (other than the Company) will be permitted to transfer all

or any portion of their Units without restriction as long as they satisfy certain requirements set forth in the Partnership Agreement. In addition, limited partners will be permitted to dispose of their Units following the expiration of up to a two-year period following the completion of the Offering by exercising the redemption right described below. See "--Redemption of Units" below.

The right of any permitted transferee of Units to become a substituted limited partner is subject to the consent of the Company, which consent the Company may withhold in its sole and absolute discretion. If the Company does not consent to the admission of a transferee of Units as a substituted limited partner, then the transferee will succeed to all economic rights and benefits attributable to such Units (including the redemption right described below), but will not become a limited partner or possess any other rights of limited partners (including the right to vote).

REDEMPTION OF UNITS. Subject to certain limitations and exceptions, holders of Units (other than the Company) have the right to have each of their Units redeemed by the Operating Partnership at any time beginning two years after the completion of the Formation Transactions. Unless the Company elects to assume and perform the Operating Partnership's obligation with respect to the redemption right, as described below, the limited partner will receive cash from the Operating Partnership in an amount equal to the market value of the Units to be redeemed. The market value of a Unit for this purpose will be equal to the average of the closing trading price of a share of Common Stock on the NYSE for the ten trading days before the day on which the redemption notice was given to the Operating Partnership of exercise of the redemption right. In lieu of the Operating Partnership's acquiring the Units for cash, the Company will have the right (except as described below, if the Common Stock is not publicly traded) to elect to acquire the Units directly from a limited partner exercising the redemption right, in exchange for either cash or shares of Common Stock, and, upon such acquisition, the Company will become the owner of such Units. The redemption generally will occur on the tenth business day after the notice to the Operating Partnership, except that no redemption or exchange can occur if delivery of shares of Common Stock would be prohibited either under the provisions of the Company's Charter designed primarily to protect the Company's qualification as a REIT or under applicable Federal or state securities laws as long as the shares of Common Stock are publicly traded. See "Capital Stock--Restrictions on Transfer--Ownership Limits."

In the event that the Common Stock is not publicly traded but another entity whose stock is publicly traded owns more than 50% of the capital stock of the Company (referred to as the "Parent Entity"), the redemption right will be determined by reference to the publicly traded stock of the Parent Entity and the Company will have the right to elect to acquire the Units to be redeemed for publicly traded stock of the Parent Entity. In the event that the Common Stock is not publicly traded and there is no Parent Entity with publicly traded stock, the redemption right will be based upon the fair market value of the Operating Partnership's assets at the time the redemption right is exercised (as determined in good faith by the Company based upon a commercially reasonable estimate of the amount that would be realized by the Operating Partnership if each asset of the Operating Partnership were sold to an unaffiliated purchaser in an arm's length transaction where neither the purchaser nor the seller were under economic compulsion to enter into the transaction), and the Company and the Operating Partnership will be obligated to satisfy the redemption right in cash (unless the redeeming partner, in such partner's sole and absolute discretion, consents to the receipt of Common Stock), payable on the thirtieth business day after notice was given to the Operating Partnership of exercise of the redemption right.

FIDUCIARY DUTY

The limited partners have agreed, subject to the Lock-out Provisions, that in the event of a conflict in the fiduciary duties owed by the Company to its stockholders and by the General Partner to such limited partners, the General Partner will fulfill its fiduciary duties to such limited partnership by acting in the best interests of the Company's stockholders.

The following table sets forth certain information regarding the beneficial ownership of Common Stock (or Common Stock for which Units are exchangeable) by (i) each director (and director nominee) of the Company, (ii) each executive officer of the Company, (iii) all directors (including director nominees) and executive officers of the Company as a group, and (iv) each person or entity which is expected to be the beneficial owner of 5% or more of the outstanding shares of Common Stock immediately following the completion of the Offering. Except as indicated below, all of such Common Stock is owned directly, and the indicated person or entity has sole voting and investment power. The extent to which a person will hold shares of Common Stock as opposed to Units is set forth in the footnotes below.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES AND UNITS BENEFICIALLY OWNED	PERCENT OF ALL SHARES(1)	PERCENT OF ALL SHARES AND UNITS(2)
Stephen L. Green (3)	2,140,784	16.6%	16.3%
David Nettina (4)	15,000	0.1%	0.1%
Nancy A. Peck (4)	197,720	1.8%	1.5%
Steven H. Klein (4)(5)	104,088	1.0%	0.8%
Benjamin P. Feldman (4)(6)	118,632	1.1%	0.9%
Gerard Nocera (4)	79,088	0.7%	0.6%
Louis A. Olsen (4)	79,088	0.7%	0.6%
Edwin Thomas Burton, III	0	N/A	N/A
John S. Levy	0	N/A	N/A
John H. Alschuler, Jr	0	N/A	N/A
All directors, director nominees and executive officers as a group (10 persons)	2,734,400	21.2%	20.8%

(1) Assumes 10,779,216 shares of Common Stock outstanding immediately following the Offering. Assumes that all Units held by the person (and no other person) are redeemed for shares of Common Stock. The total number of shares of Common Stock outstanding used in calculating this percentage assumes that none of the Units held by other persons are redeemed for shares of Common Stock.

(2) Assumes a total of 13,162,500 shares of Common Stock and Units outstanding immediately following the Offering (10,779,216 shares of Common Stock and 2,383,284 Units, which may be redeemed for cash or shares of Common Stock under certain circumstances). Assumes that all Units held by the person are redeemed for shares of Common Stock. The total number of shares of Common Stock outstanding used in calculating this percentage assumes that all of the Units held by other persons are redeemed for shares of Common Stock.

(3) Represents Units issued in the Formation Transactions.

(4) Represents shares of restricted Common Stock.

(5) All of such shares are held by Mr. Klein through family trusts of which he is the managing member.

(6) All of such shares are held by Mr. Feldman through a family trust of which he is the managing member.

CAPITAL STOCK

GENERAL

The Company's Charter provides that the Company may issue up to 100 million shares of common stock, $.01 par value per share ("Common Stock"), 25 million shares of preferred stock, $.01 par value per share ("Preferred Stock"), and 75 million shares of excess stock, $.01 par value per share ("Excess Stock"). Upon completion of the Offering, 10,779,216 shares of Common Stock will be issued and outstanding (12,294,216 shares if the Underwriters' over-allotment option is exercised in full) and no shares of Preferred Stock will be issued and outstanding. Under Maryland law, stockholders generally are not liable for the corporation's debts or obligations.

COMMON STOCK

All shares of Common Stock offered hereby will be duly authorized, fully paid and nonassessable. Subject to the preferential rights of any other shares or series of stock and to the provisions of the Charter regarding Excess Stock, holders of shares of Common Stock are entitled to receive dividends on such stock if, as and when authorized and declared by the Board of Directors of the Company out of assets legally available therefor and to share ratably in the assets of the Company legally available for distribution to its stockholders in the event of its liquidation, dissolution or winding up after payment of or adequate provision for all known debts and liabilities of the Company.

Subject to the provisions of the Charter regarding Excess Stock, each outstanding share of Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of such shares will possess the exclusive voting power. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of Common Stock can elect all of the directors then standing for election and the holders of the remaining shares will not be able to elect any directors.

Holders of shares of Common Stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any securities of the Company. Subject to the provisions of the Charter regarding Excess Stock, shares of Common Stock will have equal dividend, liquidation and other rights.

The Charter authorizes the Board of Directors to reclassify any unissued shares of Common Stock into other classes or series of classes of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such class or series.

PREFERRED STOCK

The Charter authorizes the Board of Directors to classify any unissued shares of Preferred Stock and to reclassify any previously classified but unissued shares of Preferred Stock of any series. Prior to issuance of shares of each series the Board is required by the MGCL and the Charter to set, subject to the provisions of the Charter regarding Excess Stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such series. Thus, the Board could authorize the issuance of shares of Preferred Stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control of the Company that might involve a premium price for holders of Common Stock or otherwise be in their best interest. As of the date hereof, no shares of Preferred Stock are outstanding and the Company has no present plans to issue any Preferred Stock.

EXCESS STOCK

For a description of Excess Stock, see "--Restrictions on Transfer."

POWER TO ISSUE ADDITIONAL SHARES OF COMMON STOCK AND PREFERRED STOCK

The Company believes that the power of the Board of Directors to issue additional authorized but unissued shares of Common Stock or Preferred Stock and to classify or reclassify unissued shares of Common Stock or Preferred Stock and thereafter to cause the Company to issue such classified or reclassified shares of stock will provide the Company with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. The additional classes or series, as well as the Common Stock, will be available for issuance without further action by the Company's stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which the Company's securities may be listed or traded. Although the Board of Directors has no intention at the present time of doing so, it could authorize the Company to issue a class or series that could, depending upon the terms of such class or series, delay, defer or prevent a transaction or a change of control of the Company that might involve a premium price for holders of Common Stock or otherwise be in their best interest.

The Company intends to furnish its stockholders with annual reports containing audited consolidated financial statements and an opinion thereon expressed by an independent public accounting firm and quarterly reports for the first three quarters of each fiscal year containing unaudited financial information.

RESTRICTIONS ON TRANSFER

For the Company to qualify as a REIT under the Code, among other things, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (defined in the Code to include certain entities) during the last half of a taxable year (other than the first taxable year) (the "Five or Fewer Requirement"), and such shares of capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first taxable year) or during a proportionate part of a shorter taxable year. Pursuant to the Code, Common Stock held by certain types of entities, such as pension trusts qualifying under Section 401(a) of the Code, United States investment companies registered under the Investment Company Act of 1940, partnerships, trusts and corporations, will be attributed to the beneficial owners of such entities for purposes of the Five or Fewer Requirement (I.E., the beneficial owners of such entities will be counted as persons). See "Material Federal Income Tax Consequences." In order to protect the Company against the risk of losing it status as a REIT due to a concentration of ownership among its stockholders, the Charter, subject to certain exceptions, provides that no stockholder may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.0% (the "Ownership Limit") of the aggregate number or value of the Company's outstanding shares of Common Stock. In the event the Company issues Preferred Stock, it may, in the Articles Supplementary creating such Preferred Stock, determine a limit on the ownership of such stock. Any direct or indirect ownership of shares of stock in excess of the Ownership Limit or that would result in the disqualification of the Company as a REIT, including any transfer that results in shares of capital stock being owned by fewer than 100 persons or results in the Company being "closely held" within the meaning of Section 856(h) of the Code, shall be null and void, and the intended transferee will acquire no rights to the shares of capital stock. The foregoing restrictions on transferability and ownership will not apply if the Board of Directors determines that it is no longer in the best interests of the Company to attempt to qualify, or to continue to qualify, as a REIT. The Board of Directors may, in its sole discretion, waive the Ownership Limit if evidence satisfactory to the Board of Directors and the Company's tax counsel is presented that the changes in ownership will not then or in the future jeopardize the Company's REIT status and the Board of Directors otherwise decides that such action is in the best interest of the Company.

Shares of capital stock owned, or deemed to be owned, or transferred to a stockholder in excess of the Ownership Limit will automatically be converted into shares of Excess Stock that will be transferred, by operation of law, to the trustee of a trust for the exclusive benefit of one or more charitable organizations described in Section 170(b)(1)(A) and 170(c) of the Code (the "Charitable Beneficiary"). The trustee of the trust will be deemed to own the Excess Stock for the benefit of the Charitable Beneficiary on the date of the violative transfer to the original transferee-stockholder. Any dividend or distribution paid to the original transferee-stockholder of Excess Stock prior to the discovery by the Company that capital stock has been transferred in violation of the provisions of the Company's Charter shall be repaid to the trustee upon demand. Any dividend or distribution authorized and declared but unpaid shall be rescinded as void ab initio with respect to the original transferee-stockholder and shall instead be paid to the trustee of the trust for the benefit of the Charitable Beneficiary. Any vote cast by an original transferee-stockholder of shares of capital stock constituting Excess Stock prior to the discovery by the Company that shares of capital stock have been transferred in violation of the provisions of the Company's Charter shall be rescinded as void ab initio. While the Excess Stock is held in trust, the original transferee-stockholder will be deemed to have given an irrevocable proxy to the trustee to vote the capital stock for the benefit of the Charitable Beneficiary. The trustee of the trust may transfer the interest in the trust representing the Excess Stock to any person whose ownership of the shares of capital stock converted into such Excess Stock would be permitted under the Ownership Limit. If such transfer is made, the interest of the Charitable Beneficiary shall terminate and the proceeds of the sale shall be payable to the original transferee-stockholder and to the Charitable Beneficiary as described herein. The original transferee-stockholder shall receive the lesser of (i) the price paid by the original transferee-stockholder for the shares of capital stock that were converted into Excess Stock or, if the original transferee-stockholder did not give value for such shares (E.G., the stock was received through a gift, devise or other transaction), the average closing price for the class of shares from which such shares of capital stock were converted for the ten trading days immediately preceding such sale or gift, and (ii) the price received by the trustee from the sale or other disposition of the Excess Stock held in trust. The trustee may reduce the amount payable to the original transferee-stockholder by the amount of dividends and distributions relating to the shares of Excess Stock which have been paid to the original transferee-stockholder and are owned by the original transferee-stockholder to the trustee. Any proceeds in excess of the amount payable to the original transferee-stockholder shall be paid by the trustee to the Charitable Beneficiary. Any liquidation distributions relating to Excess Stock shall be distributed in the same manner as proceeds of a sale of Excess Stock. If the foregoing transfer restrictions are determined to be void or invalid by virtue of any legal decision, statue, rule or regulation, then the original transferee-stockholder of any shares of Excess Stock may be deemed, at the option of the Company, to have acted as an agent on behalf of the Company in acquiring the shares of Excess Stock and to hold the shares of Excess Stock on behalf of the Company.

In addition, the Company will have the right, for a period of 90 days during the time any shares of Excess Stock are held in trust, to purchase all or any portion of the shares of Excess Stock at the lesser of (i) the price initially paid for such shares by the original transferee-stockholder, or if the original transferee-stockholder did not give value for such shares (E.G., the shares were received through a gift, devise or other transaction), the average closing price for the class of stock from which such shares of Excess Stock were converted for the ten trading days immediately preceding such sale or gift, and (ii) the average closing price for the class of stock from which such shares of Excess Stock were converted for the ten trading days immediately preceding the date the Company elects to purchase such shares. The Company may reduce the amount payable to the original transferee-stockholder by the amount of dividends and distributions relating to the shares of Excess Stock which have been paid to the original transferee-stockholder and are owed by the original transferee-stockholder to the trustee. The Company may pay the amount of such reductions to the trustee for the benefit of the Charitable Beneficiary. The 90-day period begins on the later date of which notice is received of the violative transfer if the original transferee-stockholder gives notice to the Company of the transfer or, if no such notice is given, the date the Board of Directors determines that a violative transfer has been made.

These restrictions will not preclude settlement of transactions through the New York Stock Exchange.

All certificates representing shares of stock will bear a legend referring to the restrictions described above.

Each stockholder shall upon demand be required to disclose to the Company in writing any information with respect to the direct, indirect and constructive ownership of capital stock of the company as the Board of Directors deems necessary to comply with the provisions of the Code applicable to REITs, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

The Ownership Limit may have the effect of delaying, deferring or preventing a change in control of the Company unless the Board of Directors determines that maintenance of REIT status is no longer in the best interest of the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is American Stock Transfer & Trust Company.

CERTAIN PROVISIONS OF MARYLAND LAW AND THE COMPANY'S CHARTER AND BYLAWS

THE FOLLOWING SUMMARY OF CERTAIN PROVISIONS OF MARYLAND LAW AND OF THE CHARTER AND BYLAWS OF THE COMPANY DOES NOT PURPORT TO BE COMPLETE AND IS SUBJECT TO AND QUALIFIED IN ITS ENTIRETY BY REFERENCE TO MARYLAND LAW AND THE CHARTER AND BYLAWS OF THE COMPANY, COPIES OF WHICH ARE EXHIBITS TO THE REGISTRATION STATEMENT OF WHICH THIS PROSPECTUS IS A PART.

The Charter and the bylaws of the Company (the "Bylaws") contain certain provisions that could make more difficult an acquisition or change in control of the Company by means of a tender offer, a proxy contest or otherwise. These provisions are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of the Company to negotiate first with the Board of Directors. The Company believes that the benefits of these provisions outweigh the potential disadvantages of discouraging such proposals because, among other things, negotiation of such proposals might result in an improvement of their terms. The description set forth below is intended as a summary only and is qualified in its entirety by reference to the Charter and the Bylaws, which have been filed as exhibits to the Registration Statement of which this Prospectus is a part. See also "Capital Stock--Restrictions on Transfer."

CLASSIFICATION AND REMOVAL OF BOARD OF DIRECTORS; OTHER PROVISIONS

The Company's Charter provides for the Board of Directors to be divided into three classes of directors, with each class to consist as nearly as possible of an equal number of directors. The term of office of the first class of directors will expire at the 1998 annual meeting of stockholders; the term of the second class of directors will expire at the 1999 annual meeting of stockholders; and the term of the third class will expire at the 2000 annual meeting of stockholders. At each annual meeting of stockholders, the class of directors to be elected at such meeting will be elected for a three-year term, and the directors in the other two classes will continue in office. Because stockholders will have no right to cumulative voting for the election of directors, at each annual meeting of stockholders the holders of a majority of the shares of Common Stock will be able to elect all of the successors to the class of directors whose term expires at that meeting.

The Company's Charter also provides that, except for any directors who may be elected by holders of a class or series of capital stock other than the Common Stock, directors may be removed only for cause and only by the affirmative vote of stockholders holding at least two-thirds of all the votes entitled to be cast for the election of directors. Vacancies on the Board of Directors may be filled by the affirmative vote of the remaining directors and, in the case of a vacancy resulting from the removal of a director, by the stockholders by a majority of the votes entitled to be cast for the election of directors. A vote of stockholders holding at least two-thirds of all the votes entitled to be cast thereon is required to amend, alter, change, repeal or adopt any provisions inconsistent with the foregoing classified board and director removal provisions. Under the Charter, the power to amend the Bylaws of the Company is vested exclusively in the Board of Directors, and the stockholders do not have any power to adopt, alter or repeal the Bylaws absent amendment to the Charter to confer such power. These provisions may make it more difficult and time-consuming to change majority control of the Board of Directors of the Company and, thus, may reduce the vulnerability of the Company to an unsolicited proposal for the takeover of the Company or the removal of incumbent management.

Because the Board of Directors will have the power to establish the preferences and rights of additional series of capital stock without stockholder vote, the Board of Directors may afford the holders of any series of senior capital stock preferences, powers and rights, voting or otherwise, senior to the rights of holders of shares of Common Stock. The issuance of any such senior capital stock could have the effect of delaying or preventing a change in control of the Company. The Board of Directors, however, currently does not contemplate the issuance of any series of capital stock other than shares of Common Stock.

See "Management--Directors, Director Nominees and Executive Officers" for a description of the limitations on liability of directors of the Company and the provisions for indemnification of directors and officers provided for under applicable Maryland law and the Charter.

BUSINESS COMBINATION STATUTE

The MGCL establishes special requirements with respect to "business combinations" between Maryland corporations and "interested stockholders" unless exemptions are applicable. Among other things, the law prohibits for a period of five years a merger and other specified or similar transactions between a company and an interested stockholder and requires a super majority vote for such transactions after the end of the five-year period.

For this purpose, "interested stockholders" are all persons owning beneficially, directly or indirectly, 10% or more of the outstanding voting stock of a Maryland corporation, and affiliates and associates of the Maryland corporation (which are, generally, any entities controlling, controlled by, or under common control with, the Maryland corporation) which owned beneficially, directly or indirectly, 10% or more of the outstanding voting stock of such Maryland corporation. "Business combinations" include any merger or similar transaction subject to a statutory vote and additional transactions involving transfers of assets or securities in specified amounts to interested stockholders or their affiliates. Unless an exemption is available, transactions of these types may not be consummated between a Maryland corporation and an interested stockholder or its affiliates for a period of five years after the date on which the stockholder first became an interested stockholder. Thereafter, the transaction may not be consummated unless recommended by the board of directors and approved by the affirmative vote of at least 80% of the votes entitled to be cast by all holders of outstanding shares of voting stock and two-thirds of the votes entitled to be cast by all holders of outstanding shares of voting stock other than the interested stockholder. A business combination with an interested stockholder that is approved by the board of directors of a Maryland corporation at any time before an interested stockholder first becomes an interested stockholder is not subject to the special voting requirements. An amendment to a Maryland corporation's charter electing not to be subject to the foregoing requirements must be approved by the affirmative vote of at least 80% of the votes entitled to be cast by all holders of outstanding shares of voting stock and two-thirds of the votes entitled to be cast by holders of outstanding shares of voting stock who are not interested stockholders. Any such amendment is not effective until 18 months after the vote of stockholders and does not apply to any business combination of a corporation with a stockholder who was an interested stockholder on the date of the stockholder vote. The Company has opted out of the business combination provisions of the MGCL, but the Board of Directors may elect to adopt these provisions of the MGCL in the future.

CONTROL SHARE ACQUISITION STATUTE

Maryland law imposes certain limitations on the voting rights in a "control share acquisition." The MGCL considers a "control share acquisition" to occur at each of the 20%, 33 1/3% and 50% acquisition levels, and requires the affirmative vote of at least two-thirds of the votes entitled to be cast by holders of outstanding shares of voting stock (excluding shares owned by the acquiring person and certain members of management) to accord voting rights to capital stock acquired in a control share acquisition. The statute also requires Maryland corporations to hold a special meeting at the request of an actual or proposed control share acquirer generally within 50 days after a request is made by means of the submission of an "acquiring person statement," but only if the acquiring person (i) posts a bond for the cost of a meeting (not including the expenses of opposing approval of the voting rights) and (ii) submits a definitive financing agreement with respect to the proposed control share acquisition to the extent that financing is not provided by the acquiring person. In addition, unless its charter or bylaws provide otherwise, the statute gives a Maryland corporation, within certain time limitations, various redemption rights if there is a stockholder vote on the issue and the grant of voting rights is not approved, or if an acquiring person statement is not delivered to the corporation within 10 days following an actual control share acquisition. Moreover, unless the charter or bylaws provide otherwise, the statute provides that if, before a control share acquisition occurs, voting rights are accorded to control shares that result in the acquiring persons having majority voting power, then minority stockholders have certain appraisal rights. An acquisition of shares may be exempted from the control share statute, provided that a charter or bylaw provision is adopted for such purpose prior to the control share acquisition. The Company has opted out of the control

share provisions of the MGCL, but the Board of Directors may elect to adopt these provisions of the MGCL in the future.

AMENDMENTS TO THE CHARTER

The Charter, including its provisions on classification of the Board of Directors, restrictions on transferability of shares of Common Stock and removal of directors, may be amended only by the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter. However, the provisions of the Charter relating to authorized shares of stock and the classification and reclassification of shares of Common Stock and Preferred Stock may be amended by the affirmative vote of the holders of not less than a majority of the votes entitled to be cast on the matter.

ADVANCE NOTICE OF DIRECTOR NOMINATIONS AND NEW BUSINESS

The Bylaws of the Company provide that (i) with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (A) pursuant to the Company's notice of the meeting, (B) by the Board of Directors or (C) by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in the Bylaws and (ii) with respect to special meetings of the stockholders, only the business specified in the Company's notice of meeting may be brought before the meeting of stockholders and nominations of persons for election to the Board of Directors may be made only (A) pursuant to the Company's notice of the meeting, (B) by the Board of Directors or (C) provided that the Board of Directors has determined that directors shall be elected at such meeting, by a stockholder who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in the Bylaws.

ANTI-TAKEOVER EFFECT OF CERTAIN PROVISIONS OF MARYLAND LAW AND OF THE CHARTER AND BYLAWS

The business combination provisions and the control share acquisition provisions of the MGCL, the provisions of the Charter on classification of the Board of Directors and removal of directors and the advance notice provisions of the Bylaws could delay, defer or prevent a transaction or a change in control of the Company that might involve a premium price for holders of Common Stock or otherwise be in their best interests.

RIGHTS TO PURCHASE SECURITIES AND OTHER PROPERTY

The Charter authorizes the Board of Directors to create and issue rights entitling the holders thereof to purchase from the Company shares of capital stock or other securities or property. The times at which and terms upon which such rights are to be issued would be determined by the Board of Directors and set forth in the contracts or instruments that evidence such rights. This provision is intended to confirm the Board of Directors' authority to issue share purchase rights, which might have terms that could impede a merger, tender offer or other takeover attempt, or other rights to purchase shares or securities of the Company or any other corporation.

SHARES AVAILABLE FOR FUTURE SALE

GENERAL

Upon the completion of the Offering, the Company will have outstanding 10,779,216 shares of Common Stock (12,294,216 shares if the Underwriters' overallotment option is exercised in full). In addition, 2,383,284 shares of Common Stock are reserved for issuance upon exchange of Units. The shares of Common Stock issued in the Offering will be freely tradeable by persons other than "affiliates" of the Company without restriction under the Securities Act, subject to the limitations on ownership set forth in the Charter. See "Capital Stock--Restrictions on Transfer." The shares of Common Stock received by the participants in the Formation Transactions or acquired by any participant in redemption of Units (the "Restricted Shares") will be "restricted" securities under the meaning of Rule 144 promulgated under the Securities Act ("Rule 144") and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including exemptions contained in Rule 144. As described below under "--Registration Rights," the Company has granted certain holders registration rights with respect to their shares of Common Stock.

In general, under Rule 144, if one year has elapsed since the later of the date of acquisition of Restricted Shares from the Company or any "affiliate" of the Company, as that term is defined under the Securities Act, the acquiror or subsequent holder thereof is entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of Common Stock or the average weekly trading volume of the Common Stock during the four calendar weeks immediately preceding the date on which notice of the sale is filed with the Securities and Exchange Commission (the "Commission"). Sales under Rule 144 also are subject to certain manner of sales provisions, notice requirements and the availability of current public information about the Company. If two years have elapsed since the date of acquisition of Restricted Shares from the Company or from any "affiliate" of the Company, and the acquiror or subsequent holder thereof is deemed not to have been an affiliate of the Company at any time during the 90 days immediately preceding a sale, such person is entitled to sell such shares in the public market under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements.

The Company has established a stock option plan for the purpose of attracting and retaining highly qualified directors, executive officers and other key employees. See "Management--Stock Option and Incentive Plan" and "--Compensation of Directors." The Company intends to issue options to purchase approximately 660,000 shares of Common Stock to directors, officers and certain key employees prior to the completion of the Offering and has reserved 440,000 additional shares for future issuance under the plan. On or prior to the expiration of the initial 12-month period following the completion of the Offering, the Company expects to file a registration statement with the Commission with respect to the shares of Common Stock issuable under these plans, which shares may be resold without restriction, unless held by affiliates.

Prior to the Offering, there has been no public market for the Common Stock. Trading of the Common Stock on the New York Stock Exchange is expected to commence immediately following the completion of the Offering. No prediction can be made as to the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price prevailing from time to time. Sales of substantial amounts of Common Stock (including shares issued upon the exercise of options), or the perception that such sales could occur, could adversely affect prevailing market prices of the Common Stock. See "Risk Factors--Other Risks of Ownership of Common Stock Could Adversely Affect the Trading Price of the Common Stock" and "Partnership Agreement--Transfers of Interests."

REGISTRATION RIGHTS

The Company has granted the participants in the Formation Transactions who received Units in the Formation Transactions certain registration rights with respect to the shares of Common Stock owned by them or acquired by them in connection with the exercise of the redemption right under the Partnership Agreement. These registration rights require the Company to register all such shares of Common Stock upon request. The Company will bear expenses incident to its registration requirements under the registration rights, except that such expenses shall not include any underwriting discounts or commissions or transfer taxes, if any, relating to such shares.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

GENERAL

The following discussion summarizes the material Federal income tax consequences that are generally applicable to all prospective stockholders of the Company. The specific tax consequences of owning Common Stock will vary for stockholders because of the different circumstances of stockholders and the discussion contained herein does not purport to address all aspects of Federal income taxation that may be relevant to particular holders in light of their personal investment or tax circumstances. Therefore, it is imperative that a stockholder review the following discussion and consult with his own tax advisors to determine the interaction of his individual tax situation with the anticipated tax consequences of owning Common Stock.

The information in this section and the opinions of Brown & Wood LLP are based on the Code, existing and proposed Treasury Regulations thereunder, current administrative interpretations and court decisions. No assurance can be given that future legislation, Treasury Regulations, administrative interpretations and court decisions will not significantly change current law or affect existing interpretations of current law in a manner which is adverse to stockholders. Any such change could apply retroactively to transactions preceding the date of change. The Company and the Operating Partnership do not plan to obtain any rulings from the IRS concerning any tax issue with respect to the Company. Thus, no assurance can be provided that the opinions and statements set forth herein (which do not bind the IRS or the courts) will not be challenged by the IRS or will be sustained by a court if so challenged. The following description does not constitute tax advice.

This summary does not give a detailed discussion of state, local or foreign tax considerations. Except where indicated, the discussion below describes general Federal income tax considerations applicable to individuals who are citizens or residents of the United States. Accordingly, the following discussion has limited application to domestic corporations and persons subject to specialized Federal income tax treatment, such as foreign persons, trusts, estates, tax-exempt entities, regulated investment companies and insurance companies.

As used in this section, the term "Company" refers solely to SL Green Realty Corp. and the term "Operating Partnership" refers solely to SL Green Operating Partnership, L.P.

PROSPECTIVE STOCKHOLDERS ARE STRONGLY URGED TO CONSULT WITH THEIR OWN TAX ADVISORS WITH REGARD TO THE APPLICATION OF THE FEDERAL INCOME TAX LAWS TO SUCH STOCKHOLDERS' RESPECTIVE PERSONAL TAX SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN TAXING JURISDICTION.

TAXATION OF THE COMPANY

GENERAL. The Company will make an election to be taxed as a REIT under Sections 856 through 860 of the Code effective for its taxable year ending December 31, 1997. The Company believes that, commencing with such taxable year, it will be organized and will operate in such a manner as to qualify for taxation as a REIT under the Code and the Company intends to continue to operate in such a manner. Although the Company has been structured so as to qualify to be treated as a REIT, no assurance can be given that the Company will operate in a manner so as to qualify or remain qualified as a REIT.

In the opinion of Brown & Wood LLP, commencing with the Company's taxable year ending December 31, 1997, the Company will be organized in conformity with the requirements for qualification and taxation as a REIT under the Code and the proposed method of operation of the Company will enable the Company to meet the requirements for qualification and taxation as a REIT. This opinion is based on various assumptions relating to the organization and operation of the Company, the Operating Partnership, the Management LLC, the Management Corporation (together with the Management LLC, the "Management Entities"), the Leasing Corporation and the Construction Corporation and upon certain

representations made by the Company, the Operating Partnership, the Management Entities, the Leasing Corporation and the Construction Corporation as to certain relevant factual matters, including matters related to the organization and expected manner of operation of the Company, the Operating Partnership, the Property-owning entities, the Management Entities, the Leasing Corporation and the Construction Corporation. Moreover, such qualification and taxation as a REIT will depend upon the Company's ability to meet on a continuing basis, through actual annual operating results, distribution levels, and diversity of stock ownership, the various qualification tests imposed under the Code (discussed below). Brown & Wood LLP will not review compliance with these tests on a continuing basis. Accordingly, no assurance can be given that the Company will satisfy such tests on a continuing basis. See "--Failure to Qualify" below.

The following is a general summary of the material Code provisions that govern the Federal income tax treatment of a REIT and its stockholders. These provisions of the Code are highly technical and complex.

If the Company qualifies for taxation as a REIT, it generally will not be subject to Federal corporate income taxes on net income that it distributes currently to stockholders. This treatment substantially eliminates the "double taxation" (taxation at both the corporate and stockholder levels) that generally results from investment in a corporation. However, the Company will be subject to Federal income and excise tax in certain circumstances, including the following. First, the Company will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains. Second, under certain circumstances, the Company may be subject to the "alternative minimum tax" on its items of tax preference. Third, if the Company has (i) net income from the sale or other disposition of "foreclosure property" (which is, in general, property acquired by foreclosure or otherwise on default of a loan secured by the property) held primarily for sale to customers in the ordinary course of business or (ii) other non-qualifying income from foreclosure property, the Company will be subject to tax at the highest corporate rate on such income. Fourth, if the Company has net income from prohibited transactions (which are, in general, certain sales or other dispositions of property (other than foreclosure property) held primarily for sale to customers in the ordinary course of business), such income will be subject to a 100% tax. Fifth, if the Company fails to satisfy either the 75% gross income test or the 95% gross income test (both of which are discussed below), but nonetheless maintains its qualification as a REIT because certain other requirements have been met, it will be subject to a 100% tax on the greater of the amount by which the Company fails the 75% or 95% test, multiplied by a fraction intended to reflect the Company's profitability. Sixth, if the Company fails to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year and (iii) any undistributed taxable income from prior years, the Company will be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Seventh, if the Company acquires any asset from a C corporation (i.e., a corporation generally subject to full corporate level tax) in a transaction in which the basis of the asset in the Company's hands is determined by reference to the basis of the asset (or any other property) in the hands of the C corporation and the Company recognizes gain on the disposition of such asset during the ten-year period (the "Recognition Period") beginning on the date on which such asset was acquired by the Company, then, to the extent of such property's "built-in" gain (the excess of the fair market value of such property at the time of acquisition by the Company over the adjusted basis in such property at such time), such gain will be subject to tax at the highest regular corporate rate applicable (the "Built-In Gain Rule").

REQUIREMENTS FOR QUALIFICATION. The Code defines a REIT as a corporation, trust, or association (i) that is managed by one or more trustees or directors; (ii) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest; (iii) that would be taxable as a domestic corporation, but for Section 856 through 859 of the Code; (iv) that is neither a financial institution nor an insurance company subject to certain provisions of the Code; (v) the beneficial ownership of which is held by 100 or more persons; (vi) during the last half of each taxable year not more than 50% in value of the outstanding stock of which is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities); and (vii) that meets certain other tests,

described below, regarding the nature of its income and assets. The Code provides that conditions (i) through (iv), inclusive, must be met during the entire taxable year and that condition (v) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (v) and (vi), however, will not apply until after the first taxable year for which an election is made to be taxed as a REIT. The Company anticipates issuing sufficient shares of Common Stock in the Offering with sufficient diversity of ownership to allow the Company to satisfy conditions (v) and (vi) immediately following the Offering. In addition, the Company's Charter will include restrictions regarding the transfer of its shares of capital stock that are intended to assist the Company in continuing to satisfy the share ownership requirements described in (v) and (vi) above. See "Capital Stock--Restrictions on Transfer."

In addition, a corporation may not elect to become a REIT unless its taxable year is the calendar year. The Company's taxable year will be the calendar year.

If a REIT owns a corporate subsidiary that is a "qualified REIT subsidiary," that subsidiary is disregarded for Federal income tax purposes and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of the REIT itself. (A qualified REIT subsidiary is a corporation all of the capital stock of which has been owned by the REIT from the commencement of such corporate existence.) Similarly, a single member limited liability company owned by the REIT or by the Operating Partnership is disregarded as a separate entity for Federal income tax purposes.

In the case of a REIT that is a partner in a partnership, Treasury Regulations provide that for purposes of the gross income tests and asset tests the REIT will be deemed to own its proportionate share (based on its interest in partnership capital) of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to such share. In addition, the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and asset tests, that they have in the hands of the Partnership. Thus, the Company's proportionate share of the assets, liabilities and items of gross income of the Operating Partnership will be treated as assets, liabilities and items of gross income of the Company for purposes of applying the requirements described herein.

INCOME TESTS. In order to maintain qualification as a REIT, three gross income tests must be satisfied annually. First, at least 75% of the REIT's gross income (excluding gross income from "prohibited transactions") for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property (including "rents from real property" and, in certain circumstances, interest) or from certain types of temporary investments. Second, at least 95% of the REIT's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from such real property investments described above and from dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing. Third, gain from the sale or other disposition of stock or securities held for less than one year, gain from prohibited transactions and gain on the sale or other disposition of real property held for less than four years (apart from involuntary conversions and sales of foreclosure property) must represent less than 30% of the REIT's gross income (including gross income from prohibited transactions) for each taxable year. For purposes of applying the 30% gross income test, the holding period of Properties and other assets acquired in the Formation Transactions will be deemed to have commenced on the date of the Formation Transactions.

Rents received by a REIT will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or a direct or indirect owner of 10% or more of the REIT, directly or constructively, owns 10% or more of such tenant (a "Related Party Tenant"). Third, if rent attributable to personal property, leased in connection with a lease

of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as "rents from real property." Finally, in order for rents received with respect to a property to qualify as "rents from real property," the REIT generally must not operate or manage the property or furnish or render services to tenants, except through an "independent contractor" who is adequately compensated and from whom the Company derives no income. The "independent contractor" requirement, however, does not apply to the extent the services provided by the REIT are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant."

The Company does not anticipate charging rent that is based in whole or in part on the income or profits of any person (except by reason of being based on a fixed percentage or percentages of receipts of sales consistent with the rule described above). The Company does not anticipate deriving rent attributable to personal property leased in connection with real property that exceeds 15% of the total rents.

The Company will provide certain services with respect to the Properties, but the Company believes (and has represented to Brown & Wood LLP) that all such services will be considered "usually or customarily rendered" in connection with the rental of space for occupancy only, so that the provision of such services will not jeopardize the qualification of rent from the Properties as "rents from real property." In rendering its opinion on the Company's ability to qualify as a REIT, Brown & Wood LLP is relying on such representations. In the case of any services that are not "usual and customary" under the foregoing rules, the Company intends to employ "independent contractors" to provide such services.

The Operating Partnership may receive certain types of income, including rent from Related Party Tenants, with respect to the properties it owns that will not qualify under the 75% or 95% gross income test. In particular, dividends on the Operating Partnership's stock in the Service Corporations will not qualify under the 75% gross income test. The Company believes, however, that the aggregate amount of such items and other non-qualifying income in any taxable year will not cause the Company to exceed the limits on non-qualifying income under the 75% and 95% gross income tests.

The Management LLC will receive managements fees from the Operating Partnership with respect to properties that are wholly-owned by the Operating Partnership. In the opinion of Brown & Wood LLP, such fees will not constitute gross income of the Operating Partnership.

If the Company fails to satisfy one or both of the 75% or the 95% gross income tests for any taxable year, it nevertheless may qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. These relief provisions generally will be available if the Company's failure to meet any such tests was due to reasonable cause and not due to willful neglect, the Company attaches a schedule of the sources of its income to its Federal corporate income tax return and any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances the Company would be entitled to the benefit of these relief provisions. As discussed in "--General" above, even if these relief provisions were to apply, a tax would be imposed with respect to the excess net income. Moreover, these relief provisions are unavailable if the Company fails the 30% gross income test.

ASSET TESTS. The Company must also satisfy three tests relating to the nature of its assets at the close of each quarter of its taxable year. First, at least 75% of the value of the Company's total assets must be represented by real estate assets (including (i) its allocable share of real estate assets held by the Operating Partnership or any partnerships in which the Operating Partnership owns an interest and (ii) stock or debt instruments held for not more than one year purchased with the proceeds of a stock offering or long-term (i.e., at least five-year) public debt offering of the Company), cash, cash items and government securities. Second, of the investments not included in the 75% asset class, the value of any one issuer's securities owned by the Company may not exceed 5% of the value of the Company's total assets. Third, of the investments not included in the 75% asset class, the Company may not own more than 10% of any one issuer's outstanding voting securities.

After initially meeting the asset tests at the close of any quarter, the Company will not lose its status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset

values. If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient non-qualifying assets within 30 days after the close of that quarter. The Company intends to maintain adequate records of the value of its assets to ensure compliance with the asset tests and to take such other action within 30 days after the close of any quarter as may be required to cure any noncompliance.

Based on the foregoing, the 5% test must generally be met for any quarter in which the Company acquires securities of an issuer. Thus, this requirement must be satisfied not only on the date the Company acquires securities of the Service Corporations, but also each time the Company increases its ownership of securities of a Service Corporation (including as a result of increasing its interest in the Operating Partnership as limited partners exercise their redemption rights).

The Operating Partnership will own all of the non-voting stock of each of the Service Corporations, which stock represents 95% of the equity of the Service Corporations. See "Structure and Formation of the Company--The Operating Entities of the Company--The Service Corporations." By virtue of its ownership of Units, the Company will be considered to own its pro rata share of the assets of the Operating Partnership, including the securities of the Service Corporations described above. The Operating Partnership will not own more than 10% of the voting securities of the Service Corporations and, therefore, the Company will not own more than 10% of the voting securities of the Service Corporations. In addition, the Company and senior management believe that the Company's pro rata share of the value of the securities of the Service Corporations will not exceed, for each Service Corporation, as of the completion of the Offering, 5% of the total value of the Company's assets. The Company's belief is based in part upon its analysis of the anticipated operating cash flows of the Service Corporations. There can be no assurance, however, that the IRS will not contend that the value of the securities of a Service Corporation exceeds the 5% value limitation. Brown & Wood LLP, in rendering its opinion regarding the qualification of the Company as a REIT, will rely on the conclusions of the Company and its senior management as to the value of the securities of the Service Corporations.

As noted above, the 5% value requirement must be satisfied at or within 30 days after the end of each quarter during which the Company increases its (direct or indirect) ownership of securities of the Service Corporations (including as a result of increasing its interest in the Operating Partnership). Although the Company plans to take steps to ensure that it satisfies the 5% value test for any quarter with respect to which retesting is to occur, there can be no assurance that such steps always will be successful or will not require a reduction in the Operating Partnership's overall interest in a Service Corporation.

Although currently the IRS will not rule regarding compliance with the 10% voting securities test, in the opinion of Brown & Wood LLP the Company's proposed structure will meet the current statutory requirements with respect to the 10% voting securities test.

ANNUAL DISTRIBUTION REQUIREMENTS. The Company, in order to qualify as a REIT, is required to distribute dividends (other than capital gain dividends) to its stockholders in an amount at least equal to (i) the sum of (A) 95% of the Company's "REIT taxable income" (computed without regard to the dividends paid deduction and the REIT's net capital gain) and (B) 95% of the net income (after tax), if any, from foreclosure property, minus (ii) the sum of certain items of noncash income. Such distributions must be paid during the taxable year to which they relate (or during the following taxable year, if declared before the Company timely files its tax return for the preceding year and paid on or before the first regular dividend payment after such declaration). To the extent that the Company does not distribute all of its net capital gain or distributes at least 95%, but less than 100%, of its "REIT taxable income," as adjusted, it will be subject to tax on the undistributed amount at regular corporate capital gains rates and ordinary income tax rates. Furthermore, if the Company fails to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income of such year, (ii) 95% of its REIT capital gain income for such year and (iii) any undistributed taxable income from prior periods, the Company will be subject to a 4% excise tax on the excess of such amounts over the amounts actually distributed. In addition, if the Company disposes of any asset subject to the Built-In Gain Rule during its Recognition Period, the Company will be required to distribute at least 95% of the built-in gain (after tax), if any, recognized on the disposition.

The Company intends to make timely distributions sufficient to satisfy the annual distribution requirements. In this regard, it is expected that the Company's REIT taxable income will be less than its cash flow due to the allowance of depreciation and other noncash charges in the computing of REIT taxable income. Moreover, the Partnership Agreement of the Operating Partnership authorizes the Company, as general partner, to take such steps as may be necessary to cause the Operating Partnership to make distributions to its partners of amounts sufficient to permit the Company to meet these distribution requirements. It is possible, however, that the Company, from time to time, may not have sufficient cash or other liquid assets to meet the 95% distribution requirement due to timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of such income and deduction of such expenses in arriving at REIT taxable income of the Company, or due to an excess of nondeductible expenses such as principal amortization or capital expenditures over noncash deductions such as depreciation. In the event that such circumstances do occur, then in order to meet the 95% distribution requirement, the Company may cause the Operating Partnership to arrange for short-term, or possibly long-term, borrowings to permit the payment of required dividends.

Under certain circumstances, the Company may be able to rectify a failure to meet the distribution requirement for a year by paying "deficiency dividends" to stockholders in a later year that may be included in the Company's deduction for dividends paid for the earlier year. Thus, the Company may be able to avoid being taxed on amounts distributed as deficiency dividends. However, the Company would be required to pay to the IRS interest based upon the amount of any deduction taken for deficiency dividends.

FAILURE TO QUALIFY. If the Company fails to qualify for taxation as a REIT in any taxable year and certain relief provisions do not apply, the Company will be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Unless entitled to relief under specific statutory provisions, the Company also will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances the Company would be entitled to such statutory relief.

Distributions to stockholders in any year in which the Company fails to qualify as a REIT will not be deductible by the Company, nor will the Company be required to make distributions. If the Company makes distributions, such distributions will be taxable as ordinary income to the extent of the Company's current and accumulated earnings and profits. Subject to certain limitations in the Code, corporate distributees may be eligible for the dividends received deduction.

TAXATION OF STOCKHOLDERS

TAXATION OF DOMESTIC STOCKHOLDERS. As long as the Company qualifies as a REIT, distributions made to the Company's taxable domestic stockholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by them as ordinary income and corporate stockholders will not be eligible for the dividends received deduction as to such amounts. Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed the Company's actual net capital gain for the taxable year) without regard to the period for which the stockholder has held its stock. However, corporate stockholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. Distributions in excess of current and accumulated earnings and profits will not be taxable to a stockholder to the extent that they do not exceed the adjusted basis of the stockholder's shares of Common Stock, but rather will reduce the adjusted basis of a stockholder's shares of Common Stock. To the extent that such distributions exceed the stockholder's adjusted basis in his shares of Common Stock, they will be included in income as long-term capital gain (or short-term capital gain if the shares have been held for one year or less), assuming the shares of Common Stock are a capital asset in the hands of the stockholder.

Any dividend declared by the Company in October, November or December of any year payable to a stockholder of record on a specific date in any such month shall be treated as both paid by the Company and received by the stockholder on December 31 of such year, if the dividend is actually paid by the Company during January of the following calendar year.

Stockholders may not include in their individual income tax returns net operating losses or capital losses of the Company. In addition, distributions from the Company and gain from the disposition of shares of Common Stock will not be treated as "passive activity" income and, therefore, stockholders will not be able to use passive losses to offset such income.

In general, any loss upon a sale or exchange of shares of Common Stock by a stockholder which has held such shares of Common Stock for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss to the extent of distributions from the Company required to be treated by such stockholder as long-term capital gains.

BACKUP WITHHOLDING. The Company will report to its domestic stockholders and the IRS the amount of dividends paid during each calendar year and the amount of tax withheld, if any, with respect thereto. Under the backup withholding rules, a stockholder may be subject to backup withholding at the rate of 31% with respect to dividends paid unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a taxpayer identification number and certifies as to no loss of exemption, and otherwise complies with the applicable requirements of the backup withholdings rules. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability. The United States Treasury has recently issued proposed regulations regarding the withholding and information reporting rules discussed above. In general, the proposed regulations do not alter the substantive withholding and information reporting requirements but unify current certification procedures and forms and clarify and modify reliance standards. If finalized in their current form, the proposed regulations would generally be effective for payments made after December 31, 1997, subject to certain transition rules.

In addition, the Company may be required to withhold a portion of capital gain distributions made to any stockholders which fail to certify their non foreign status to the Company. See "--Taxation of Foreign Stockholders" below.

TAXATION OF TAX-EXEMPT STOCKHOLDERS. The IRS has ruled that amounts distributed as dividends by a qualified REIT generally do not constitute unrelated business taxable income ("UBTI") when received by a tax-exempt entity. Based on that ruling, the dividend income from the Common Stock will not be UBTI to a tax-exempt stockholder, provided that the tax-exempt stockholder has not held its shares of Common Stock as "debt financed property" within the meaning of the Code and such shares are not otherwise used in a trade or business. Similarly, income from the sale of Common Stock will not constitute UBTI unless such tax-exempt stockholder has held such shares as "debt financed property" within the meaning of the Code or has used the shares in a trade or business.

Notwithstanding the above, however, a portion of the dividends paid by a "pension held REIT" will be treated as UBTI as to any trust which is described in Section 401(a) of the Code and is tax-exempt under Section 501(a) of the Code (a "qualified trust") and which holds more than 10% (by value) of the interests in the REIT. A REIT is a "pension held REIT" if (i) it would not have qualified as a REIT but for the application of a "look-through" exception to the "not closely held" requirement applicable to qualified trusts, and (ii) either (A) at least one such qualified trust holds more than 25% (by value) of the interests in the REIT, or (B) one or more such qualified trusts, each of which owns more than 10% (by value) of the interests in the REIT, hold in the aggregate more than 50% (by value) of the interests in the REIT. The percentage of any REIT dividend treated as UBTI is equal to the ratio of (i) the gross income (less direct expenses related thereto) of the REIT from unrelated trades or businesses (determined as if the REIT were a qualified trust) to (ii) the total gross income (less direct expenses related thereto) of the REIT. A de minimis exception applies where this percentage is less than 5% for any year. The provisions requiring qualified trusts to treat a portion of REIT distributions as UBTI will not apply if the REIT is able to satisfy the "not closely held" requirement without relying upon the "look-through" exception with respect to qualified trusts. As a result of certain limitations on transfer and ownership of Common Stock contained in the Charter, the Company does not expect to be classified as a "pension held REIT."

TAXATION OF FOREIGN STOCKHOLDERS. The rules governing U.S. Federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships and other foreign stockholders (collectively, "Non-U.S. Stockholders") are complex and no attempt will be made herein to provide more than a limited summary of such rules. Prospective Non-U.S. Stockholders should consult with their own tax advisors to determine the impact of U.S. Federal, state and local income tax laws with regard to an investment in shares of Common Stock, including any reporting requirements.

ORDINARY DIVIDENDS. Distributions, other than distributions that are treated as attributable to gain from sales or exchanges by the Company of U.S. real property interests (discussed below) and other than distributions designated by the Company as capital gain dividends, will be treated as ordinary income to the extent that they are made out of current or accumulated earnings and profits of the Company. Such distributions to foreign stockholders will ordinarily be subject to a withholding tax equal to 30% of the gross amount of the distribution, unless an applicable tax treaty reduces that tax rate. However, if income from the investment in the shares of Common Stock is treated as effectively connected with the Non-U.S. Stockholder's conduct of a U.S. trade or business, the Non-U.S. Stockholder generally will be subject to a tax at graduated rates in the same manner as U.S. stockholders are taxed with respect to such dividends (and may also be subject to the 30% branch profits tax if the stockholder is a foreign corporation). The Company expects to withhold U.S. income tax at the rate of 30% on the gross amount of any dividends, other than dividends treated as attributable to gain from sales or exchanges of U.S. real property interests and capital gain dividends, paid to a Non-U.S. Stockholder, unless (i) a lower treaty rate applies and the required form evidencing eligibility for that reduced rate is filed with the Company or (ii) the Non-U.S. Stockholder files an IRS Form 4224 (or its future equivalent) with the Company claiming that the distributions are "effectively connected" income.

Pursuant to current Treasury Regulations, dividends paid to an address in a country outside the United States are generally presumed to be paid to a resident of such country for purposes of determining the applicability of withholding discussed above and the applicability of a tax treaty rate. Under proposed Treasury Regulations, not currently in effect, however, a Non-U.S. Stockholder who wishes to claim the benefit of an applicable treaty rate would be required to satisfy certain certification and other requirements.

RETURN OF CAPITAL. Distributions in excess of current and accumulated earnings and profits of the Company, which are not treated as attributable to the gain from disposition by the Company of a U.S. real property interest, will not be taxable to a Non-U.S. Stockholder to the extent that they do not exceed the adjusted basis of the Non-U.S. Stockholder's shares of Common Stock, but rather will reduce the adjusted basis of such shares of Common Stock. To the extent that such distributions exceed the adjusted basis of a Non-U.S. Stockholder's shares of Common Stock, they will give rise to tax liability if the Non-U.S. Stockholder otherwise would be subject to tax on any gain from the sale or disposition of its shares of Common Stock, as described below. If it cannot be determined at the time a distribution is made whether such distribution will be in excess of current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. However, the Non-U.S. Stockholder may seek a refund of such amounts from the IRS if it is subsequently determined that such distribution was, in fact, in excess of current and accumulated earnings and profits of the Company.

CAPITAL GAIN DIVIDENDS. For any year in which the Company qualifies as a REIT, distributions that are attributable to gain from sales or exchanges by the Company of U.S. real property interests will be taxed to a Non-U.S. Stockholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980, as amended ("FIRPTA"). Under FIRPTA, these distributions are taxed to a Non-U.S. Stockholder as if such gain were effectively connected with a U.S. business. Thus, Non-U.S. Stockholders will be taxed on such distributions at the same capital gain rates applicable to U.S. stockholders (subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals), without regard to whether such distributions are designated by the Company as capital gain dividends. Also, distributions subject to FIRPTA may be subject to a 30% branch profits tax in the hands of a corporate Non-U.S. Stockholder not entitled to treaty relief or exemption. The Company is required by

applicable Treasury Regulations under FIRPTA to withhold 35% of any distribution that could be designated by the Company as a capital gain dividend.

COMMON STOCK SALES. Gain recognized by a Non-U.S. Stockholder upon a sale or exchange of shares of Common Stock generally will not be taxed under FIRPTA if the Company is a "domestically controlled REIT," defined generally as a REIT in respect of which at all times during a specified testing period less than 50% in value of the stock was held directly or indirectly by foreign persons. It is currently anticipated that the Company will be a "domestically controlled REIT" and that therefore the sale of shares of Common Stock will not be subject to taxation under FIRPTA. However, gain not subject to FIRPTA will be taxable to a Non-U.S. Stockholder if (i) investment in the shares of Common Stock is treated as "effectively connected" with the Non-U.S. Stockholder's U.S. trade or business, in which case the Non-U.S. Stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain, or (ii) the Non U.S. Stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, or maintains an office or a fixed place of business in the United States to which the gain is attributable, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains. A similar rule will apply to capital gain dividends not subject to FIRPTA.

Although the Company anticipates that it will qualify as a domestically controlled REIT, because the Common Stock will be publicly traded, no assurance can be given that the Company will continue to so qualify. If the Company were not a domestically controlled REIT, whether or not a Non-U.S. Stockholder's sale of shares of Common Stock would be subject to tax under FIRPTA would depend on whether or not the shares of Common Stock were regularly traded on an established securities market (such as the NYSE, on which the Company has applied for the listing of the shares of Common Stock) and on the size of the selling Non-U.S. Stockholder's interest in the Company. If the gain on the sale of shares of Common Stock were to be subject to tax under FIRPTA, the Non-U.S. Stockholder would be subject to the same treatment as U.S. stockholders with respect to such gain (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals) and the purchaser of such shares of Common Stock may be required to withhold 10% of the gross purchase price.

OTHER TAX CONSIDERATIONS

EFFECT OF TAX STATUS OF OPERATING PARTNERSHIP AND OTHER ENTITIES ON REIT QUALIFICATION. All of the Company's significant investments are held through the Operating Partnership. The Operating Partnership may hold interests in certain Properties through Property-owning entities. The Operating Partnership and the Property-owning entities, as well as the Management LLC, involve special tax considerations. These tax considerations include: (i) allocations of income and expense items of the Operating Partnership and the Property-owning entities, which could affect the computation of taxable income of the Company, (ii) the status of the Operating Partnership, the Property-owning entities and the Management LLC as partnerships or entities that are disregarded as entities separate from their owners (as opposed to associations taxable as corporations) for income tax purposes and (iii) the taking of actions by the Operating Partnership or any of the Property-owning entities that could adversely affect the Company's qualification as REIT.

In the opinion of Brown & Wood LLP, based on certain representations of the Company and the Operating Partnership, for Federal income tax purposes, the Operating Partnership will be treated as a partnership and neither the Management LLC nor any of the Property-owning entities will be treated as an association taxable as a corporation. If, however, the Operating Partnership or any of such other entities were treated as an association taxable as a corporation, the Company would fail to qualify as a REIT for a number of reasons.

The Partnership Agreement requires that the Operating Partnership be operated in a manner that will enable the Company to satisfy the requirements for classification as a REIT. In this regard, the Company will control the operation of the Operating Partnership through its rights as the sole general partner of the Operating Partnership.

TAX ALLOCATIONS WITH RESPECT TO THE PROPERTIES. When property is contributed to a partnership in exchange for an interest in the partnership, the partnership generally takes a carryover basis in that property for tax purposes (i.e., the partnership's basis is equal to the adjusted basis of the contributing partner in the property), rather than a basis equal to the fair market value of the property at the time of contribution. Pursuant to Section 704(c) of the Code, income, gain, loss and deductions attributable to such contributed property must be allocated in a manner such that the contributing partner is charged with, or benefits from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution (a "Book-Tax Difference"). Such allocations are solely for Federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. The Operating Partnership will be funded by way of contributions of appreciated property to the Operating Partnership in the Formation Transactions. Consequently, the Operating Partnership Agreement will require such allocations to be made in a manner consistent with Section 704(c) of the Code and the regulations thereunder (the "Section 704(c) Regulations").

The Section 704(c) Regulations require partnerships to use a "reasonable method" for allocation of items affected by Section 704(c) of the Code and outline three methods which may be considered reasonable for these purposes. The Operating Partnership intends to use the "traditional method" of Section 704(c) allocations, which is the least favorable method from the Company's perspective because of certain technical limitations. Under the traditional method, depreciation with respect to a contributed Property for which there is a Book-Tax Difference first will be allocated to the Company and other partners who did not have an interest in such Property until they have been allocated an amount of depreciation equal to what they would have been allocated if the Operating Partnership had purchased such property for its fair market value at the time of contribution. In addition, if such a Property is sold, gain equal to the Book-Tax Difference at the time of sale will be specially allocated to the Purchaser who contributed the Property. These allocations will tend to eliminate the Book-Tax Differences with respect to the contributed Properties over the life of the Operating Partnership. However, they may not always entirely eliminate the Book-Tax Difference on an annual basis or with respect to a specific taxable transaction such as a sale. This could cause the Company (i) to be allocated lower amounts of depreciation deduction for tax purposes than would be allocated to the Company if all Properties were to have a tax basis equal to their fair market value at the time of contribution and (ii) to be allocated lower amounts of taxable loss in the event of a sale of such contributed interests in the Properties at a book loss, than the economic or book loss allocated to the Company as a result of such sale, with a corresponding benefit to the other partners in the Operating Partnership. These allocations possibly might adversely affect the Company's ability to comply with REIT distribution requirements, although the Company does not anticipate that this will occur. These allocations may also affect the earnings and profits of the Company for purposes of determining the portion of distributions taxable as a dividend income. See "--Taxation of U.S. Stockholders". The application of these rules over time may result in a higher portion of distributions being taxed as dividends than would have occurred had the Company purchased its interests in the Properties at their agreed values.

Interests in the Properties purchased by the Operating Partnership for cash simultaneously with or subsequent to the admission of the Company to the Operating Partnership initially will have a tax basis equal to their fair market value. Thus, Section 704(c) of the Code will not apply to such interests.

SERVICE CORPORATIONS. A portion of the amounts to be used by the Operating Partnership to fund distributions to stockholders is expected to come from the Service Corporations, through dividends on non-voting stock of the Service Corporations to be held by the Operating Partnership. The Service Corporations will not qualify as REITs and thus will pay Federal, state and local income taxes on their net income at normal corporate rates. To the extent that the Service Corporations are required to pay Federal, state and local income taxes, the cash available for distribution to the Company's stockholders will be reduced accordingly.

As described above, the value of the securities of any Service Corporation held by the Operating Partnership cannot exceed 5% of the value of the Operating Partnership's assets at a time when the Company is considered to acquire additional securities of the Service Corporation. See "--Taxation of the Company--Asset Tests." This limitation may restrict the ability of the Service Corporations to increase the sizes of their businesses unless the value of the assets of the Operating Partnership is increasing at a commensurate rate.

STATE AND LOCAL TAX

The Company and its stockholders may be subject to state and local tax in states and localities in which it does business or owns property. The tax treatment of the Company and the stockholders in such jurisdictions may differ from the Federal income tax treatment described above.

PROPOSED TAX LEGISLATION

The House Ways and Means and Senate Finance Committees have both passed versions of a Revenue Reconciliation Bill. Described below are certain provisions which could affect the federal income tax consequences of an investment in the Company.

PROVISIONS RELATING TO REITS. Both bills propose modifications of many of the requirements for qualification as, and taxation of, a REIT effective for taxable years beginning after the date of enactment. Such modifications generally relate to the organizational requirements for qualification as a REIT, the income tests, and the manner in which REITs are taxed. Some of these modifications are as follows: (i) repeal of the 30% gross income test described above in "--Taxation of the Company--Income Tests;" (ii) imposition of a monetary penalty rather than a loss of REIT status if the REIT fails to comply with the "shareholder demand" recordkeeping requirements; (iii) deemed compliance with the closely held prohibition requirement for a REIT that does not know or have reason to know of a "five or fewer" problem; (iv) allowance of a REIT to perform a de minimis amount of impermissible services to tenants for fees without disqualifying amounts received from the property as "rents from real property;" (v) broadening of the REIT hedging rules to allow income from all types of liability derivatives to be considered qualifying income for purposes of the 95% gross income test; (vi) a tax credit for REIT shareholders when a REIT sells a property but retains the proceeds and pays a corporate level tax; (vii) expansion of the non-cash income items that a REIT does not have to distribute to distribute to (e.g. cancellation of indebtedness and original issue discount income); (viii) eliminating certain partnership attribution rules that can cause certain rents received by a REIT to fail to qualify as "rents from real property;" (ix) including within the definition of "qualified REIT subsidiary" any entity of which the REIT owns all of the stock; (x) alteration of the ordering rules for purposes of the requirement that newly-electing REITs distribute earnings and profits that were accumulated in non-REIT years; (xi) exclusion from the prohibited sales rules of property that was involuntarily converted; and (xii) lengthening of the grace period for foreclosure property.

No assurance can be given that any tax legislation will in fact be enacted or, if enacted, will contain the foregoing provisions in the form described above.

UNDERWRITING

The underwriters of the Offering (the "Underwriters"), for whom Lehman Brothers Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Legg Mason Wood Walker, Incorporated and Prudential Securities Incorporated are acting as representatives (the "Representatives"), have severally agreed, subject to the terms and conditions contained in the Underwriting Agreement (the form of which is filed as an exhibit to the Registration Statement of which this Prospectus forms a part) to purchase from the Company and the Company has agreed to sell to each Underwriter, the aggregate number of shares of Common Stock set forth below opposite the name of each such Underwriter.

UNDERWRITER	NUMBER OF SHARES
Lehman Brothers Inc.	
Donaldson, Lufkin & Jenrette Securities Corporation	
Legg Mason Wood Walker, Incorporated	
Prudential Securities Incorporated	
Total	10,100,000

The Underwriting Agreement provides that the obligations of the several Underwriters to purchase shares of Common Stock are subject to certain conditions, and that if any of the shares of Common Stock are purchased by the Underwriters pursuant to the Underwriting Agreement, all of the shares agreed to be purchased by the Underwriters under the Underwriting Agreement must be so purchased.

The Company has been advised that the Underwriters propose to offer the shares of Common Stock directly to the public at the initial public offering price set forth on the cover page of this Prospectus, and to certain selected dealers who may include the Underwriters at such public offering price less a selling concession not in excess of $ per share. The selected dealers may reallow a concession not in excess of $ per share to certain brokers or dealers. After the Offering, the public offering price, the concession to selected dealers and the reallowance may be changed by the Representatives.

The Company has granted to the Underwriters an option to purchase up to an additional 1,515,000 shares of Common Stock at the public offering price less the aggregate underwriting discounts and commissions shown on the cover page of this Prospectus, solely to cover overallotments, if any. Such option may be exercised at any time within 30 days after the date of the Underwriting Agreement. To the extent that such option is exercised, each Underwriter will be committed, subject to certain conditions, to purchase a number of additional shares of Common Stock proportionate to such Underwriter's initial commitment as indicated in the preceding table.

The Company has agreed that it will not, without the prior written consent of Lehman Brothers Inc., offer for sale, contract to sell, sell or otherwise dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition by any person at any time in the future of), directly or indirectly, any shares of Common Stock or securities convertible into or exercisable or exchangeable for Common Stock (other than shares offered hereby, shares issued pursuant to the Stock Option Plan and any Units or shares of Common Stock that may be issued in connection with any acquisition of a property), or sell or grant options, rights or warrants with respect to any shares of Common Stock (other than the grant of options pursuant to the Stock Option Plan), for a period of 180 days after the date of this Prospectus.

In addition, certain SL Green entities and certain officers of the Company have agreed that they will not, without the prior written consent of the Company and Lehman Brothers Inc., subject to certain exceptions, offer for sale, contract to sell, sell or otherwise dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition by any person at any time in the future of), directly or indirectly, any shares of Common Stock or Units received by them in connection with the Formation Transactions or the Offering, for an initial period of one year after the date of this Prospectus, after which time one-third of such Common Stock or Units held by each such entity or person shall no longer be subject to such restrictions and an additional one-third thereof shall be released from such restrictions on each of the second and third anniversaries of the date of this Prospectus. Also, Victor Capital has agreed to similar restrictions with respect to the shares of Common Stock received by it in connection with the Formation Transactions for a period of one year after the date of this Prospectus.

The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to the payments they may be required to make in respect thereto.

The Underwriters do not intend to confirm sales of Common Stock to any account over which they exercise discretionary authority.

Prior to the Offering, there has been no public market for the Common Stock. The initial public offering price will be determined through negotiations between the Company and the Representatives. Among the factors to be considered in such negotiations, in addition to prevailing market conditions, are distribution rates and financial characteristics of publicly traded REITs that the Company and the Representatives believe to be comparable to the Company, the expected results of operations of the Company (which are based on the results of operations of the Properties in recent periods), estimates of future business potential and earnings prospects of the Company as a whole and the current state of the real estate market in the Midtown Markets and the economy as a whole. The initial price per share to the public set forth on the cover page of this Prospectus should not, however, be considered an indication of the actual value of the Common Stock. Such price is subject to change as a result of market conditions and other factors.

The shares of Common Stock have been approved for listing on the NYSE, subject to official notice of issuance, under the symbol "SLG."

Until the distribution of the Common Stock is completed, rules of the Commission may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Common Stock. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of the Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Common Stock.

If the Underwriters create a short position in the Common Stock in connection with the offering, I.E., if they sell more shares of Common Stock than are set forth on the cover page of this Prospectus, the Representatives may reduce that short position by purchasing Common Stock in the open market. The Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described herein.

The Representatives may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives purchase shares of Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Common Stock, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those shares as part of the Offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The

imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security by purchasers in an offering.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Certain of the Underwriters and their affiliates have from time to time performed, and may continue to perform in the future, various investment banking and other services for the Company, for which customary compensation has been, and will be, received. The Company will pay an advisory fee equal to 0.75% of the gross proceeds of the Offering (including any exercise of the Underwriters' overallotment option) to Lehman for advisory services in connection with the evaluation, analysis and structuring of the Company's formation as a REIT. In connection with the Offering, an affiliate of Lehman Brothers Inc. will receive $39.6 million of the net proceeds in repayment of amounts outstanding under the LBHI Loan. In addition, an affiliate of Lehman may provide the Operating Partnership with a $14 million mortgage loan initially secured by 1140 Avenue of the Americas. See "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and "Certain Relationships and Transactions."

Although the Conduct Rules of the National Association of Securities Dealers, Inc. exempt REITs from the conflict of interest provisions thereof, because Lehman Brothers Inc. and certain of its affiliates will receive more than 10% of the net proceeds of the Offering in payment of the financial advisory fee and in repayment of currently outstanding indebtedness, the Underwriters have determined to conduct the Offering in accordance with the applicable provisions of Rule 2720 of the Conduct Rules. In accordance with these requirements, Prudential Securities Incorporated (the "Independent Underwriter") is assuming the responsibilities of acting as "qualified independent underwriter," and will recommend the maximum initial public offering price for the Common Stock in compliance with the requirements of the Conduct Rules. In connection with the Offering, the Independent Underwriter is performing due diligence investigations and is reviewing and participating in the preparation of this Prospectus and the Registration Statement of which this Prospectus forms a part. The initial public offering price of the Common Stock will be no higher than the price recommended by the Independent Underwriter.

The Underwriters have reserved for sale at the public offering price up to 505,000 shares of Common Stock to directors, officers, employees and consultants of the Company, their business affiliates and related parties who have expressed an interest in purchasing shares. The number of shares available for sale to the general public will be reduced to the extent such persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the others have been offered hereby.

EXPERTS

The balance sheet of SL Green Realty Corp. as of June 12, 1997, the combined financial statements of the SL Green Predecessor as of December 31, 1996 and 1995 and for each of the three years in the period ended December 31, 1996, the combined financial statements of the uncombined joint ventures of the SL Green Predecessor as of December 31, 1996 and 1995 and for each of the three years in the period ended December 31, 1996, the statements of revenues and certain expenses for each of the Properties at (i) 36 West 44th Street, (ii) 1372 Broadway, (iii) 1140 Avenue of the Americas and (iv) 50 West 23rd Street in the Borough of Manhattan for the year ended December 31, 1996 and the statement of revenues and certain expenses for the property at 1414 Avenue of the Americas in the Borough of Manhattan for the year ended December 31, 1995, all appearing in this Prospectus and Registration Statement, have been audited by Ernst & Young LLP, independent auditors, as set forth in these reports thereon appearing elsewhere

herein, and are included in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

The Rosen Market Study was prepared for the Company by Rosen Consulting Group, which is a real estate consulting firm with significant expertise relating to the New York metropolitan area economy and the Manhattan office market and the various submarkets therein. Information relating to the New York economy and the Manhattan office market set forth on "Market Overview" is derived from the Rosen Market Study and is included in reliance on the Rosen Consulting Group's authority as experts on such matters.

LEGAL MATTERS

The validity of the shares of Common Stock and certain tax matters will be passed upon for the Company by Brown & Wood LLP. In addition, the description of Federal income tax consequences under the heading "Material Federal Income Tax Consequences" is based upon the opinion of Brown & Wood LLP. Certain legal matters will be passed upon for the Underwriters by Rogers & Wells, New York, New York. Rogers & Wells may rely on the opinion of Brown & Wood LLP as to certain matters of Maryland law.

ADDITIONAL INFORMATION

The Company has filed with the Commission a Registration Statement on Form S - -11 (of which this Prospectus is a part) under the Securities Act with respect to the securities offered hereby. This Prospectus does not contain all information set forth in the Registration Statement, certain portions of which have been omitted as permitted by the rules and regulations of the Commission. Statements contained in this Prospectus as to the content of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement is qualified in all respects by such reference and the exhibits and schedules hereto. For further information regarding the Company and the Common Stock offered hereby, reference is hereby made to the Registration Statement and such exhibits and schedules, which may be obtained from the Commission as its principal office at 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of the fees prescribed by the Commission. The Commission maintains a website at http:/www.sec.gov containing reports, proxy and information statements and other information regarding registrants, including the Company, that file electronically with the Commission. In addition, the Company intends to file an application to list the Common Stock on the New York Stock Exchange and, if the Common Stock is listed on the New York Stock Exchange, similar information concerning the Company can be inspected and copied at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The Company intends to furnish its stockholders with annual reports containing audited combined financial statements and a report thereon by independent certified public accountants.

GLOSSARY OF SELECTED TERMS

Unless the context otherwise requires, the following capitalized terms shall have the meanings set forth below for the purposes of this Prospectus:

"ACMS" means asbestos containing materials.

"ADA" means the Americans with Disabilities Act, as amended.

"ACQUISITION PROPERTIES" means the three office properties described under "The Properties--Acquisition Properties" which the Company has contracted to acquire on or after completion of the Offering.

"BIDS" means Business Improvement Districts (public/private ventures that provide security, sanitation and other services within their boundaries).

"BOOK-TAX DIFFERENCE" means the difference between the fair market value of a contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution.

"BYLAWS" means the Company's bylaws, as supplemented or amended.

"CHARTER" means the Company's articles of incorporation, as supplemented or amended.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMISSION" means the Securities and Exchange Commission.

"COMMON STOCK" means shares of the Company's Common Stock, $.01 par value per share.

"COMPANY" means SL Green Realty Corp., a Maryland corporation, and one or more of its subsidiaries (including the Operating Partnership), and the predecessors thereof or, as the context may require, SL Green Realty Corp. only or the Operating Partnership only.

"CONSTRUCTION CORPORATION" means Emerald City Construction Corp., the corporation which following completion of the Offering will conduct the construction business with respect to properties in which the Company has no ownership interest.

"CORE PORTFOLIO" means the six office properties that will be acquired by the Company from SL Green upon completion of the Offering.

"CREDIT FACILITY" means the revolving credit facility which the Company expects to establish in order to facilitate acquisitions of properties and for working capital purposes.

"EXCESS STOCK" means the separate class of stock of the Company into which shares of stock of the Company owned, or deemed to be owned, or transferred to a stockholder in excess of the Ownership Limit will automatically be converted.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FIRPTA" means the Foreign Investment in Real Property Tax Act of 1980, as amended.

"FORMATION TRANSACTIONS" means the transactions described in "Structure and Formation of the Company--Formation Transactions."

"401(K) PLAN" means the Company's Section 401(k) Savings/Retirement Plan.

"FUNDS FROM OPERATIONS" means net income (computed in accordance with GAAP) excluding gains (or losses) from debt restructuring and sales of property, plus depreciation and amortization on real estate assets, and after adjustments for unconsolidated partnerships and joint ventures.

"GAAP" means generally accepted accounting principles.

"INTERESTED STOCKHOLDER" means, with respect to the business combination provisions of the MGCL, any person who beneficially owns 10% or more of the voting power of a corporation's shares.

"IRA" means an individual retirement account or annuity.

"IRS" means the United States Internal Revenue Service.

"LEASING CORPORATION" means S.L. Green Realty, Inc., the corporation which following completion of the Offering will conduct the leasing business with respect to properties in which the Company has no interest.

"LOCK-OUT PERIOD" means the period, up to 12 years following the completion of the Offering, during which the Lock-out Provisions will be in effect.

"LOCK-OUT PROVISIONS" means the limitations on the ability of the Company to sell, or reduce the amount of mortgage indebtedness on, two of the Properties (673 First Avenue and 470 Park Avenue South) for up to 12 years following the completion of the Offering, except in certain circumstances.

"MANAGEMENT CORPORATION" means S.L. Green Management Corp., the corporation which following completion of the Offering will conduct the management business with respect to properties in which the Company has no ownership interest.

"MANAGEMENT ENTITIES" means the Management Corporation and the Management LLC.

"MANAGEMENT LLC" means the limited liability company to which SL Green will transfer its management and leasing business with respect to the Properties owned by the Company as well as the tenant representation business with respect to certain properties not owned by the Company.

"MGCL" means the Maryland General Corporation Law.

"NAREIT" means the National Association of Real Estate Investment Trusts.

"1940 ACT" means the Investment Company Act of 1940, as amended.

"NON-U.S. STOCKHOLDERS" means nonresident alien individuals, foreign corporations, foreign partnerships and other foreign stockholders.

"OFFERING" means this offering of shares of Common Stock of the Company pursuant to and as described in this Prospectus.

"OPERATING PARTNERSHIP" means SL Green Operating Partnership, L.P., a Delaware limited partnership.

"OWNERSHIP LIMIT" means the restriction contained in the Company's Charter providing that, subject to certain exceptions, no holder may own, or be deemed to own by virtue of the attribution provision of the Code, more than 9.0% of the aggregate number or value of shares of Common Stock of the Company.

"PARENT ENTITY" means an entity whose stock is publicly traded and which owns more than 50% of the capital stock of the Company.

"PARTNERSHIP AGREEMENT" means the Agreement of Limited Partnership of the Operating Partnership, as amended from time to time.

"PCBS" means polychlorinated biphenyls.

"PREFERRED STOCK" means one or more classes of Preferred Stock of the Company as designated and issued by the Board of Directors from time to time.

"PROPERTIES" means the eight Class B properties located in midtown Manhattan in which the Company will own interests upon completion of the Offering.

"REIT" means a real estate investment trust as defined by Sections 856 through 860 of the Code and applicable Treasury Regulations.

"RELATED PARTY TENANT" means, for purposes of determining whether rents received by the Company will qualify as "rents from real property" for satisfying the gross income requirements for a REIT, a tenant in which the Company, or an owner of 10% or more of the Company, directly or constructively has at least a 10% ownership interest.

"RESTRICTED SHARES" means the shares of Common Stock received by the participants in the Formation Transactions or acquired by any participant in the Formation Transactions as a result of the redemption of Units.

"SECTION 704(c) REGULATIONS" means the regulations promulgated by the IRS under Section 704(c) of the Code.

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

"SERVICE CORPORATIONS" means the Management Corporation, the Leasing Corporation and the Construction Corporation.

"STOCK OPTION PLAN" means the 1997 Stock Option and Incentive Plan.

"TREASURY REGULATIONS" means the regulations promulgated by the IRS under the Code.

"TRUSTEE" means the trustee appointed by the Company, but not affiliated with the Company, who will name a charitable trust for the benefit of a charitable organization to receive any shares of Common Stock purportedly transferred to a stockholder in violation of the applicable Ownership Limit or Existing Holder Limit.

"UBTI" means unrelated business taxable income.

"UNDERWRITERS" means the underwriters of the Offering, for whom Lehman Brothers Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Legg Mason Wood Walker, Incorported and Prudential Securities Incorporated are acting as representatives.

"UNITS" means units of partnership interest in the Operating Partnership.

"UPREIT" means a REIT conducting business through a partnership.

INDEX TO FINANCIAL STATEMENTS

1414 AVENUE OF THE AMERICAS

36 WEST 44TH STREET

1372 BROADWAY

1140 AVENUE OF THE AMERICAS

50 WEST 23RD STREET

SL GREEN REALTY CORP.

PRO FORMA COMBINED FINANCIAL STATEMENTS
(UNAUDITED)

The pro forma balance sheet of the Company as of June 30, 1997 has been prepared as if the Offering and Formation Transactions had been consummated on June 30, 1997. The pro forma statements of income for the six months ended June 30, 1997 and for the year ended December 31, 1996 are presented as if the completion of the Offering and the Formation Transactions occurred at January 1, 1996 and the effect thereof was carried foward through the six month period ended June 30, 1997.

The pro forma financial statements do not purport to represent what the Company's financial position or results of operations would have been assuming the completion of the Formation Transactions and the Offering on such date or at the beginning of the period indicated, nor do they purport to project the Company's financial position or results of operations at any future date or for any future period. The pro forma combined financial statements should be read in conjunction with the combined financial statements of SL Green Predecessor included elsewhere herein.

SL GREEN REALTY CORP.

PRO FORMA COMBINED BALANCE SHEET

AS OF JUNE 30, 1997

(UNAUDITED)

(DOLLARS IN THOUSANDS)

	SL GREEN PREDECESSOR HISTORICAL (A)	ACQUISITION OF PARNERSHIPS INTERESTS (B)	EQUITY CONVERSION OF SERVICE CORPORATIONS (C)	THE OFFERING (D)	ACQUISITION PROPERTIES (E)	FINANCING ADJUSTMENTS (F)	PRO FORMA ADJUSTMENTS (G)
ASSETS :							
Commercial real estate property at cost.....							
Land.....	$ 7,165	$ 4,633			$ 22,267		$ 60
Buildings and improvements....	33,947	72,590			89,170		229
Property under capital lease..		12,208			4,592		
	41,112	89,431			116,029		289
Less accumulated depreciation.....	(6,399)	(14,490)					
	34,713	74,941			116,029		289
Cash and cash equivalents.....	1,231	(6,444)	$ (529)	$ 183,711	(103,597)	$ (45,678)	(21,691)
Restricted cash.....	1,685	2,305					
Receivables.....	1,107	12	(944)				
Related party receivables.....	1,658	26	(783)				
Deferred rents receivable.....	1,596	9,477					
Investment in partnerships....	1,176	(1,176)					
Deferred lease fees and loan costs.....	1,861	2,587	(214)			(107)	
Other assets.....	1,718	3,393	(657)		1,560		
Total assets.....	$ 46,745	$ 85,121	$ (3,127)	$ 183,711	$ 13,992	$ (45,785)	$ (21,402)
LIABILITIES AND EQUITY :							
Mortgage loans payable.....	$ 26,646	$ 57,725				$ (37,638)	
Accrued interest payable.....	109	10,851				(10,863)	
LBHI Loan payable.....		7,530			$ 9,400	(16,930)	
Capitalized lease obligations.....		14,374			4,592		
Deferred land lease payable...		12,021					
Accrued expenses and accounts payable.....	1,171	576	$ (768)				
Accounts payable to related parties.....	1,298	503	(1,298)				
Excess of distributions and share of losses over amounts invested in:							
Partnerships.....	18,007	(18,007)					
Service Corporations....			1,758				
Security deposits.....	1,683	2,390					
Total liabilities.....	48,914	87,963	(308)	0	13,992	(65,431)	0
Minority interest in Operating Partnership.....							
Common stock.....				108			1
Additional paid-in capital....							
Owner's equity.....	(2,169)	(2,842)	(2,819)	183,603		19,646	$ (21,403)
Total equity.....	(2,169)	(2,842)	(2,819)	183,711		19,646	(21,402)
Total liabilities and equity.....	$ 46,745	$ 85,121	$ (3,127)	$ 183,711	$ 13,992	$ (45,785)	$ (21,402)

	MINORITY INTEREST IN OPERATING PARTNERSHIP ADJUSTMENT	COMPANY PRO FORMA
ASSETS :		

Commercial real estate property at cost.....		
Land.....		$ 34,125
Buildings and improvements....		195,936
Property under capital lease..		16,800
		246,861
Less accumulated depreciation.....		(20,889)
		225,972
Cash and cash equivalents.....		7,003
Restricted cash.....		3,990
Receivables.....		175
Related party receivables.....		901
Deferred rents receivable.....		11,073
Investment in partnerships....		0
Deferred lease fees and loan costs.....		4,127
Other assets.....		6,014
Total assets.....		$ 259,255
LIABILITIES AND EQUITY :		
Mortgage loans payable.....		$ 46,733
Accrued interest payable.....		97
LBHI Loan payable.....		0
Capitalized lease obligations.....		18,966
Deferred land lease payable...		12,021
Accrued expenses and accounts payable.....		979
Accounts payable to related parties.....		503
Excess of distributions and share of losses over amounts invested in:		
Partnerships.....		
Service Corporations....		1,758
Security deposits.....		4,073
Total liabilities.....		85,130
Minority interest in Operating Partnership.....	31,690	31,690
Common stock.....		109
Additional paid-in capital....	142,326	142,326
Owner's equity.....	(174,016)	
Total equity.....	(31,690)	142,435
Total liabilities and equity.....		$ 259,255

SL GREEN REALTY CORP.

PRO FORMA COMBINED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 1997

(UNAUDITED)

(DOLLARS IN THOUSANDS)

	SL GREEN PREDECESSOR HISTORICAL (H)	ACQUISITION OF PARTNERSHIP INTEREST (I)	EQUITY CONVERSION SERVICE CORPORATIONS (J)	ACQUISITION PROPERTIES (K)	FINANCING ADJUSTMENTS (L)	PRO FORMA ADJUSTMENTS	COMPANY PRO FORMA
REVENUES:							
Rental revenue	$ 2,800	$ 10,579		$ 9,639			$ 23,018
Escalations and reimbursement revenues	455	725		1,294			2,474
Management revenues	966		$ (966)				
Leasing commissions	3,088		(1,563)				1,525
Construction revenues	8		(8)				
Investment income							
Other income	16	(17)	(11)	1,532			1,520
Equity in Service Corporations income			382				382
Total revenues	7,333	11,287	(2,166)	12,465			28,919
Share of net loss from uncombined joint ventures	564	(564)					
EXPENSES:							
Operating expenses	1,625	1,512	(696)	2,683			5,124
Ground rent		2,508					2,508
Interest	713	4,163		189	$ (2,079)		2,986
Depreciation and amortization	599	1,939	(47)	1,146	(10)	$ 3(M)	
Real estate taxes	482	1,461		2,135			
Marketing, general and administrative	1,835		(1,235)			828(N)	
Total expenses	5,254	11,583	(1,978)	6,153	(2,089)	831	
Income (loss) before minority interest and extraordinary item	1,515	268	(188)	6,312	2,089	(831)	
Minority interest in operating partnership (K)						(1,668)(O)	
Income (loss) before extraordinary item	$ 1,515	$ 268	($188)	$ 6,312	$ 2,089	(2,499)	
Income per common share (P)							

Depreciation and amortization.....	3,630
Real estate taxes.....	4,078
Marketing, general and administrative.....	1,428
Total expenses.....	19,754
Income (loss) before minority interest and extraordinary item.....	9,165
Minority interest in operating partnership (K).....	(1,668)
Income (loss) before extraordinary item.....	$ 7,497
Income per common share (P).....	$ 0.70

SL GREEN REALTY CORP.

PRO FORMA COMBINED INCOME STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 1996
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	SL GREEN PREDECESSOR HISTORICAL (A)	ACQUISITION OF PARTNERSHIPS' INTERESTS (B)	EQUITY CONVERION OF SERVICE CORPORATIONS (C)	ACQUISITION PROPERTIES (D)	FINANCING ADJUSTMENTS (E)	PRO FORMA ADJUSTMENTS (F)	COMPANY PRO FORMA
REVENUES:							
Rental revenue	$ 4,199	$ 20,985		$ 19,154			$ 44,338
Escalations and reimbursement revenues	1,051	2,304		3,274			6,629
Management revenues	2,336		$ (2,336)				
Leasing commissions	2,372		(1,115)				1,257
Construction revenues	101		(101)				
Investment income		15					15
Other income	123	13	(92)	906			950
Equity in Service Corporations income							
Total revenues	10,182	23,317	(3,644)	23,334			53,189
Share of net loss from uncombined joint ventures	1,408	(1,408)	504				504
EXPENSES:							
Operating expenses	3,197	4,608	(1,522)	6,016			12,299
Ground rent		3,925					3,925
Interest	1,357	7,743		379	$ (3,621)		5,858
Depreciation and amortization	975	3,812	(92)	2,292	(13)	$ 5	6,979
Real estate taxes	703	3,189		4,356			8,248
Marketing, general and administrative	3,250		(2,264)			1,657	2,643
Total expenses	9,482	23,277	(3,878)	13,043	(3,634)	1,662	39,952
Income (loss) before minority interest and extraordinary item	(708)	1,448	(270)	10,291	3,634	(1,662)	
Minority interest in Operating Partnership (G)						(2,317)	
Income (loss) before extraordinary item	($ 708)	$ 1,448	($ 270)	$ 10,291	$ 3,634	$ (3,979)	
Income per common share(H)							

Income (loss) before minority interest and extraordinary item...	12,733
Minority interest in Operating Partnership (G).....	(2,317)
Income (loss) before extraordinary item.....	$ 10,416
Income per common share(H).....	$ 0.97

SL GREEN REALTY CORP.

NOTES TO PRO FORMA COMBINED FINANCIAL INFORMATION

JUNE 30, 1997

(UNAUDITED)
(DOLLARS IN THOUSANDS)

ADJUSTMENTS TO THE PRO FORMA COMBINED BALANCE SHEET

(A) To reflect the SL Green Predecessor historical combined balance sheet as of June 30, 1997. The real estate and other assets and the assumption of liabilities and deficit of the SL Green Predecessor will be transferred at their historical amounts to the Operating Partnership.

(B) To reflect 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and 36 West 44th Street (the "Equity Properties") as consolidated entities rather than as uncombined joint ventures as a result of the acquisition of 100% of the partnerships' interests and to record payment of transfer costs on the transfer of the properties to the Operating Partnership. The Company will account for interests contributed by Mr. Green in accordance with Staff Accounting Bulletin #48 and will record the assets/liabilities at its carryover basis which is historical cost. With respect to interests acquired from third parties (the other partners), these assets/liabilities (the proportionate amount) will be accounted for at the Company's cost (the aggregate consideration paid, consisting of debt assumed, cash and/or Units and transfer and closing costs).

				ACQUISITION OF THIRD PARTY PARTNERSHIP INTERESTS			
	ELIMINATE HISTORICAL AMOUNTS	UNCOMBINED TOTAL	RECLASSIFY AND OTHER	673 FIRST AVE	470 PARK AVE	29 WEST 35TH	36 WEST 44TH
ASSETS:							
Commercial real estate property at cost, net		$ 57,954		$ 8,859	$ 3,106	$ 2,252	$ 2,770
Cash and cash equivalents		1,663		(5,449)	(260)	(2,388)	(10)
Restricted cash		1,305		1,000			
Receivables			$ 12				
Related party receivables			26				
Deferred rents receivable		14,881		(2,880)	(1,458)	(853)	(213)
Investment in partnerships	$ (1,176)						
Deferred lease fees and loan costs		4,337		(900)	(393)	(155)	(300)
Other assets		2,301	492				600
Total assets	$ (1,176)	$ 82,441	$ 530	$ 630	$ 993	$ (1,144)	$ 2,847
LIABILITIES AND EQUITY:							
Mortgage loans payable		$ 63,724		$ (5,649)	$ (350)		
Accrued interest payable		16,330		(1,835)	(3,644)		
LBHI Loan payable			$ 530				$ 7,000
Capitalized lease obligations		14,374					
Deferred land lease payable		11,996		25			
Accrued expenses and accounts payable		576					
Accounts payable to related parties		628			(125)		
Excess of distributions and share of losses over amounts invested in partnerships	$ (18,007)						
Security deposits		2,390					
Total liabilities	(18,007)	110,018	530	(7,459)	(4,119)		7,000
Total equity (deficit)	16,831	(27,577)		8,089	5,112	(1,144)	(4,153)
Total liabilities and equity	$ (1,176)	$ 82,441	$ 530	$ 630	$ 993	$ (1,144)	$ 2,847

	TOTAL ADJUSTMENTS
ASSETS:	
Commercial real estate property at cost, net	$ 74,941
Cash and cash equivalents	(6,444)

Restricted cash	2,305
Receivables	12
Related party receivables	26
Deferred rents receivable	9,477
Investment in partnerships	(1,176)
Deferred lease fees and loan costs	2,587
Other assets	3,393
Total assets	$ 85,121
LIABILITIES AND EQUITY:	
Mortgage loans payable	$ 57,725
Accrued interest payable	10,851
LBHI Loan payable	7,530
Capitalized lease obligations	14,374
Deferred land lease payable	12,021
Accrued expenses and accounts payable	576
Accounts payable to related parties	503
Excess of distributions and share of losses over amounts invested in partnerships	(18,007)
Security deposits	2,390
Total liabilities	87,963
Total equity (deficit)	(2,842)
Total liabilities and equity	$ 85,121

SL GREEN REALTY CORP.

NOTES TO PRO FORMA COMBINED FINANCIAL INFORMATION

JUNE 30, 1997

(UNAUDITED)
(DOLLARS IN THOUSANDS)

(C) To reflect adjustments required to record the Company's investments in the Service Corporations pursuant to the equity method of accounting. As a result of the Formation Transactions the Company will not own the majority of the voting stock of the Service Corporations but will continue to exercise significant influence due to the following:

--Substantially all of the economic benefits flow to the Company.

--The Company and the Service Corporations have common officers and employees.

--The owners of a majority of the voting stock of the Service Corporations have not contributed substantial equity to the Service Corporations.

--The views of the Company's management influence the operations of the Service Corporations.

The adjustment is as follows:

BALANCE SHEET	HISTORICAL SERVICE CORPORATIONS	LEASING COMMISSIONS ATTRIBUTABLE TO LLC	EXPENSES ATTRIBUTABLE TO REIT	EQUITY CONVERSION	TOTAL ADJUSTMENT
ASSETS:					
Cash and cash equivalents	$ 529				$ (529)
Receivables	944				(944)
Related party receivables	783				(783)
Deferred lease fees and loan costs	214				(214)
Other assets	657				(657)
Total Assets	$ 3,127	0	0	0	$ (3,127)
LIABILITIES AND EQUITY:					
Accrued expenses and accounts payable	$ 768				$ (768)
Accounts payable to related parties	1,298				(1,298)
Excess share of losses over amounts invested in Service Corporations				$ (1,758)	1,758
Total liabilities	2,066			(1,758)	(308)
Equity	1,060	$ (1,525)	$ 600	2,683	(2,819)
Total liabilities and equity	$ 3,127	$ (1,525)	$ 600	$ 925	$ (3,127)
STATEMENT OF OPERATIONS:					
Management revenue	$ 966				$ (966)
Leasing commissions	3,088	$ (1,525)			(1,563)
Construction revenues	8				(8)
Equity in net income of investees				$ (382)	382
Other income	11				(11)
Total revenue		(1,525)		(382)	(2,166)
EXPENSES					
Operating expenses	696				(696)
Depreciation and amortization	47				(47)
Marketing, general and administrative	1,835		$ (600)		(1,235)
Total expenses	2,578		(600)		(1,978)
Income (loss)	$ 1,495	$ (1,525)	$ 600	$ (382)	$ (188)

(2) Expenses are allocated to the Service Corporations and the Limited Liability Corporation based upon the job functions of the employees.

(D) To reflect the issuance of 10,100,000 shares of common stock at an assumed price of $20 per share. Equity is reduced by the estimated costs of the common stock Offering of $4,200.

(E) To reflect the acquisition of the respective properties at cost which represents the purchase price plus related closing costs and estimated closing costs of 1372 Broadway, 1140 Avenue of the Americas and 50 West 23rd Street as follows:

	1372 BROADWAY	1140 AVENUE OF THE AMERICAS	50 WEST 23RD STREET	TOTAL ACQUISITION PROPERTIES
ASSETS ACQUIRED				
Land	$ 10,828	$ 4,242	$ 7,197	$ 22,267
Building	43,312	17,023	28,835	89,170
Property under capital lease		4,592		4,592
Net Property	54,140	25,857	36,032	116,029
Other assets-escrow			1,560	1,560
	$ 54,140	$ 25,857	$ 37,592	$ 117,589
SOURCES OF FUNDS				
Cash	$ 47,440	$ 19,265	$ 36,842	$ 103,597
Capitalized lease obligations		4,592		4,592
LBHI loan payable	6,700	2,000	700	9,400
	$ 54,140	$ 25,857	$ 37,592	$ 117,589

(F) To reflect the following financing transactions:

- Repayment of certain mortgage loans, payment of prepayment penalties and write off of deferred financing costs.

- Cancellation of portions of mortgage loans and accrued interest due to negotiations with the mortgage holders regarding the value of the collateral and the likelihood of repayment at par of the entire principal amount together with accrued interest.

- Payment of mortgage fees which are capitalized and amortized over the remaining lives of the loans transferred from the SL Green Predecessor to the Company.

- Repayment of portions of the LBHI Loan which were borrowed in connection with the purchase of additional partnership interests and the Acquisition Properties.

- Borrowings under the LBHI Loan to pay a portion of the prepayment penalty on the 1414 Avenue of the Americas mortgage.

- Borrowings under a new mortgage loan and the payment of loan fees which will be capitalized and amortized over the life of the loan is summarized as follows.

	673 FIRST AVENUE	470 PARK AVENUE SOUTH	29 WEST 35TH STREET	36 WEST 44TH STREET	70 WEST 36TH STREET	1414 AVENUE OF THE AMERICAS	NEW MORTGAGE LOAN	LBHI LOAN
Cash and cash equivalents.....	$ (1,389)	$ (13,162)	$ (30)	$ (10,200)	$ (6,568)	$ (11,059)	$ 13,860	$ (17,130)
Deferred lease fees and loan costs:.....								
Financing costs capitalized...	$ 389	$ 111	$ 30				$ 140	
Amortization of deferred financing costs.....	(25)	(7)	(4)				(14)	
Deferred financing costs written off.....					$ (260)	$ (468)		
Net deferred lease fees and loan costs.....	$ 364	$ 104	$ 26	$ --	$ (260)	$ (468)	$ 126	
Mortgage loans payable:								
Loans funded.....							$ 14,000	
Loans repaid.....	$ (1,000)	$ (13,042)		$ (10,200)	$ (6,568)	$ (9,878)		
Loans forgiven.....	(10,301)	(650)						
Net mortgage loans payable.....	$ (11,301)	$ (13,692)		$ (10,200)	$ (6,568)	$ (9,878)	$ 14,000	
Accrued interest payable:								
Accrued interest paid.....		$ (9)				$ (109)		
Accrued interest forgiven...	$ (3,771)	(6,974)						
Net accrued interest payable.....	$ (3,771)	$ (6,983)				$ (109)		
LBHI loan payable:								
funded.....						$ 200		
repaid.....								$ (17,130)
Net LBHI Loan.....						200		$ (16,600)
Equity:								
Increase for forgiveness of buyout of profit participation.....	$ 14,072	$ 7,624						
Decrease due to penalties...						$ (1,272)		
Decrease due to deferred loan costs.....					$ (260)	(468)		
Decrease due to amortization of loan costs.....	(25)	(7)	$ (4)				$ (14)	
Net equity.....	$ 14,047	$ 7,617	$ (4)		$ (260)	$ (1,740)	$ (14)	

	TOTAL PRO FORMA ADJUSTMENT
Cash and cash equivalents.....	$ 45,678
Deferred lease fees and loan costs:.....	
Financing costs capitalized...	$ 670
Amortization of deferred financing costs.....	(50)
Deferred financing costs	

written off	(728)
Net deferred lease fees and loan costs	$ (107)
Mortgage loans payable:	
Loans funded	$ 14,000
Loans repaid	(40,688)
Loans forgiven	(10,951)
Net mortgage loans payable	$ (37,639)
Accrued interest payable:	
Accrued interest paid	$ (118)
Accrued interest forgiven	(10,745)
Net accrued interest payable	$ (10,863)
LBHI loan payable:	
funded	$ 200
repaid	(17,130)
Net LBHI Loan	$ (16,930)
Equity:	
Increase for forgiveness of buyout of profit participation	$ 21,696
Decrease due to penalties	(1,272)
Decrease due to deferred loan costs	(728)
Decrease due to amortization of loan costs	(50)
Net equity	$ 19,646

(G) To reflect the following pro forma transaction:

Distribution of excess working capital from the building accounts to partners

$20 million of the offering proceeds will be used to repay a portion of a loan made to a company owned by Stephen L. Green which has been accounted for as a distribution to Stephen L. Green.

--Payment of real property transfer taxes which are capitalized and amortized over the life of the commercial property.

--Initial capitalization of SL Green Realty Corp.

	673 FIRST AVENUE	470 PARK AVENUE SOUTH	70 WEST 36TH STREET	1414 AVENUE OF THE AMERICAS	LBHI LOAN	INITIAL CAPITALIZATION OF SL GREEN REALTY CORP.	TOTAL PRO FORMA ADJUSTMENT
Cash and cash equivalents:							
Preformation distributions to partners	$ (400)	$ (1,000)					$ (1,400)
Repayment of LBHI loan					$ (20,000)		(20,000)
Payment of real property transfer costs			$ (124)	$ (165)			(289)
Initial Company capitalization						$ 1	1
Net (decrease) in cash and cash equivalents	$ (400)	$ (1,000)	$ (124)	$ (165)	$ (20,000)	$ 1	$ (21,688)
Land			$ 11	$ 49			$ 60
Buildings and improvements			113	116			229
			124	165			$ 289
Equity:							
Decreases for distributions to partners	$ (400)	$ (1,000)					$ (1,400)
Decrease for distribution					$ (20,000)		(20,000)
Decreases due to amortization of loan costs							
Capital stock						1	1
(Decrease) increase to equity	(400)	(1,000)			(20,000)		(21,400)
Net adjustment	$ (400)	$ (1,000)	$ (124)	$ (165)	$ (20,000)	1	$ (21,688)

(H) To reflect the SL Green Predecessor historical combined statement of operations for the six months ended June 30, 1997.

(UNAUDITED)
(DOLLARS IN THOUSANDS)

(I) To reflect the six months ended June 30, 1997 operations of 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and 36 West 44th Street (the "Equity Properties") as consolidated entities rather than equity method investees due to the acquistion 100% of the partnership interests.

			ACQUISITION OF PARTNERSHIP INTERESTS AND FAIR MARKET VALUE ADJUSTMENTS				
	ELIMINATE HISTORICAL AMOUNTS	UNCOMBINED TOTAL	673 FIRST AVE	470 PARK AVE	29 WEST 35TH	36 WEST 44TH	TOTAL ADJUSTMENTS
REVENUES:							
Rental revenue(a)		$ 10,203	$ 194	$ 120	$ 50	$ 12	$ 10,579
Escalations and reimbursement revenues		725					725
Other income		(17)					(17)
Total revenues		10,911	194	120	50	12	11,287
Equity in net loss of investees	(564)						(564)
EXPENSES:							
Operating expenses(b)		1,861	(162)	(98)	(27)	(62)	1,512
Real estate taxes		1,461					1,461
Ground rent(c)		2,483	25				2,508
Interest		4,163					4,163
Depreciation and amortization(c)		1,982	19	(51)	(9)	(2)	1,939
Total expenses		11,950	(118)	(149)	(36)	(64)	11,583
Income before minority interest	$ 564	$ (1,039)	$ 312	$ 269	$ 86	$ 76	$ 268

- ------------------------

(a) Rental income is adjusted to reflect straight line amounts as of the acquisition date.

(b) Operating expenses are adjusted to eliminate management fees paid to the Service Corporations (Management fee income received by the Service Corporations was also eliminated.)

(c) Ground rent and depreciation and amortization were adjusted to reflect the purchase of the assets.

(J) To reflect the six months operations of the Service Corporations pursuant to the equity method of accounting (see detail in note (c)).

(K) To reflect the operations of 1372 Broadway, 1140 Avenue of the Americas and 50 West 23rd Street for the six months ended June 30, 1997. Historical rental revenue was adjusted for straight line rents as of the acquisition date, historical operating expenses were reduced for management fees, the capitalized

land lease on 1140 Avenue of the Americas was recorded, and depreciation and amortization based on cost was recorded.

	1372 BROADWAY			1140 AVENUE OF THE AMERICAS			50 WEST 23RD STREET		
	HISTORICAL	ADJUSTMENT	PRO FORMA	HISTORICAL	ADJUSTMENT	PRO FORMA	HISTORICAL	ADJUSTMENT	
Revenues:									
Rental revenue..	$ 4,054	$ 455	$ 4,509	$ 2,178	$ 181	$ 2,359	$ 2,597	$ 174	
Escalations & reimbursement revenue.....	562		562	346		346	386		
Other income....	1,483		1,483	48		48	1		
Total revenue.....	6,099	455	6,554	2,572	181	2,753	2,984	174	
Expenses:									
Operating expenses.....	1,337	(142)	1,195	992	(102)	890	689	(91)	
Interest on capital lease.....					189	189			
Depreciation & amortization..		541	541		245	245		360	
Real estate taxes.....	1,098		1,098	519		519	518		
Total expenses....	2,435	399	2,834	1,511	332	1,843	1,207	269	
Income before minority interest.....	$ 3,664	$ 56	$ 3,720	$ 1,061	$ (151)	$ 910	$ 1,777	$ (95)	

	PRO FORMA	TOTAL PRO FORMA
Revenues:		
Rental revenue..	$ 2,771	$ 9,639
Escalations & reimbursement revenue.....	386	1,294
Other income....	1	1,532
Total revenue.....	3,158	12,465
Expenses:		
Operating expenses.....	598	2,683
Interest on capital lease.....		189
Depreciation & amortization..	360	1,146
Real estate taxes.....	518	2,135
Total expenses....	1,476	6,153
Income before minority interest.....	$ 1,682	$ 6,312

(L) To reflect the changes in interest expense as the result of financing transactions and the related adjustments to deferred financing expense (see note (F)).

	673 1ST AVE	470 PAS	29 W 35TH	36 W 44TH	70 W 36TH	1414 AVE. AMERICAS	NEW MORTGAGE LOAN	TOTAL
Interest	$ (799)	$ (645)	$	$ (461)	$ (253)	$ (460)	$ 539	$ (2,079)
Depreciation and amortization	25	6	4		(36)	(23)	14	(10)
Total expenses	(774)	(639)	4	(461)	(289)	(483)	553	(2,089)
Income before minority interest	$ 774	$ 639	$ (4)	$ 461	$ 289	$ 483	$ (553)	$ 2,089

(M) To reflect for 70 West 36th Street and 1414 Avenue of the Americas, depreciation expense adjustments for real property transfer taxes capitalized which are amortized over the remaining life of the commercial property (see note (G)).

(N) To reflect the net increase in marketing, general and administrative expenses related to operations of a public company.

(O) Represents the 18.1% interest of the minority in the Operating Partnership.

(P) Pro Forma net income per common share is based upon 10,779,216 shares of common stock expected to be outstanding after the Offering. As each Operating Partnership Unit is redeemable for cash, or at the company's election, for one share of common stock, the calculation of earnings per share upon redemption will be unaffected as unitholders and stockholders share equally on a per unit and per share basis in the net income of the Company. In February 1997, the Financial Accounting Standards Board

issued Statement No. 128, Earnings per Share, which is required to be adopted on December 31, 1997. At that time the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. Management does not believe the adoption of Statement No. 128 will have a material impact on earnings per share.

SL GREEN REALTY CORP.

NOTES TO PRO FORMA COMBINED FINANCIAL INFORMATION

DECEMBER 31, 1996

(UNAUDITED)
(DOLLARS IN THOUSANDS)

(A) To reflect the SL Green Predecessor historical combined statement of operations for the year ended December 31, 1996.

(B) To reflect 673 First Avenue, 470 Park Avenue South, 29 West 35th Street and 36 West 44th Street (the "Equity Properties") as consolidated entities rather than as uncombined joint ventures due to the acquisition of 100% of the partnerships' interests.

	ELIMINATE HISTORICAL AMOUNTS	UNCOMBINED TOTAL	673 FIRST AVE	470 PARK AVE	29 WEST 35TH	36 WEST 44TH
Revenues						
Rental revenue	$ 17,386		$ 334	$ 183	$ 146	$ 2,936
Escalations and reimbursement revenues	1,488					816
Investment income	15					
Other income	13					
Total revenues	18,902		334	183	146	3,752
Equity in net loss of uncombined joint ventures	0	$ (1,408)				
Expenses						
Operating expenses	3,964		(316)	(206)	(68)	1,234
Real estate taxes	2,316					873
Ground rent	3,756		100			69
Interest	7,743					
Depreciation and amortization	3,580		40	(99)	(22)	313
Total expenses	21,359		(176)	(305)	(90)	2,489
Income (loss)	$ (2,457)	$ 1,408	$ 510	$ 488	$ 236	$ 1,263

	TOTAL ADJUSTMENTS
Revenues	
Rental revenue	$ 20,985
Escalations and reimbursement revenues	2,304
Investment income	15
Other income	13
Total revenues	23,317
Equity in net loss of uncombined joint ventures	(1,408)
Expenses	
Operating expenses	4,608
Real estate taxes	3,189
Ground rent	3,925
Interest	7,743
Depreciation and amortization	3,812
Total expenses	23,277
Income (loss)	$ 1,448

(C) To reflect adjustments to record the Company's share in the net income of the Service Corporations pursuant to the equity method of accounting for the year ended December 31, 1996. As a result of the Formation Transactions the Company will not own any voting stock of the Service Corporations but will continue to exercise significant influence due to the following:

- Substantially all of the economic benefits flow to the Company

- The Company and the Service Corporations have common officers and employees

- The owners of a majority of the voting stock of the Service Corporations have not contributed substantial equity to the Service Corporations

- The views of the Company's management influence the operations of the Service Corporations

(UNAUDITED)
(DOLLARS IN THOUSANDS)

The adjustment is as follows:

	HISTORICAL SERVICE CORPORATIONS	LEASING COMMISSIONS ATTRIBUTABLE TO LLC	EXPENSES ATTRIBUTABLE TO REIT	EQUITY CONVERSION	TOTAL ADJUSTMENTS
REVENUE:					
Management revenue	$ 2,336				$ (2,336)
Leasing commissions	2,372	$ (1,256)			(1,115)
Construction revenue	101				(101)
Other income	92				(92)
Total revenue	4,901	(1,256)			(3,644)
Equity in net loss of uncombined joint ventures				$ 504	504
EXPENSES:					
Operating expenses	1,522				(1,522)
Depreciation and amortization	92				(92)
Marketing, general and administration	3,250		$ (985)		(2,264)
Total expenses	4,864		(985)		(3,878)
Income (loss)	$ 37	$ (1,256)	$ 985	$ (504)	$ (270)

(D) To reflect the operations of 1372 Broadway, 1140 Avenue of the Americas and 50 West 23rd Street for the year ended December 31, 1996. Historical rental revenue was adjusted for straight line rents as of the acquisition date, historical operating expenses were reduced for management fees, the capitalized land lease on 1140 Avenue of the Americas and depreciation and amortization are based on cost.

	1372 BROADWAY			1140 AVENUE OF THE AMERICAS			50 WEST 23RD STREET	
	HISTORICAL	ADJUSTMENT	PRO FORMA	HISTORICAL	ADJUSTMENT	PRO FORMA	HISTORICAL	ADJUSTMENT
Revenues:								
Rental revenue	$ 8,580	$ 656	$ 9,236	$ 4,265	$ 286	$ 4,551	$ 5,357	$ 10
Escalations & reimbursement revenue	1,842		1,842	716		716	716	
Other income	690		690	204		204	12	
Total revenue	11,112	656	11,768	5,185	286	5,471	6,085	10
Expenses:								
Operating expenses	3,257	(459)	2,798	2,177	(275)	1,902	1,511	(195)
Interest on capital lease					379	379		
Depreciation & amortization		1,082	1,082		490	490		720
Real estate taxes	2,343		2,343	1,007		1,007	1,006	
Total expenses	5,600	623	6,223	3,184	594	3,778	2,517	525
Income before minority interest	$ 5,512	$ 33	$ 5,545	$ 2,001	$ (308)	$ 1,693	$ 3,568	$ (515)

PRO FORMA	TOTAL PRO FORMA

Revenues:		
Rental revenue.....	$ 5,367	$ 19,154
Escalations & reimbursement revenue.....	716	3,274
Other income.....	12	906
Total revenue..	6,095	23,334
Expenses:		
Operating expenses.....	1,316	6,016
Interest on capital lease.....		379
Depreciation & amortization.....	720	2,292
Real estate taxes..	1,006	4,356
Total expenses.....	3,042	13,043
Income before minority interest.....	$ 43,053	$ 10,291

(E) To eliminate interest expense and amortization of deferred financing costs related to mortgage loans paid off or forgiven, to reflect amortization of deferred financing cost related to the transfer of

mortgage debt to the Company and to record interest and amortization of deferred finance costs related to the new mortgage.

	INTEREST EXPENSE	AMORTIZATION OF DEFERRED FINANCING COSTS
673 First Avenue	$ (1,571)	$ 49
470 Park Avenue South	(1,537)	13
29 West 35th Street		8
36 West 44th Street	(234)	
70 West 36th Street	(911)	(62)
1414 Avenue of the Americas	(446)	(28)
New mortgage interest	1,078	7
	$ (3,621)	$ (13)

(F) To reflect depreciation and amortization expense related to the real property transfer taxes incurred to transfer title of 70 West 36th Street and 1414 Avenue of the Americas to the Company and to reflect the net increase in marketing, general and administrative expenses related to operations of a public company.

(G) Represents the 18.1% interest of the minority in the Operating Partnership.

(H) Pro Forma net income per common share is based upon 10,779,216 shares of common stock expected to be outstanding after the Offering. As each Operating Partnership unit is redeemable for cash, or at the company's election, for one share of common stock, the calculation of earnings per share upon redemption will be unaffected as unitholders and stockholders share equally on a per unit and per share basis in the net income of the Company. In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings per Share, which is required to be adopted on December 31, 1997. At that time the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. Management does not believe the adoption of Statement No. 128 will have a material impact on earnings per share.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
SL Green Realty Corp.

We have audited the accompanying balance sheet of SL Green Realty Corp. as of June 12, 1997. This balance sheet is the responsibility of SL Green Realty Corp. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet presents fairly, in all material respects, the financial position of SL Green Realty Corp. at June 12, 1997 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

New York, New York
June 12, 1997

SL GREEN REALTY CORP.

BALANCE SHEET

JUNE 12, 1997

ASSETS

Cash (NOTE 1)	$ 1,000
Total assets	$ 1,000

LIABILITIES AND STOCKHOLDER'S EQUITY

Commitments and contingencies (NOTE 3)	
Common stock, $.01 par value, 100,000,000 shares authorized, 1,000 shares issued and outstanding (NOTES 1, 2 AND 3)	$ 10
Paid in capital	990
Retained earnings (NOTE 2)	
Total liabilities and stockholder's equity	$ 1,000

See accompanying notes.

SL GREEN REALTY CORP.

NOTES TO BALANCE SHEET

JUNE 12, 1997

1. ORGANIZATION AND FORMATION TRANSACTIONS

FORMATION AND INITIAL PUBLIC OFFERING

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 will receive a contribution of interests 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 expects to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended; and will operate 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 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. In connection with the formation of the Company, the Company issued 1,000 shares of Common Stock to Stephen L. Green at $1 per share, for an aggregate consideration of $1,000 consisting of cash. At the conclusion of the Offering such shares of stock will be repurchased by the Company at cost. As of June 12, 1997, no shares of Excess Stock or Preferred Stock are issued and outstanding. The Company expects to issue 10,100,000 shares of its Common Stock to the public through a public offering (the "Offering"). In addition, the Company expects to issue to its executive officers approximately 553,616 shares, as founders' shares.

Substantially all of the Company's assets will be held by, and its operations conducted through, the Operating Partnership, a newly formed Delaware limited partnership. The Company will be the sole managing general partner of the Operating Partnership. Continuing investors will expect to hold, in the aggregate, a 18.1% limited partnership interest in the Operating Partnership.

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 100% of the interest will be conducted through the Service Corporations. The Company, through the Operating Partnership, will own 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 expects to receive 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) will be held by an SL Green affiliate. This controlling interest will give the SL Green affiliate the power to elect all directors of the Service Corporations. All of the management and leasing with respect to the properties to be contributed and to be acquired by the Company will be conducted through the Management LLC. The Operating Partnership will own a 100% interest in the Management LLC. The Company will account for its investment in the Service Corporations on the equity basis of accounting on the basis that it will have significant influence with respect to management and operations. For further description, see the caption "Structure and Formation of the Company".

SL GREEN REALTY CORP.

NOTES TO BALANCE SHEET

JUNE 12, 1997

1. ORGANIZATION AND FORMATION TRANSACTIONS (CONTINUED)
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 to be made in proportion to the percentage ownership interests of their respective partners. As the managing general partner of the Operating Partnership, the Company will be required to take such reasonable efforts, as determined by it in its sole discretion, to cause the Operating Partnership to distribute sufficient amounts to enable the payment of sufficient distributions by the Company to avoid any federal income or excise tax at the Company level as a consequence of a sale of a 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, as described further under the caption "Partnership Agreement Transfer of Interest--Redemption of Units".

INITIAL PUBLIC OFFERING AND USE OF PROCEEDS

The net cash proceeds to be received by the Company from the Offering (after deducting underwriting discounts) are estimated to be approximately $189.4 million. Of this amount the Company expects that approximately $42.7 million to repay mortgage indebtedness encumbering the properties, including $1.9 million for prepayment penalties and other financing fees and expenses, approximately $6.4 million to purchase the direct or indirect interests of certain participants in the Formation Transactions in the properties, approximately $99.0 million to acquire properties (including a $1.6 million escrow account established in connection with the acquisition of 50 W. 23rd Street), approximately $6.1 million to pay certain expenses incurred in the Formation Transactions, $27.5 million to repay the LBH Inc. Loan (excluding $2.5 million and $200,000 borrowed under the loan to fund offering expenses and prepayment penalties, respectively), and $9.4 million to acquire properties), $1.5 million to fund the advisory fee payment to Lehman Brothers, Inc. and $6.2 million to fund capital expenditures and general working capital needs.

If the underwriters' over-allotment option to purchase 1.515 million shares of Common Stock is exercised, the Company will use the additional net proceeds (estimated to be approximately $28.2 million if the option is exercised in full) to acquire an additional interest in the Operating Partnership which will be used to acquire additional properties and/or for working capital.

2. STOCKHOLDER'S EQUITY

COMMON STOCK

The authorized capital stock of the Company will consist of 200,000,000 shares of capital stock, $.01 par value, of which 100 million shares initially will be designated as shares of Common Stock. Under the Company's Charter, the Board of Directors will have authority to issue, without any further action by the stockholders, shares of capital stock in one or more series having such preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption as the Board of Directors may determine.

2. STOCKHOLDER'S EQUITY (CONTINUED)
RETAINED EARNINGS

The Company has not engaged in any operations from inception in 1997.

3. COMMITMENTS AND CONTINGENCIES

STOCK OPTION AND INCENTIVE PLAN

The Company intends to adopt a stock option plan designed to attract, retain and motivate executive officers of the Company and other key employees and the plan will authorize the issuance of shares of common stock pursuant to options granted under the plan, as described further under the caption "Stock Option and Incentive Plan."

INCENTIVE COMPENSATION PLAN

The Company intends to establish an incentive compensation plan for key officers of the Company and its subsidiaries and affiliates. This plan will provide for payment of cash bonuses to participating officers after an evaluation of the officer's performance and the overall performance of the Company. The Compensation Committee of Board of Directors will make the determination for the award of the bonuses.

EMPLOYMENT AGREEMENTS

The Company will enter into employment and non-competition agreements with certain executive officers, as described further under the caption "Employment and Non-Competition Agreements."

CREDIT FACILITY

The Company currently is engaged in discussions with various lenders regarding the establishment of a revolving $75 million Credit Facility that will be used to facilitate acquisitions and for working capital purposes. Although the Company expects that the Credit Facility will be established shortly after the completion of the Offering, there can be no assurance at this time as to whether the Company will be successful in obtaining the Credit Facility, or, if the Credit Facility is established, the terms governing the Credit Facility.

REPORT OF INDEPENDENT AUDITORS

The Partners, Members and Stockholders
SL Green Predecessor

We have audited the accompanying combined balance sheets of SL Green Predecessor as of December 31, 1996 and 1995, and the related combined statements of operations, owners' deficit and cash flows for each of the three years in the period ended December 31, 1996. We have also audited the financial statement schedule listed on the Index to Financial Statements included in the Prospectus. These financial statements and financial statement schedule are the responsibility of SL Green Predecessor's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of SL Green Predecessor at December 31, 1996 and 1995, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles. Also, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be set forth therein.

/S/ Ernst & Young LLP

New York, New York
April 16, 1997, except for
Note 9, as to which date is
May 27, 1997

SL GREEN PREDECESSOR

COMBINED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

	JUNE 30, 1997	DECEMBER 31, 1996	DECEMBER 31, 1995
	(UNAUDITED)		
ASSETS			
Commercial real estate properties, at cost (NOTE 4)			
Land	$ 7,165	$ 4,465	$ 1,517
Buildings and improvements	33,947	21,819	14,042
	41,112	26,284	15,559
Less accumulated depreciation	(6,399)	(5,721)	(5,025)
	34,713	20,563	10,534
Cash and cash equivalents	1,231	476	619
Restricted cash	1,685	1,227	664
Receivables	1,107	914	383
Related party receivables (NOTE 7)	1,658	1,186	1,016
Deferred rents receivable	1,596	1,265	904
Investment in uncombined joint venture (NOTE 2)	1,176	1,730	369
Deferred costs, net (NOTE 3)	1,861	1,371	449
Other assets	1,718	1,340	1,146
Total assets	$ 46,745	$ 30,072	$ 16,084
LIABILITIES AND OWNERS' DEFICIT			
Mortgage notes payable (NOTE 4)	$ 26,646	$ 16,610	$ 12,700
Accrued interest payable (NOTE 4)	109	90	2,894
Accounts payable and accrued expenses	1,171	1,037	756
Accounts payable to related parties (NOTE 7)	1,298	2,213	2,092
Excess of distributions and share of losses over investments in uncombined joint ventures (NOTE 2)	18,007	17,300	15,826
Security deposits	1,683	1,227	664
Total liabilities	48,914	38,477	34,932
Commitments, contingencies and other matters (NOTES 6, 8, 9 AND 10)			
Owners' deficit	(2,169)	(8,405)	(18,848)
Total liabilities and owners' deficit	$ 46,745	$ 30,072	$ 16,084

See accompanying notes.

SL GREEN PREDECESSOR

COMBINED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Revenues					
Rental revenue	$ 2,800	$ 1,315	$ 4,199	$ 2,416	$ 2,605
Escalation and reimbursement revenues	456	285	1,051	758	802
Management revenues, including $299 (June 1997 (unaudited)), $447 (1996), $449 (1995), and $531 (1994) from affiliates (NOTE 7)	966	1,063	2,336	2,260	1,959
Leasing commissions	3,088	1,282	2,372	897	890
Construction revenues, net, including $6 (June 1997 (unaudited)), $35 (1996), $82 (1995), and $134 (1994) from affiliates (NOTE 7)	8	39	101	233	344
Other income	16	114	123	--	--
Total revenues	7,334	4,098	10,182	6,564	6,600
Share of net loss from uncombined joint ventures (NOTE 2)	564	817	1,408	1,914	1,423
Expenses					
Operating expenses	1,625	1,230	3,197	2,505	2,009
Interest (NOTE 4)	713	442	1,357	1,212	1,555
Depreciation and amortization	599	406	975	775	931
Real estate taxes	482	232	703	496	543
Marketing, general and administrative	1,835	2,029	3,250	3,052	2,351
Total expenses	5,254	4,339	9,482	8,040	7,389
Income (loss) before extraordinary item	1,516	(1,058)	(708)	(3,390)	(2,212)
Extraordinary income on forgiveness of debt (NOTE 4)	--	--	8,961	--	--
Net income (loss)	$ 1,516	$ (1,058)	$ 8,253	$ (3,390)	$ (2,212)

See accompanying notes.

SL GREEN PREDECESSOR

COMBINED STATEMENTS OF OWNERS' DEFICIT

(DOLLARS IN THOUSANDS)

BALANCE AT JANUARY 1, 1994	$ (13,487)
Distributions	--
Contributions	178
Net loss for the year ended December 31, 1994	(2,212)
BALANCE AT DECEMBER 31, 1994	(15,521)
Distributions	--
Contributions	63
Net loss for the year ended December 31, 1995	(3,390)
BALANCE AT DECEMBER 31, 1995	(18,848)
Distributions	(552)
Contributions	2,742
Net income for the year ended December 31, 1996	8,253
BALANCE AT DECEMBER 31, 1996	(8,405)
Distributions (Unaudited)	(286)
Contributions (Unaudited)	25
Other--reclassification of investment in joint venture to combined property, net	4,981
Net income for the six months ended June 30, 1997 (Unaudited)	1,516
BALANCE AT JUNE 30, 1997 (UNAUDITED)	$ (2,169)

See accompanying notes.

SL GREEN PREDECESSOR
COMBINED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
OPERATING ACTIVITIES					
Net income (loss)	$ 1,516	$ (1,058)	$ 8,253	$ (3,390)	$ (2,212)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities					
Depreciation and amortization	599	406	975	775	931
Share of net loss from uncombined joint ventures	744	992	1,763	2,249	1,800
Deferred rents receivable	(80)	(334)	(362)	87	(424)
Extraordinary gain on the forgiveness of debt	--	--	(8,961)	--	--
Changes in operating assets and liabilities:					
Restricted cash	(42)	64	(563)	(38)	(64)
Receivables	(112)	(96)	(531)	47	(117)
Related party receivables	(472)	(131)	(170)	(299)	157
Deferred costs	(191)	(25)	(1,108)	(465)	171
Other assets	12	96	(287)	(858)	1,253
Accounts payable and accrued expenses	22	(417)	280	(180)	(1,034)
Accounts payable to related parties	(915)	629	121	948	(69)
Security deposits payable	40	(64)	564	29	90
Accrued interest payable	19	(7)	298	861	457
Net cash provided by (used in) operating activities	1,140	55	272	(234)	939
INVESTING ACTIVITIES					
Additions to land, buildings and improvements	(206)	(111)	(10,725)	(369)	(389)
Contributions to partnership investments	(25)	(537)	(1,650)	(63)	(178)
Distributions from partnership investments	86	--	--	--	--
Net cash used in investing activities	(145)	(648)	(12,375)	(432)	(567)
FINANCING ACTIVITIES					
Proceeds from mortgage notes payable	--	--	16,680	--	--
Payments of mortgage notes payable	(164)	(80)	(6,910)	--	--
Cash distributions to owners	(286)	(175)	(552)	--	--
Cash contributions from owners	25	538	2,742	63	178
Net cash provided by financing activities	(425)	283	11,960	63	178
Net increase (decrease) in cash and cash equivalents	570	(310)	(143)	(603)	550
Cash transfer related to Praedium Bar Associates, LLC presented as a combined entity	185	--	--	--	--
Cash and cash equivalents at beginning of period	476	619	619	1,222	672
Cash and cash equivalents at end of period	$ 1,231	$ 309	$ 476	$ 619	$ 1,222
Supplemental cash flow disclosures					
Interest paid	$ 694	$ 449	$ 1,059	$ 351	$ 1,098
Income taxes paid	$ --	$ --	$ --	$ 35	$ 31

Supplemental schedule of non cash investing and financing activities:
(unaudited)

On June 30, 1997 the remaining interest of Praedium Bar Associates, LLC ("Praedium Bar") was purchased by an affiliate of Stephen L. Green. In connection with the purchase, as of June 30, 1997, the investment in Praedium Bar has been presented as a combined entity (see note 1). The assets, liabilities and owners' equity of Praedium Bar as of June 30, 1997 are as follows:

Commercial real estate properties, net	$ 14,383
Total assets	16,174
Mortgage notes payable	10,200
Total liabilities	10,831
Owners' equity	5,343
Less net investment in Praedium Bar	362
Reclassification of investment in joint venture to combined property, net	$ 4,981

See accompanying notes.

SL GREEN PREDECESSOR

NOTES TO COMBINED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

SL Green Predecessor is engaged in the business of owning, managing, leasing, acquiring and repositioning of Class B office properties in Manhattan, New York.

PROPOSED TRANSACTIONS

Concurrently with the consummation of an initial public offering of SL Green Realty Corp., (the "REIT") Common Stock (the "Offering"), which is expected to be completed in 1997, the REIT and a newly formed limited partnership, SL Green Operating Partnership, L.P. (the "Operating Partnership"), together with the partners and members of the affiliated partnerships of the SL Green Predecessor and other parties which hold ownership interests in the properties (collectively, the "Participants"), will engage in certain formation transactions (the "Formation Transactions"). The Formation Transactions are designed to (i) enable the REIT to raise the necessary capital to acquire the remaining interests in the Properties (see note 2), repay certain mortgage debt relating thereto and pay other indebtedness, (ii) enable the REIT to acquire properties, (iii) fund costs, capital expenditures, and working capital, (iv) provide a vehicle for future acquisitions, (v) enable the REIT to comply with certain requirements under the Federal income tax laws and regulations relating to real estate investment trusts, and (vi) preserve certain tax advantages for certain Participants.

The operations of the REIT will be carried on primarily through the Operating Partnership in order to assist the REIT and the Participants in forming the REIT under the Internal Revenue Code of 1986. The REIT will be the sole general partner in the Operating Partnership. The Operating Partnership will receive a contribution of interests in the real estate properties sold, as well as 95% of the economic interest in the management, leasing and construction companies (the "Service Corporations") for third party properties, in exchange for units of limited partnership interests in the Operating Partnership and/or cash. The REIT will be fully integrated, self-administered and self-managed.

PRINCIPLES OF COMBINATION

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 note 2) that are organized as partnerships and a limited liability company. The operations of the properties are included in the financial statements from the date of acquisition by the SL Green Predecessor. 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.

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying combined financial statements include partnerships and corporations which are 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%(A)	General partner
1414 Management Associates, LP	1414 Avenue of the Americas	100%	General partner
Service Corporations			
SL Green Management, Corp.	Management	100%	Sole shareholder
SL Green Leasing, Inc.	Management and leasing	100%	Sole shareholder
Emerald City Construction Corp.	Construction	100%	Sole shareholder

(A) The minority interest is not material.

On June 30, 1997, the majority owner of SL Green Predecessor purchased the remaining interest in Praedium Bar Associates LLC, which as of that date is included in the combined financial statements (unaudited) (see note 2).

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

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

REAL ESTATE

Financial Accounting Standards Board Statement of Financial Accounting Standards ("SFAS") No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The SL Green Predecessor, adopted SFAS No. 121 in the first quarter of 1996. Through March 31, 1997 (unaudited) and December 31,1996 no indicators of impairment were present and no impairment losses have been recorded in any of the periods presented.

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPRECIATION OF REAL ESTATE PROPERTIES

Depreciation and amortization is computed on the straight-line method as follows.

CATEGORY	TERM
Building	40 years
Building improvements	remaining life of the building
Furniture and fixtures	four to seven years
Tenant improvements	remaining life of the lease

Depreciation expense amounted to $788, $579 and $638 in 1996, 1995 and 1994 respectively. For the unaudited three months ended June 30, 1997 depreciation expense amounted to $488.

CASH AND CASH EQUIVALENTS

The SL Green Predecessor considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

RESTRICTED CASH

Restricted cash consists of security deposits.

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 combined balance sheets. Contractually due but unpaid rents are included in receivables on the accompanying combined balance sheets.

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 initial lease term or renewal period as appropriate.

DEFERRED FINANCING COSTS

Deferred financing costs are amortized over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is refinanced before maturity.

DEFERRED OFFERING COSTS

The SL Green Predecessor have incurred costs related to its proposed offering. The deferred offering costs will be charged to the equity of the REIT at the time of the completion of the public offering.

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The partnerships in the SL Green Predecessor are not taxpaying entities for Federal income tax purposes, and, accordingly, no provision or credit has been made in the accompanying financial statements for Federal income taxes. Owners' allocable shares of taxable income or loss are reportable on their income tax returns. The management, leasing and construction entities are C-Corporations, which have had minimal income during the three years ended December 31, 1996 and therefore have paid minimal federal and state income taxes.

CREDIT RISK

Management of the SL Green Predecessor performs on going credit evaluation of its tenants and requires certain tenants to provide security deposits. Although the SL Green Predecessors' buildings are all located in Mid-town Manhattan, the tenants operate in various industries and there is no dependence upon any single tenant.

CAPITALIZATION

The Service Corporations (three) each have 200 shares of no par value common stock authorized and issued for $1,000, with no related additional paid in capital at December 31, 1996 and 1995.

INTERIM UNAUDITED FINANCIAL INFORMATION

The accompanying interim unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in the financial statements prepared in accordance with generally accepted accounting principles may have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The unaudited financial statements as of June 30, 1997 and for the six month periods ended June 30, 1997 and 1996 include, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth herein.

2. INVESTMENT IN UNCOMBINED JOINT VENTURES

The SL Green Predecessor's investments in three partnerships and a limited liability company, have been accounted for under the equity method since control is shared with other parties. The investment in partnerships and limited liability company are as follows:

PARTNERSHIPS/LIMITED LIABILITY COMPANY	PROPERTY	GREEN GROUP PERCENTAGE OWNERSHIP	OWNERSHIP TYPE
673 First Realty Company.....	673 First Avenue	67%	Co-general partner
470 Park South Associates, LP.....	470 Park Avenue South	65%	Co-general partner
29/35 Realty Associates, LP.....	29 West 35th Street	21.5%	Co-general partner
Praedium Bar Associates, LLC..... ("Praedium Bar")	36 West 44th Street	10%(A)	Has veto rights relating to sale and financing

- ------------------------

(A) Praedium Bar acquired the first mortgage related to the property in October, 1996 which provides for substantially all the economic interest in the property and has the sole right to purchase the fee interest, (the property deed is in escrow), for a nominal cost; accordingly SL Green Predecessor has accounted for Praedium Bar investment as a ownership interest in the property. On June 30, 1997, the majority owner of SL Green Predecessor purchased the remaining 90% interest in Praedium Bar Associates, LLC for $6.3 million (unaudited).

Condensed combined financial statements of the partnerships and the limited liability company, are as follows:

	JUNE 30, 1997	DECEMBER 31, 1996	DECEMBER 31, 1995
	(UNAUDITED)		
CONDENSED BALANCE SHEETS			
Commercial real estate property, net.....	$ 57,955	$ 72,958	$ 61,092
Deferred rent receivable.....	14,881	14,860	14,337
Cash and cash equivalents, including restricted cash of $1,305 (June 1997 (unaudited)) $1,588 (1996) and $1,205 (1995).....	2,968	3,811	3,275
Deferred costs and other assets.....	6,637	7,271	6,196
Total assets.....	$ 82,441	$ 98,900	$ 84,900
Mortgages and accrued interest payable.....	$ 80,053	$ 90,245	$ 80,750
Obligations under capital lease.....	14,374	14,265	14,060
Deferred rent payable.....	11,996	11,459	10,387
Accounts payable and other liabilities.....	3,594	4,560	3,475
Owners' deficit			
SL Green Predecessor.....	(16,831)	(15,570)	(15,457)
Other partners.....	(10,745)	(6,059)	(8,315)
Total owners' deficit.....	(27,576)	(21,629)	(23,772)
Total liabilities and owner's deficit.....	$ 82,441	$ 98,900	$ 84,900

2. INVESTMENT IN UNCOMBINED JOINT VENTURES (CONTINUED)

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
CONDENSED STATEMENTS OF OPERATIONS					
Rental revenue and escalations	$ 10,928	$ 8,750	$ 18,874	$ 17,934	$ 18,235
Other revenue	--	--	28	18	129
Total revenues	10,928	8,750	18,902	17,952	18,364
Interest	4,163	3,767	7,743	7,785	7,721
Depreciation and amortization	1,982	1,740	3,580	3,768	3,401
Operating and other expenses	5,822	4,659	10,036	9,552	9,750
Total expenses	11,967	10,166	21,359	21,105	20,872
Loss before outside partner's interest	(1,039)	(1,416)	(2,457)	(3,153)	(2,508)
Elimination of inter-company management fees	180	175	355	335	377
Other partner share of the loss	295	424	694	904	708
Loss allocated to the SL Green Predecessor	$ (564)	$ (817)	$ (1,408)	$ (1,914)	$ (1,423)

There are several business relationships with related parties which involve management, leasing and construction fee revenues and maintenance expense. Transactions relative to the aforementioned condensed combined statements of operations and balance sheets for the equity investees include the following before elimination of intercompany transactions:

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Management fee expenses	$ 348	$ 293	$ 622	$ 563	$ 624
Leasing commission expenses	293	167	218	48	80
Construction fees	1,186	180	185	376	809
Maintenance expenses	151	122	227	132	164

3. DEFERRED COSTS

Deferred costs consist of the following:

	JUNE 30, 1997	1996	1995
	(UNAUDITED)		
Deferred financing	$ 1,177	$ 982	$ 206
Deferred lease	2,000	1,613	1,365
Deferred offering	214	87	--
	3,391	2,682	1,571
Less accumulated amortization	(1,530)	(1,311)	(1,122)
	$ 1,861	$ 1,371	$ 449

4. MORTGAGE NOTES PAYABLE

The mortgage notes payable collateralized by the respective properties and assignment of leases at June 30, 1997 and December 31, 1996 and 1995 are as follows:

PROPERTY	MORTGAGE NOTES WITH FIXED INTEREST	MORTGAGE PAYABLE JUNE 30, 1997	ACCRUED INTEREST JUNE 30, 1997	MORTGAGE PAYABLE 1996	ACCRUED INTEREST 1996	MORTGAGE PAYABLE 1995
		(UNAUDITED)				
1414 Avenue of the Americas	First mortgage note with interest payable at 7.875%, due June 1, 2006(A)	$ 9,878	$ 109	$ 9,946	$ 90	$ --
	Total Fixed Rate Notes	9,878	109	9,946	90	--
	MORTGAGE NOTES WITH VARIABLE INTEREST					
70 W 36th Street	First mortgage note with interest payable at LIBOR plus 2%, due January 29, 2001	6,568	--	6,664	--	12,700(B)
36 W 44th Street	First mortgage note with interest based on LIBOR plus 3.4%, due September 30, 1998	10,200	--	--	--	--
	Total Variable Rate Notes	16,768	--	6,664	--	12,700
	Total Mortgage Notes Payable	$ 26,646	$ 109	$ 16,610	$ 90	$ 12,700

PROPERTY	ACCRUED INTEREST 1995
1414 Avenue of the Americas	$ --
	--
70 W 36th Street	2,894(B)

36 W 44th Street	
	--
	2,894
	$ 2,894

- ---

(A) SL Green Predecessor does not have the right to prepay the principal balance of the mortgage, in whole or in part, prior to May 31, 2004. If the mortgage is prepaid prior to May 31, 2004 a prepayment fee will be required based upon the greater of 1% of the outstanding principal balance of the mortgage or yield maintenance as defined by the mortgage agreement.

(B) In January, 1996, the first mortgage was bifurcated into a first and second mortgage; the second mortgage was acquired by an unrelated entity for no consideration. In December 1996 the holder of the second mortgage on 70 West 36th Street forgave the indebtedness for no consideration; as a result SL Green Predecessor recognized extraordinary income of $8,961.

4. MORTGAGE NOTES PAYABLE (CONTINUED)

PRINCIPAL MATURITIES

Combined aggregate principal maturities of mortgages and notes payable as of December 31, 1996 are as follows:

1997	$ 330
1998	341
1999	353
2000	367
2001	6,085
Thereafter	9,134
	$ 16,610

5. 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 the SL Green Predecessor 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 and variable rate mortgages are carried at amounts which reasonably approximate their fair values.

Estimated fair value is based on anticipated settlements in connection with the REIT formation, interest rates and other related factors currently available to the SL Green Predecessor for issuance of debt with similar terms and remaining maturities. The fair value for each mortgage approximates its carrying amount.

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 1996. Although management is 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.

6. RENTAL INCOME

The Properties are being leased to tenants under operating leases with expiration dates ranging from 1997 to 2011. 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 the SL Green Predecessor for increases in certain operating costs and real estate taxes above their base year costs.

6. RENTAL INCOME (CONTINUED)
Approximate future minimum rents to be received over the next five years and thereafter for leases in effect at December 31, 1996 are as follows:

1997	$ 5,000
1998	5,000
1999	4,000
2000	4,000
2001	3,000
Thereafter	11,000
	$ 32,000

7. RELATED PARTY TRANSACTIONS

There are several business relationships with related parties, entities owned by Stephen L. Green or relatives of Stephen L. Green exclusive of the uncombined joint ventures (see note 2) which involve management, leasing, and construction fee revenues, rental income and maintenance expenses in the ordinary course of business. Transactions include the following:

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Management revenues	$ 131	$ 65	$ 180	$ 221	$ 284
Leasing commission revenues	39	27	37	36	64
Construction fees	241	244	25	69	107
Rental income	42	14	33	25	--
Maintenance expense	75	24	93	32	24

Amounts due from related parties consist of:

	JUNE 30	DECEMBER 31,	
	1997	1996	1995
	(UNAUDITED)		
SL Green Properties Inc	$ 924	$ 507	$ 517
First Quality Maintenance	180	160	374
250 PAS, Associates, LP	373	363	--
Officers	181	156	125
	$ 1,658	$ 1,186	$ 1,016

Due to related parties, represents amounts due to SL Green Properties Inc.

8. BENEFIT PLAN

The building employees of the individual partnerships are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. Contributions to these plans amounted to $30,

8. BENEFIT PLAN (CONTINUED)

$7 and $7 in 1996, 1995 and 1994, respectively; and $24 for the six months ended June 30, 1997. 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.

9. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

On May 23, 1997 SL Green Predecessor entered into an agreement to purchase a mortgage, which is encumbered by the property located at 1372 Broadway, Manhattan New York, for approximately $52 million (with the right to acquire the fee interest for no additional consideration subsequent to December 31, 1997). On May 27, 1997 SL Green Predecessor entered into an agreement to purchase the net lease on the property located at 1140 Avenue of the Americas, Manhattan New York, for approximately $20.9 million. It is anticipated that both transactions will close at the time of the Offering. In June 1997, SL Green Predecessor acquired an option to acquire 50 West 23rd Street at a purchase price of approximately $36.0 million. It is anticipated that SL Green Predecessor will acquire the Property, within thirty days after the closing.

CONTINGENCIES

SL Green Predecessor is party to a variety of legal proceedings relating to the ownership of the properties and it's activities with regard to its construction, management and leasing businesses, arising in the ordinary course of business. SL Green Predecessor's management believes that substantially all of these liabilities are covered by insurance. All of these matters, taken together, are not expected to have a material adverse impact on the SL Green Predecessor's financial position, results of operations or cash flows .

10. ENVIRONMENTAL MATTERS

The management of SL Green Predecessor 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 management believes would have a material adverse impact on SL Green Predecessor's 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.

11. SUBSEQUENT EVENTS

Lehman Brothers Holdings Inc. ("LBHI"), an affiliate of Lehman Brothers Inc., entered into a credit agreement with Green Realty LLC, an affiliate of SL Green Predecessor, pursuant to which LBHI agreed to loan to Green Realty LLC up to $35 million (the "LBHI Loan") which will be used to acquire the remaining interests in the investment partnerships (see note 2) and certain acquisition properties, to fund property related operating expenses, to fund organizational expenses of the REIT and to purchase short-term United States Treasury Instruments. The LBHI Loan is secured by certain partnerships interest in SL Green Predecessor, the treasury securities and the stock of SL Green Properties Inc., an affiliate of SL Green Predecessor, and has been guaranteed by SL Green Management Corp. and SL Green Properties, Inc. On June 25, 1997 the LBHI Loan was increased up to $46 million (unaudited).

SL GREEN PREDECESSOR
SCHEDULE III--REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1996
(DOLLARS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	
		INITIAL COST		COST CAPITALIZED SUBSEQUENT TO ACQUISITION	
DESCRIPTION	ENCUMBRANCE	LAND	BUILDING AND IMPROVEMENTS	LAND	BUILDING AND IMPROVEMENTS
70 West 36th St., New York, NY	$ 6,664 (1 mortgage)	$1,517	$ 7,700	$0	$7,063
1414 Avenue of the Americas, New York, NY	10,036 (1 mortgage)	2,948	6,790	0	266
	(1) $16,700	$4,465	$14,490	$0	$7,329

COLUMN A	COLUMN E		
	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	LAND	BUILDING AND IMPROVEMENTS	TOTAL
70 West 36th St., New York, NY	$1,517	$14,763	$16,280
1414 Avenue of the Americas, New York, NY	2,948	7,056	10,004
	$4,465	$21,819	$26,284

COLUMN A	COLUMN F	COLUMN G
DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION
70 West 36th St., New York, NY	$5,625	
1414 Avenue of the Americas, New York, NY	96	
	$5,721	

COLUMN A	COLUMN H	COLUMN I
DESCRIPTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED
70 West 36th St., New York, NY	12/19/84	Various
1414 Avenue of the Americas, New York, NY	6/18/96	Various

(1) Encumbrance includes accrued interest of $90

SCHEDULE III--REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)

(DOLLARS IN THOUSANDS)

The changes in real estate for the three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance at beginning of period	$ 15,559	$ 15,190	$ 14,801
Improvements	10,725	369	389
Balance at end of period	$ 26,284	$ 15,559	$ 15,190

The aggregate cost of land, buildings and improvements for Federal income tax purposes at December 31, 1996 was approximately $26,284.

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance at beginning of period	$ 5,025	$ 4,508	$ 3,930
Depreciation for period	696	517	578
Balance at end of period	$ 5,721	$ 5,025	$ 4,508

REPORT OF INDEPENDENT AUDITORS

The Partners, Members and Stockholders
SL Green Predecessor

We have audited the accompanying combined balance sheets of the uncombined joint ventures of SL Green Predecessor as of December 31, 1996 and 1995 and the related combined statements of operations, owners' deficit and cash flows for each of the three years in the period ended December 31, 1996. We have also audited the financial statement schedule listed on the Index to financial statements included in the Prospectus. These financial statements and financial statement schedule are the responsibility of SL Green Predecessor's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 combined financial statements referred to above present fairly in all material respects, the combined financial position of the uncombined joint ventures of SL Green Predecessor at December 31, 1996 and 1995, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles. Also, in our opinion the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information required to be set forth therein.

/S/ Ernst & Young LLP

New York, New York
April 16, 1997

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

COMBINED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

	JUNE 30, 1997	DECEMBER 31, 1996	DECEMBER 31, 1995
	(UNAUDITED)		
ASSETS			
Commercial real estate properties, at cost (NOTES 2 AND 5):			
Land	$ 3,666	$ 6,366	$ 3,666
Buildings and improvements	64,355	75,307	63,224
Property under capital lease	12,208	12,208	12,208
	80,229	93,881	79,098
Less accumulated depreciation	(22,274)	(20,923)	(18,006)
	57,955	72,958	61,092
Cash and cash equivalents	1,663	2,223	2,070
Restricted cash	1,305	1,588	1,205
Deferred rents receivable	14,881	14,860	14,337
Deferred costs, net (NOTE 3)	4,337	4,812	4,771
Other assets	2,300	2,459	1,425
Total assets	$ 82,441	$ 98,900	$ 84,900
LIABILITIES AND OWNERS' DEFICIT			
Mortgages and note payable (NOTE 2)	$ 63,724	$ 74,827	$ 66,301
Accrued interest payable (NOTE 2)	16,329	15,418	14,449
Obligations under capital lease (NOTE 5)	14,374	14,265	14,060
Deferred rent payable	11,996	11,459	10,387
Accounts payable and accrued expenses	576	1,200	432
Accounts payable to related parties (NOTE 6)	628	688	779
Security deposits	2,390	2,672	2,264
Total liabilities	110,017	120,529	108,672
Commitments, contingencies and other comments (NOTES 5, 7, 8 AND 9)			
Owners' deficit:			
SL Green Predecessor	(16,831)	(15,570)	(15,457)
Other partners	(10,745)	(6,059)	(8,315)
Total owners' deficit	(27,576)	(21,629)	(23,772)
Total liabilities and owners' deficit	$ 82,441	$ 98,900	$ 84,900

See accompanying notes.

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

COMBINED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Revenues:					
Rental revenue (NOTE 5)	$ 10,203	$ 8,239	$ 17,386	$ 16,519	$ 16,559
Escalation and reimbursement revenues (NOTE 5)	725	511	1,488	1,415	1,676
Other income	--	--	28	18	129
Total revenues	10,928	8,750	18,902	17,952	18,364
Expenses:					
Operating expenses:					
Other	1,949	1,314	3,115	2,931	3,014
Related parties	499	415	849	695	788
Real estate taxes	1,461	1,064	2,316	2,183	2,215
Rent expense (NOTE 5)	1,913	1,866	3,756	3,743	3,733
Interest (NOTE 2)	4,163	3,767	7,743	7,785	7,721
Depreciation and amortization	1,982	1,740	3,580	3,768	3,401
Total expenses	11,967	10,166	21,359	21,105	20,872
Net loss	$ (1,039)	$ (1,416)	$ (2,457)	$ (3,153)	$ (2,508)

See accompanying notes.

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

COMBINED STATEMENTS OF OWNERS' DEFICIT

(DOLLARS IN THOUSANDS)

	SL GREEN & RELATED ENTITIES	ALL OTHER PARTNERS	
BALANCE AT JANUARY 1, 1994	$(11,649)	$ (7,384)	$ (19,033)
Distributions	--	--	--
Contributions	178	619	797
Net loss for the year ended December 31, 1994	(1,800)	(708)	(2,508)
BALANCE AT DECEMBER 31, 1994	(13,271)	(7,473)	(20,744)
Distributions	--	--	--
Contributions	63	62	125
Net loss for the year ended December 31, 1995	(2,249)	(904)	(3,153)
BALANCE AT DECEMBER 31, 1995	(15,457)	(8,315)	(23,772)
Distributions	--	(1,150)	(1,150)
Contributions	1,650	4,100	5,750
Net loss for the year ended December 31, 1996	(1,763)	(694)	(2,457)
BALANCE AT DECEMBER 31, 1996	(15,570)	(6,059)	(21,629)
Distributions (unaudited)	(86)	(314)	(400)
Other--reclassification of joint venture to combined property	(880)	(4,463)	(5,343)
Contributions (unaudited)	450	385	835
Net loss for the six months ended June 30, 1997 (unaudited)	(745)	(294)	(1,039)
BALANCE AT JUNE 30, 1997 (UNAUDITED)	$(16,831)	$ (10,745)	$ (27,576)

See accompanying notes.

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

COMBINED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
OPERATING ACTIVITIES					
Net loss	$ (1,039)	$ (1,416)	$ (2,457)	$ (3,153)	$ (2,508)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,982	1,740	3,580	3,768	3,401
Deferred rents receivable	(271)	(217)	(524)	(370)	(985)
Other	93	--	--	--	--
Changes in operating assets and liabilities:					
Restricted cash	(133)	49	(383)	70	90
Deferred costs	(326)	(261)	(705)	(54)	(640)
Other assets	(363)	171	(1,033)	(75)	432
Accounts payable and accrued expenses	(511)	(55)	768	(192)	(757)
Accounts payable to related parties	(60)	(26)	(91)	(124)	(353)
Security deposits	133	104	409	(102)	(315)
Accrued interest on mortgage notes payable	911	702	969	1,781	1,585
Net cash provided by (used in) operating activities	416	791	533	1,549	(50)
INVESTING ACTIVITIES					
Additions to land, buildings and improvements	(969)	(422)	(4,583)	(690)	(1,963)
Net cash used in investing activities	(969)	(422)	(4,583)	(690)	(1,963)
FINANCING ACTIVITIES					
Proceeds from mortgage notes payable	--	--	--	--	11,899
Payments of mortgage notes payable	(903)	(815)	(1,674)	(1,531)	(13,176)
Cash distributions to owners	(400)	(1,150)	(1,150)	--	--
Cash contributions from owners	835	550	5,750	125	797
Capitalized lease obligations	646	636	1,277	1,532	1,628
Net cash provided by (used in) financing activities	178	(779)	4,203	126	1,148
Net increase (decrease) in cash and cash equivalents	(375)	(410)	153	985	(865)
Cash transfer related to Praedium Bar Associates, LLC presented as a combined entity	(185)	--	--	--	--
Cash and cash equivalents at beginning of period	2,223	2,070	2,070	1,085	1,950
Cash and cash equivalents at end of period	$ 1,663	$ 1,660	$ 2,223	$ 2,070	$ 1,085
Supplemental cash flow disclosures					
Interest paid	$ 3,252	$ 3,065	$ 6,774	$ 6,004	$ 6,136
Supplemental schedule of non cash investing and financing activities: (unaudited)					
Assumption of mortgage in connection with property acquisition	--	--	$ 10,200	--	--

On June 30, 1997 the remaining interest of Praedium Bar Associates, LLC ("Praedium Bar") was purchased by an affiliate of Stephen L. Green. In connection with the purchase as of June 30, 1997, the assets and liabilities of Praedium Bar have been excluded from the financial statements of the uncombined joint ventures of SL Green Predecessor and have been presented in the combined financial statements of SL Green Predecessor. The assets, liabilities and owners' equity of Praedium Bar as of June 30, 1997 are as follows:

Commercial real estate property, net	$ 14,383
Total assets	16,174
Mortgage notes payable	10,200
Total liabilities	10,831
Owners' equity	5,343

See accompanying notes.

UNCOMBINED JOINT VENTURES OF
SL GREEN PREDECESSOR

NOTES TO COMBINED STATEMENTS

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

The uncombined joint ventures of SL Green Predecessor are engaged in the business of owning, managing and leasing, and repositioning Class B office properties in Manhattan, New York.

PROPOSED TRANSACTIONS

Concurrently with the consummation of an initial public offering of SL Green Realty Corp. (the "REIT") Common Stock (the "Offering"), which is expected to be completed in 1997 the REIT and a newly formed limited partnership, SL Green Operating Partnership, L.P. (the "Operating Partnership"), together with the partners and members of the affiliated partnerships of the SL Green Predecessor and other parties which hold ownership interests in the properties (collectively, the "Participants"), will engage in certain formation transactions (the "Formation Transactions"). The Formation Transactions are designed to (i) enable the REIT to raise the necessary capital to acquire the remaining interests in the properties and repay certain mortgage debt relating thereto and pay other indebtedness, (ii) enable the REIT to acquire properties, (iii) fund costs, capital expenditures, and working capital, (iv) provide a vehicle for future acquisitions, (v) enable the REIT to comply with certain requirements under the Federal income tax laws and regulations relating to real estate investment trusts, and (vi) preserve certain tax advantages for certain Participants.

The operations of the REIT will be carried on primarily through the Operating Partnership in order to assist the REIT and the Participants in forming the REIT under the Internal Revenue Code of 1986. The REIT will be the sole general partner in the Operating Partnership. The Operating Partnership will receive a contribution of interests in the real estate properties as well as 95% of the economic interest in the management, leasing and construction companies (the "Service Corporations") which service third party properties, in exchange for units of limited partnership interests in the Operating Partnership and/or cash. The REIT will be fully integrated self-administered and self-managed.

PRINCIPLES OF COMBINATION

The uncombined joint ventures of the SL Green Predecessor is not a legal entity but rather a combination of real estate properties (collectively, the "Properties") and interests in entities that are organized as partnerships and a limited liability company. The operations of the properties are included in the financial statements of the SL Green Predecessor from the date of acquisition and management. All significant intercompany transactions and balances have been eliminated in combination.

Capital contributions, distributions and profits and losses are allocated to the owners in accordance with the terms of the applicable agreements.

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The joint ventures included in the accompanying combined financial statements include partnerships and a limited liability company which are managed but not controlled by the SL Green Predecessor, are as follows:

PARTNERSHIPS/LIMITED LIABILITY COMPANY	PROPERTY	SL GREEN PREDECESSOR PERCENTAGE OWNERSHIP	OWNERSHIP TYPE
673 First Realty Company.....	673 First Avenue	67.0%	Co-general partner
29/35 Realty Associates, LP.....	29 West 35th Street	21.5%	Co-general partner
470 Park South Associates, LP.....	470 Park Avenue South	65.0%	Co-general partner
Praedium Bar Associates, LLC..... ("Praedium Bar")	36 West 44th Street	10.0%(A)	Has veto rights relating to sale and financing

(A) Praedium Bar acquired the first mortgage related to the property in October, 1996 which provides for substantially all the economic interest in the property and has the sole right to purchase the fee interest, (the property deed is in escrow), for a nominal cost; accordingly SL Green Predecessor has accounted for Praedium Bar investment as an ownership in the property. On June 30, 1997, the majority owner of SL Green Predecessor purchased the remaining 90% interest in Praedium Bar Associates, LLC for $6.3 million (unaudited).

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

REAL ESTATE

Financial Accounting Standards Board Statement of Financial Accounting Standards ("SFAS") No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The SL Green Predecessor adopted SFAS No. 121 in the first quarter of 1996. Through June 30, 1997 (unaudited), December 31, 1996 no indicators of impairment were present and no impairment losses have been recorded in any of the periods presented.

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPRECIATION OF REAL ESTATE PROPERTIES

Depreciation and amortization is computed on the straight-line method as follows:

CATEGORY	TERM
Building	40 years
Property under capital lease	49 years
Building improvements	remaining life of the building
Tenant improvements	remaining life of the lease

Depreciation expense including the amortization of the capital lease amounted to $2,917, $2,999 and $2,869 in 1996, 1995 and 1994 respectively. For the unaudited six months ended June 30, 1997 depreciation expense amounted to $1,594.

CASH AND CASH EQUIVALENTS

The SL Green Predecessor considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

RESTRICTED CASH

Restricted cash consists of security deposits.

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 combined balance sheets. Contractually due but unpaid rents are included in other assets on the accompanying combined balance sheets. Certain lease agreements provide for reimbursement of real estate taxes, insurance and certain common area maintenance costs and rental increases tied to increases in certain economic indexes.

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 initial lease term or renewal period as appropriate.

DEFERRED FINANCING COSTS

Deferred financing costs are amortized over the terms of the respective agreements. Unamortized deferred financing costs are expensed when the associated debt is retired before maturity.

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITALIZED INTEREST

Interest for borrowings used to fund development and construction is capitalized to individual property costs.

RENT EXPENSE--LAND

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 underlining lease is included in the deferred lease payable in the accompanying combined balance sheets.

INCOME TAXES

The entities in the SL Green Predecessor are not taxpaying entities for Federal income tax purposes, and, accordingly, no provision or credit has been made in the accompanying financial statements for Federal income taxes. Owners' allocable shares of taxable income or loss are reportable on their income tax returns.

CONCENTRATION OF REVENUE AND CREDIT RISK

Approximately 60% of the SL Green Predecessor's revenue for the three years ended December 31, 1996 were derived from 673 First Avenue. The loss or a material decrease in revenues from this building for any reason may have a material adverse effect on the SL Green Predecessor. In addition approximately 30% of the SL Green Predecessor's revenue for the three years ended December 31, 1996 were derived from three tenants, (Society of NY Hospital, Kallir, Phillips, Ross, Inc. and UNICEF), which lease space in the 673 First Avenue building.

Management of the SL Green Predecessor performs on going credit evaluations of its tenants and requires certain tenants to provide security deposits.

INTERIM UNAUDITED FINANCIAL INFORMATION

The accompanying interim unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in the financial statements prepared in accordance with generally accepted accounting principles may have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The unaudited financial statements as of June 30, 1997 and for the six months ended June 30, 1997 and 1996 include, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth herein.

2. MORTGAGE NOTES PAYABLE

The mortgage notes payable collateralized by the respective properties and assignment of leases at December 31, 1996 and 1995 and June 30, 1997 are as follows:

PROPERTY	MORTGAGE NOTES WITH FIXED INTEREST	MORTGAGE PAYABLE JUNE 30, 1997	ACCRUED INTEREST JUNE 30, 1997	MORTGAGE PAYABLE 1996	ACCRUED INTEREST 1996	MORTGAGE PAYABLE 1995	ACCRUED INTEREST 1995
		(UNAUDITED)					
29 W 35th Street	First mortgage note with interest payable at 8.464%, due February 1, 2001	$ 3,008	$ 21	$ 3,040	$ 21	$ 3,096	$ 28
673 First Avenue	First mortgage note with interest payable at 9.0%, due December 13, 2003	18,740	--	19,439	--	20,736	--
470 Park Avenue South	First mortgage note with interest payable at 8.25%, due April 1, 2004	10,985	77	11,132	77	11,407	78
470 Park Avenue South	Second mortgage note with interest payable at 10.0%, due October 31, 1999	1,042	8	1,067	9	1,113	--
(A) 470 Park Avenue South	Third mortgage note with interest payable at 10.98%, due September 30, 2001	13,000	10,618	13,000	10,204	13,000	10,376
	Total Fixed Rate Notes	46,775	10,724	47,678	10,311	49,352	10,482
	MORTGAGE NOTES WITH VARIABLE INTEREST						
36 W 44th Street	First mortgage note with interest based on LIBOR + 3.4%, due September 30, 1998	--	--	10,200	--	--	--
673 First Avenue	Second mortgage note with interest based on adjusted LIBOR rate, as defined by the mortgage agreement, or Prime + 1.0%, due January 1, 2014	15,180	5,107	15,180	4,574	15,180	--
	Total Variable Rate Notes	15,180	5,107	25,380	4,574	15,180	--
	UNSECURED NOTE						
673 First Avenue	Unsecured note with interest based on Prime plus1.0%, due January 1, 2014	1,769	498	1,769	533	1,769	3,967
	Total Unsecured Note	1,769	498	1,769	533	1,769	3,967
	Total Mortgage and Note Payable	$63,724	$16,329	$74,827	$15,418	$66,301	$14,449

2. MORTGAGE NOTES PAYABLE (CONTINUED)
An analysis of the mortgages is as follows:

MORTGAGE TYPE	MORTGAGE PAYABLE JUNE 30 1997	ACCRUED INTEREST JUNE 30 1997	MORTGAGE PAYABLE 1996	ACCRUED INTEREST 1996	MORTGAGE PAYABLE 1995	ACCRUED INTEREST 1995
	(UNAUDITED)					
First mortgages	$32,733	$ 98	$43,811	$ 98	$35,239	$ 106
Second mortgages	16,222	5,115	16,247	4,583	16,293	--
Third mortgage	13,000	10,618	13,000	10,204	13,000	10,376
Unsecured note	1,769	498	1,769	533	1,769	3,967
	$63,724	$16,329	$74,827	$15,418	$66,301	$14,449

- ------------------------

(A) 470 PARK AVENUE SOUTH

The third mortgage requires the monthly payment of minimum interest at 6%. The difference between the minimum interest and the base interest of 10.98% may be deferred until the maturity of the mortgage. The mortgage requires additional interest of 50% of adjusted gross revenue, as defined in the mortgage agreement, of the property for the applicable loan year. If the total loan balance exceeds 90% of the appraised value in lieu of payments of additional interest all of the adjusted gross revenue shall be paid and applied as a reduction of the principal indebtedness until such time as the loan balance is reduced to 90% of the appraised value. Upon payment of the outstanding principal balance at maturity or on another date shared appreciation interest, as defined in the mortgage agreement will be due. The holder of the mortgage is entitled to an annual rate of return on the mortgage of 13%. If the annual rate of return is less than 13%, the share appreciation interest will be increased to the percentage necessary to provide the mortgage holder with such return. Additional interest of $19 and $55 were due in 1996 and 1994 respectively. These amounts were unpaid as of December 31, 1996.

2. MORTGAGE NOTES PAYABLE (CONTINUED)

PRINCIPAL MATURITIES

Combined aggregate principal maturities of mortgages and notes payable as of December 31, 1996 are as follows:

1997	$ 1,841
1998	12,208
1999	2,183
2000	3,216
2001	4,448
Thereafter	50,931
	$ 74,827

3. DEFERRED COSTS

Deferred costs consist of the following:

	JUNE 30, 1997	1996	1995
	(UNAUDITED)		
Deferred financing	$ 3,135	$ 3,372	$ 3,108
Deferred lease	7,465	7,415	7,001
	10,600	10,787	10,109
Less accumulated amortization	(6,263)	(5,975)	(5,338)
	$ 4,337	$ 4,812	$ 4,771

4. 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 the SL Green Predecessor could realize on disposition of 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 and variable rate mortgages are carried at amounts which reasonably approximate their fair values.

Estimated fair value is based on anticipated settlement in connection with the REIT formation, interest rates and other related factors currently available to the SL Green Predecessor for issuance of debt with similar terms and remaining maturities. The fair value by mortgage type as of December 31, 1996 is as follows:

MORTGAGE TYPE	CARRYING AMOUNT	FAIR VALUE
First Mortgages	$ 43,811	$ 44,369
Second Mortgages	16,247	6,067
Third Mortgages	13,000	12,000
Unsecured Note	1,769	0

4. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 1996. Although management is 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.

5. LEASE AGREEMENTS

OPERATING LEASE

The SL Green Predecessor is the lessor and sub-lessor of commercial buildings under operating leases with expiration dates ranging from 1997 to 2031. 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 the SL Green Predecessor 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 leases in effect at December 31, 1996 are as follows:

1997	$ 18,466
1998	18,463
1999	18,713
2000	18,468
2001	18,188
Thereafter	54,085
	$ 146,383

CAPITAL LEASE

In April 1988, the SL Green Predecessor entered into a lease agreement for property at 673 First Avenue in New York City, 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 year 11 and 25, the lessor is entitled to additional rent as defined by the lease agreement.

Future minimum rental payments under two land operating leases as of December 31, 1996 were as follows:

1997	$ 2,753
1998	2,753
1999	2,753
2000	2,870
2001	3,103
Thereafter	156,820
	$ 171,052

5. LEASE AGREEMENTS (CONTINUED)

Rent expense amounted to approximately $3.7 million for each year ended December 31, 1996, 1995 and 1994, respectively. For the unaudited six months ended June 30, 1997 rent expense amounted to approximately $1,913.

CAPITAL LEASE--BUILDING

Leased property consists of the following:

	JUNE 30, 1997	1996	1995
	(UNAUDITED)		
Building	$ 12,208	$ 12,208	$ 12,208
Less accumulation amortization	2,222	2,035	1,785
Leased property, net	$ 9,986	$ 10,173	$ 10,423

Future minimum payments under the capitalized building lease, including the present value of net minimum lease payments as of December 31, 1996 are as follows:

1997	$ 1,140
1998	1,140
1999	1,140
2000	1,177
2001	1,290
Thereafter	64,176
Total minimum lease payments	70,063
Amount representing interest	(55,798)
Present value of net minimum capital lease payments	$ 14,265

6. RELATED PARTY TRANSACTIONS

There are several business relationships with related parties which involve management, leasing, and construction fee revenues and maintenance expenses in the ordinary course of business. Transactions include the following:

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1997	1996	1996	1995	1994
	(UNAUDITED)				
Management expenses	$ 348	$ 293	$ 622	$ 563	$ 624
Leasing commission's	293	167	218	48	80
Construction fees	1,186	180	185	376	809
Maintenance expenses	151	122	227	132	164

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Amounts due to related parties consist of:

	JUNE 30, 1997	DECEMBER 31, 1996	DECEMBER 31, 1995
	(UNAUDITED)		
SL Green Management, Corp.	$ 503	$ 512	$ 503
Other partners	125	176	276
	$ 628	$ 688	$ 779

7. BENEFIT PLAN

The building employees of the individual partnerships are covered by multi-employer defined benefit pension plans and post-retirement health and welfare plans. Contributions to these plans amounted to $42, $30 and $32 in 1996, 1995 and 1994, respectively; and $27 for the six months ended June 30, 1997. 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.

8. CONTINGENCIES

SL Green Predecessor is party to a variety of legal proceedings relating to the ownership of the properties and SL Green Predecessor activities with regard to its construction, management and leasing businesses respectively, arising in the ordinary course of business. SL Green Predecessor management believes that substantially all of these liabilities are covered by insurance. All of these matters, taken together, are not expected to have a material adverse impact on the uncombined joint venture of SL Green Predecessor's, financial position, results of operations or cash flows.

9. ENVIRONMENTAL MATTERS

The management of SL Green Predecessor 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 management believes would have a material adverse impact on SL Green Predecessor's 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.

THE UNCOMBINED JOINT VENTURES OF

SL GREEN PREDECESSOR

SCHEDULE III--REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)

DECEMBER 31, 1996

(DOLLARS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	
		INITIAL COST		COST CAPITALIZED SUBSEQUENT TO ACQUISITION	
DESCRIPTION	ENCUMBRANCE	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS
673 First Avenue, New York, NY	$39,193) (2 mortgages	$ 0	$12,208	$0	$28,509
29 West 35th Street New York, New York	3,061) (1 mortgage	216	1,945	0	2,539
470 Park Avenue South New York, New York	35,489) (3 mortgages	3,450	22,184	0	9,015
36 West 44th Street New York, New York	10,200) (1 mortgage	2,700	11,115	0	0
	(1) $87,943	$6,366	$47,452	$0	$40,063

COLUMN A	COLUMN E		
	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
DESCRIPTION	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL
673 First Avenue, New York, NY	$ 0	$40,717	$40,717
29 West 35th Street New York, New York	216	4,484	4,700
470 Park Avenue South New York, New York	3,450	31,199	34,649
36 West 44th Street New York, New York	2,700	11,115	13,815
	$6,366	$87,515	$93,881

COLUMN A	COLUMN F	COLUMN G
DESCRIPTION	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION
673 First Avenue, New York, NY	$ 9,723	
29 West 35th Street New York, New York	1,765	
470 Park Avenue South New York, New York	9,369	
36 West 44th Street New York, New York	66	
	$20,923	

COLUMN A	COLUMN H	COLUMN I
DESCRIPTION	DATE ACQUIRED	LIFE ON WHICH DEPRECIATION IS COMPUTED
673 First Avenue, New York, NY	4/28/88	Various
29 West 35th Street New York, New York	6/21/83	Various

470 Park Avenue South New York, New York	9/15/86	Various
36 West 44th Street New York, New York	10/01/96	Various

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(1) Encumbrance includes accrued interest of $14,885 and excludes principal and interest of an unsecured note of $2,302.

SCHEDULE III--REAL ESTATE AND ACCUMULATED DEPRECIATION (CONTINUED)

(DOLLARS IN THOUSANDS)

The changes in real estate for the three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance at beginning of period	$ 79,098	$ 78,408	$ 76,445
Improvements	14,783	690	1,963
Balance at end of period	$ 93,881	$ 79,098	$ 78,408

The aggregate cost of land, buildings and improvements for Federal income tax purposes at December 31, 1996 was $81,673.

The changes in accumulated depreciation, exclusive of amounts relating to equipment, autos, and furniture and fixtures, for the three years ended December 31, 1996 are as follows:

	1996	1995	1994
Balance at beginning of period	$ 18,006	$ 15,007	$ 12,138
Depreciation for period	2,917	2,999	2,869
Balance at end of period	$ 20,923	$ 18,006	$ 15,007

REPORT OF INDEPENDENT AUDITORS

To the Partners, Members, and Shareholders of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property at 1414 Avenue of the Americas as described in Note 1, for the year ended December 31, 1995. The financial statement is the responsibility of management of 1414 Avenue of the Americas. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form S-11 of SL Green Realty Corp. and is not intended to be a complete presentation of 1414 Avenue of the Americas' revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of 1414 Avenue of the Americas, as described in Note 1 for the year ended December 31, 1995 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

New York, New York
May 2, 1997

1414 AVENUE OF THE AMERICAS

STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

NOTE 1

	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED JUNE 30, 1996
		(UNAUDITED)
Revenues		
Rental revenue	$ 3,325	$ 1,663
Escalations and reimbursement revenue	212	72
Other income	--	299
Total revenues	3,537	2,034
Certain Expenses		
Property taxes	685	339
Cleaning and security	351	159
Utilities	300	101
Payroll and expenses	205	105
Management fees	161	63
Repairs and maintenance	84	86
Other operating expenses	52	29
Total certain expenses	1,838	882
Revenues in excess of certain expenses	$ 1,699	$ 1,152

See accompanying notes.

1414 AVENUE OF THE AMERICAS

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1995

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of 1414 Avenue of the Americas, (the "Property"), located in the borough of Manhattan in New York City.

The accompanying financial statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the financial statements exclude certain expenses that may not be comparable to those expected to be incurred by the SL Green Realty Corp. in the proposed future operations of the aforementioned property. Items excluded consist of interest, ground rent, amortization and depreciation.

On June 23, 1996, the SL Green Predecessor purchased the Property and the underlining land lease.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

The Property is leased to tenants under operating leases. Minimum rental income is generally recognized on a straight-line basis over the term of the lease. The excess of amounts so recognized over amounts due pursuant to the underlying leases amounted to approximately $208 and $58 (unaudited) for the year ended December 31, 1995 and the six months ended June 30, 1996, respectively.

4. CONCENTRATION OF REVENUE

Approximately 22% and 23% of 1414 Avenue of the Americas' revenue for the year ended December 31, 1995 and the six months ended June 30, 1996, respectively were derived from two tenants.

5. MANAGEMENT AGREEMENTS

During 1995 and the period ended June 23, 1996 the Property was managed by SL Green Management Corp. as agent. During the period from January 1, 1995 to April 30, 1995 the management fee was based on four percent (4%) of gross collections of which 25% percent of the management fee has been accrued and is payable when the net cash flow of the Property exceeds one million dollars. From May 1, 1995 to June 23, 1996 the management fee was based on three percent (3%) of gross collections from the Property.

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with term expiration dates ranging from 1996 to 2010. The minimum rental amounts due under the leases are generally subject to scheduled fixed increases. The leases generally also require that the tenants reimburse the Property for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum

6. LEASE AGREEMENTS (CONTINUED)
rents to be received over the next five years and thereafter for non-cancelable operating leases as of December 31, 1995 (exclusive of renewal option periods) are as follows:

1996	$ 3,165
1997	3,189
1998	2,923
1999	2,167
2000	1,932
Thereafter	6,972
	$ 20,348

Prior to the acquisition, the Property was the lessee of a triple net ground lease with term expiration date of 2036. The minimum rental amounts due under the ground lease is subject to scheduled fixed increases. The ground lease requires that the tenant is responsible for the payment for all expenses. In connection with the acquisition of the property and underlining land on June 23, 1996, by SL Green Predecessor the ground lease was terminated.

7. INTERIM UNAUDITED FINANCIAL INFORMATION

The financial statement for the six months ended June 30, 1996 is unaudited, however, in the opinion of management all adjustments, (consisting solely of normal recurring adjustments), necessary for a fair presentation of the financial statement for the interim period have been included. The results of the interim period is not necessarily indicative of the results to be obtained for a full fiscal year.

REPORT OF INDEPENDENT AUDITORS

To the Partners, Members, and Shareholders of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property at 36 West 44th Street ("Bar Building") as described in Note 1, for the year ended December 31, 1996. The financial statement is the responsibility of management of the Bar Building. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form S-11 of SL Green Realty Corp. and is not intended to be a complete presentation of the Bar Building's revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Bar Building, as described in Note 1 for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

New York, New York
May 7, 1997

36 WEST 44TH STREET

STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

NOTE 1

	YEAR ENDED DECEMBER 31, 1996	SIX MONTHS ENDED JUNE 30, 1997
		(UNAUDITED)
Revenues		
Rental revenue	$ 3,599	$ 1,547
Escalation and reimbursement revenue	980	471
Other income	53	30
Total revenues	4,632	2,048
Certain Expenses		
Property taxes	872	413
Cleaning and security	838	250
Utilities	358	165
Professional fees	133	42
Payroll and expenses	74	131
Management fees	61	61
Repairs and maintenance	40	46
Ground rent	93	46
Other operating expenses	100	69
Total certain expenses	2,569	1,223
Revenues in excess of certain expenses	$ 2,063	$ 825

See accompanying notes.

36 WEST 44TH STREET

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of the Bar Building, (the "Property"), located in the borough of Manhattan in New York City.

The accompanying financial statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the financial statements exclude certain expenses that may not be comparable to those expected to be incurred by the SL Green Realty Corp. in the proposed future operations of the aforementioned Property. Items excluded consist of interest, amortization and depreciation.

On September 30, 1996 Praedium Bar Associates, LLC ("Praedium") acquired the mortgage secured by the property and SL Green Predecessor acquired its interest in Praedium.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

The Property is leased to tenants under operating leases. Minimum rental income is generally recognized on a straight-line basis over the term of the lease. The excess of amounts due over amounts so recognized pursuant to the underlying leases amounted to approximately $60 and $29 (unaudited) for the year ended December 31, 1996 and the six months ended June 30, 1997, respectively.

4. CONCENTRATION OF REVENUE

Approximately 11% and 13% of the Bar Building's revenue for the year ended December 31, 1996 and the six months ended June 30, 1997, respectively, was derived from one tenant.

5. MANAGEMENT AGREEMENTS

There was no management fee incurred for the period January 1, through June 28, 1996. The compensation for management services incurred from June 28, through September 30, 1996 included an initial one time start-up fee of $7,500 and thereafter, a monthly fixed fee of $7,500. For the period of October 1, through December 31, 1996 the management fee was based on three percent (3%) of gross receipts from the Property.

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with term expiration dates ranging from 1997 to 2006. The minimum rental amounts due under the leases are generally subject to scheduled fixed increases. The leases generally also require that the tenants reimburse the Property for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum

6. LEASE AGREEMENTS (CONTINUED)
rents to be received over the next five years and thereafter for non-cancelable operating leases as of December 31, 1996 (exclusive of renewal option periods) are as follows:

1997	$ 2,886
1998	2,335
1999	2,110
2000	1,434
2001	859
Thereafter	1,163
	$ 10,787

The Property is the lessee of a triple net ground lease with term expiration date of 2080. The minimum rental amounts due under the ground lease is subject to scheduled increases, based on 33% of the percentage increase in the Consumer Price Index. The ground lease requires that the tenant is responsible for the payment for all expenses. Approximate future minimum rents to be paid over the next five years and thereafter for the ground lease as of December 31, 1996 are as follows:

1997	$ 93
1998	93
1999	93
2000	93
2001	93
Thereafter	7,347
	$ 7,812

7. RELATED PARTY TRANSACTIONS

There are several business relationships with related parties which involve management, leasing and maintenance expenses. Transactions include the following:

	YEAR ENDED DECEMBER 31, 1996	SIX MONTHS ENDED JUNE 30, 1997
		(UNAUDITED)
Leasing commission's	$ 40	$ 98
Management fees	31	61
Cleaning and security	6	42

8. INTERIM UNAUDITED FINANCIAL INFORMATION

The financial statement for the six months ended June 30, 1997 is unaudited, however, in the opinion of management all adjustments, (consisting solely of normal recurring adjustments), necessary for a fair presentation of the financial statement for the interim period have been included. The results of the interim period is not necessarily indicative of the results to be obtained for a full fiscal year.

REPORT OF INDEPENDENT AUDITORS

To the Partners, Members, and Shareholders of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property at 1372 Broadway, as described in Note 1, for the year ended December 31, 1996. The financial statement is the responsibility of management of 1372 Broadway. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form S-11 of SL Green Realty Corp. and is not intended to be a complete presentation of 1372 Broadways' revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of 1372 Broadway, as described in Note 1 for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

New York, New York
May 2, 1997

1372 BROADWAY

STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

NOTE 1

	YEAR ENDED DECEMBER 31, 1996	SIX MONTHS ENDED JUNE 30, 1997 (UNAUDITED)
Revenues		
Rental revenue (net)	$ 8,580	$ 4,054
Escalations and reimbursement revenue	1,842	562
Other income	690	1,483
Total revenues	11,112	6,099
Certain Expenses		
Property taxes	2,343	1,098
Utilities	1,287	491
Management fees	459	142
Marketing, general, and administrative	335	144
Repairs and maintenance	950	462
Insurance	77	32
Security	149	66
Total certain expenses	5,600	2,435
Revenues in excess of certain expenses	$ 5,512	$ 3,664

See accompanying notes.

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of 1372 Broadway (the "Property"), located in the New York City garment district, which is principally leased by garment, banking, and retail tenants.

The accompanying financial statements have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the financial statements exclude certain expenses that may not be comparable to those expected to be incurred by the SL Green Realty Corp. in the proposed future operations of the aforementioned property. Items excluded consist of interest, amortization and depreciation.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

The Property is being leased to tenants under operating leases. Minimum rental income is generally recognized on a straight-line basis over the term of the lease. The excess of amounts so recognized over amounts due pursuant to the underlying leases amounted to approximately $22 and $(117) (unaudited) for the year ended December 31, 1996 and the six months ended June 30, 1997 respectively.

4. MANAGEMENT AGREEMENTS

The Property, as of July 1, 1997, is managed by Axiom Real Estate Management ("Axiom"), Inc. for a fixed annual amount of $37 plus an allocation of overhead costs which were approximately $354 in 1996. Prior to May 1, 1997, the Property was managed by Winthrop Management for a fee of 5% of gross rental receipts.

5. INSURANCE COSTS

Insurance costs represent 1372 Broadway's portion of an umbrella policy held by Winthrop Management.

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with expiration dates ranging from 1997 to 2010. Most leases contain renewal options at the election of the lessee. The lease agreements generally contain provisions for reimbursements of real estate taxes and operating expenses over base year amounts. Future minimum lease receipts under non-cancelable operating leases as of December 31, 1996 (exclusive of renewal option periods) were as follows:

1997	$ 8,253
1998	8,389
1999	8,421
2000	7,505
2001	7,084
Thereafter	36,787
	$ 76,439

7. CONCENTRATION OF REVENUE

Approximately 42% and 40% of 1372 Broadway's revenue for the year ended December 31, 1996 and for the six months ended June 30, 1997 were derived from three tenants.

8. CONTINGENCY

As of March 12, 1996, 1372 Broadway has been in legal proceedings related to grievances filed by the Service Employees International Union for allegedly violating the terms of their agreement for cleaning services. At this time management can not estimate the loss, if any, associated with this litigation.

9. INTERIM UNAUDITED FINANCIAL INFORMATION

The financial statement for the six months ended June 30, 1997 is unaudited, however, in the opinion of management all adjustments, (consisting solely of normal recurring adjustments), necessary for a fair presentation of the financial statement for the interim period have been included. The results of the interim period is not necessarily indicative of the results to be obtained for a full fiscal year.

10. SUBSEQUENT EVENT

On January 31, 1997, a tenant entered into an agreement whereby certain space leased by the tenant was terminated for a fee of $1,350.

REPORT OF INDEPENDENT AUDITORS

To the Partners, Members, and Shareholders of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property at 1140 Avenue of the Americas, as described in Note 1, for the year ended December 31, 1996. The financial statement is the responsibility of management of 1140 Avenue of the Americas. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form S-11 of S.L. Green Realty Corp. and is not intended to be a complete presentation of 1140 Avenue of the Americas' revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of 1140 Avenue of the Americas, as described in Note 1 for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

New York, New York

May 23, 1997

1140 AVENUE OF THE AMERICAS

STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

NOTE 1

	YEAR ENDED DECEMBER 31, 1996	SIX MONTHS ENDED JUNE 30, 1997
		(UNAUDITED)
Revenues		
Rental revenue	$ 4,265	$ 2,178
Escalations and reimbursement revenue	716	346
Other income	204	48
Total revenues	5,185	2,572
Certain Expenses		
Property taxes	1,007	519
Utilities	720	259
Cleaning and security	551	281
Payroll and expenses	241	137
Management fees	205	102
Repairs and maintenance	180	69
Professional fees	107	61
Interest--capital lease	56	28
Lease expense	14	7
Insurance	53	21
Other operating expenses	50	27
Total certain expenses	3,184	1,511
Revenues in excess of certain expenses	$ 2,001	$ 1,061

See accompanying notes.

1140 AVENUE OF THE AMERICAS

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of 1140 Avenue of the Americas, (the "Property"), located in the borough of Manhattan in New York City.

The accompanying financial statement has been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the financial statements exclude certain expenses that may not be comparable to those expected to be incurred by the SL Green Realty Corp. in the proposed future operations of the aforementioned property. Items excluded consist of non-capital lease interest, amortization and depreciation.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

The Property is leased to tenants under operating leases. Minimum rental income is generally recognized on a straight-line basis over the term of the lease. The excess of amounts due pursuant to the underlying leases over amounts so recognized amounted to approximately $59 and $54 (unaudited) for the year ended December 31, 1996 and the six months ended June 30, 1997, respectively.

4. CONCENTRATION OF REVENUE

Approximately 10% of 1140 Avenue of the Americas' revenue for the year ended December 31, 1996 and the six months ended June 30, 1997, respectively was derived from one tenant.

5. MANAGEMENT AGREEMENTS

During 1996 and the period ended June 30, 1997 the Property was managed by Murray Hill Property Management, Inc. During the period from January 1, 1996 to June 30, 1997 the management and asset management fees were based on three percent (3%) and one percent (1%) of gross collections from the Property, respectively.

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with term expiration dates ranging from 1997 to 2007. The minimum rental amounts due under the leases are generally subject to scheduled fixed increases. The leases generally also require that the tenants reimburse the Property for increases in certain operating costs and real estate taxes above their base year costs. Approximate future minimum

6. LEASE AGREEMENTS (CONTINUED)
rents to be received over the next five years and thereafter for non-cancelable operating leases as of December 31, 1996 (exclusive of renewal option periods) are as follows:

1997	$ 4,439
1998	4,210
1999	3,813
2000	3,327
2001	2,826
Thereafter	7,638
	$ 26,253

The Property operates under a net ground lease with a term expiration date of 2016, with an option to renew for an additional 50 years. The minimum rental amounts due under the ground lease is subject to increases every 21 years based on four and a half percent (4 1/2%) of the fair and reasonable market value of the unencumbered land. The ground lease requires that the tenant is responsible for the payment for all expenses. The current annual rent for the period commencing January 1, 1997 through December 31, 2016 was in arbitration due to a disagreement relating to the market value of the land and has been recently resolved in the amount of approximately $380 (unaudited).

7. INTERIM UNAUDITED FINANCIAL INFORMATION

The financial statement for the six months ended June 30, 1997 is unaudited, however, in the opinion of management all adjustments, (consisting solely of normal recurring adjustments), necessary for a fair presentation of the financial statement for the interim period have been included. The results of the interim period is not necessarily indicative of the results to be obtained for a full fiscal year.

REPORT OF INDEPENDENT AUDITORS

To the Partners, Members, and Shareholders of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property at 50 West 23rd Street, as described in Note 1, for the year ended December 31, 1996. The financial statement is the responsibility of management of 50 West 23rd Street. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form S-11 of SL Green Realty Corp. and is not intended to be a complete presentation of 50 West 23rd Street's revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of 50 West 23rd Street, as described in Note 1 for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

/S/ ERNST & YOUNG LLP

New York, New York
May 29, 1997

50 WEST 23RD STREET

STATEMENTS OF REVENUES AND CERTAIN EXPENSES

(IN THOUSANDS)

(NOTE 1)

	YEAR ENDED DECEMBER 31, 1996	SIX MONTHS ENDED JUNE 30, 1997
		(UNAUDITED)
REVENUES		
Rental revenue	$ 5,357	$ 2,597
Escalations and reimbursement revenue	716	386
Other income	12	1
Total revenues	6,085	2,984
CERTAIN EXPENSES		
Property taxes	1,006	518
Utilities	241	115
Management fees	195	91
Marketing, general, and administrative	129	53
Repairs and maintenance	808	362
Insurance	37	19
Security	101	49
Total certain expenses	2,517	1,207
Revenues in excess of certain expenses	$ 3,568	$ 1,777

See accompanying notes.

50 WEST 23RD STREET

NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES

(DOLLARS IN THOUSANDS)

DECEMBER 31, 1996

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of 50 West 23rd Street (the "Property"), located in the borough of Manhattan in New York City, which is principally leased by government, professional, and retail tenants.

The accompanying financial statements have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the financial statements exclude certain expenses that may not be comparable to those expected to be incurred by the SL Green Realty Corp. in the proposed future operations of the aforementioned property. Items excluded consist of interest, amortization and depreciation.

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

The Property is being leased to tenants under operating leases. Minimum rental income is recognized on a straight-line basis over the term of the lease. The excess of amounts so recognized over amounts due pursuant to the underlying leases amounted to approximately $50 and $127 (unaudited) for the year ended December 31, 1996 and the six months ended June 30, 1997 respectively.

4. MANAGEMENT AGREEMENTS

The Property has been managed by Montrose Realty Corp., a related party to the seller, since May 1, 1989 for a fee of 3% of all rent, escalation rent and additional rent, and any other proceeds received from the Property.

5. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with term expiration dates ranging from 1997 to 2010. Most leases contain renewal options at the election of the lessee. The lease agreements generally contain provisions for reimbursements of real estate taxes and operating expenses over base year amounts. Future minimum lease receipts under non-cancelable operating leases as of December 31, 1996 (exclusive of renewal option periods) were as follows (in thousands):

1997	$ 5,097
1998	5,387
1999	4,735
2000	4,719
2001	3,986
Thereafter	13,845
	$ 37,769

6. CONCENTRATION OF REVENUE

Approximately 53% and 55% of 50 West 23rd Street's revenue for the year ended December 31, 1996 and the six months ended June 30, 1997 was derived from three tenants.

7. RELATED PARTY TRANSACTIONS

Legal fees of $120 were paid to a firm, certain partners of which are affiliated with the general partner of the seller. Of such amount, $76 was included in professional fees for the year ended December 31, 1996.

8. INTERIM UNAUDITED FINANCIAL INFORMATION

The statement of revenues and certain expenses for the six months ended June 30, 1996 is unaudited, however, in the opinion of management all adjustments, (consisting solely of normal recurring adjustments), necessary for a fair presentation of this financial statement for the interim period have been included. The results of interim periods are not necessarily indicative of the results to be obtained for a full fiscal year.


[PHOTOGRAPH OF 70 WEST 36TH STREET WITH CAPTION NOTING THE ADDRESS]


[PHOTOGRAPH OF OFFICE SPACE LOBBY AT 470 PARK AVENUE SOUTH WITH CAPTION NOTING THE ADDRESS]


[PHOTOGRAPH OF 50 WEST 23RD STREET WITH CAPTION NOTING THE ADDRESS AND FOOTNOTE IDENTIFYING THE PROPERTY AS AN ACQUISITION PROPERTY]

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NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE TO WHICH IT RELATES OR AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, TO ANY PERSON IN ANY JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

SUMMARY TABLE OF CONTENTS

UNTIL , 1997 (25 DAYS AFTER THE COMMENCEMENT OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE SECURITIES OFFERED HEREBY, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS DELIVERY REQUIREMENT IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

10,100,000 SHARES

[LOGO]

SL GREEN REALTY CORP.
COMMON STOCK

PROSPECTUS

, 1997

LEHMAN BROTHERS

DONALDSON, LUFKIN & JENRETTE

SECURITIES CORPORATION

LEGG MASON WOOD WALKER
INCORPORATED

PRUDENTIAL SECURITIES INCORPORATED

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 30. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table itemizes the expenses incurred by the Company in connection with the Offering. All amounts are estimated except for the Registration Fee and the NASD Fee.

Registration Fee	$ 70,394
NASD Fee	23,730
New York Stock Exchange Listing Fee	123,100
Printing and Engraving Expenses	350,000
Legal Fees and Expenses	800,000
Accounting Fees and Expenses	650,000
Blue Sky Fees and Expenses	10,000
Financial Advisory Fee	2,045,000
Environmental and Engineering Expenses	35,000
Miscellaneous	42,776
Total	$4,150,000

ITEM 31. SALES TO SPECIAL PARTIES

See Item 32.

ITEM 32. RECENT SALES OF UNREGISTERED SECURITIES

Upon Formation of the Registrant, Stephen L. Green was issued 1,000 shares of Common Stock for total consideration of $1,000 in cash in order to provide the initial capitalization of the Registrant. These shares will be repurchased by the Registrant at cost upon completion of the Offering. In connection with the Formation Transactions, certain officers of the Registrant were issued an aggregate of 553,616 shares of Common Stock for total consideration of $3,831 in cash. The issuance of securities described in this Item 32 were made in reliance upon the exemption from registration provided by Section 4(2) under the Securities Act of 1933.

ITEM 33. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company's officers and directors are and will be indemnified under Maryland and Delaware law, the Charter and Bylaws of the Company and the Partnership Agreement of the Operating Partnership against certain liabilities. The Company's Charter requires the Company to indemnify its directors and officers to the fullest extent permitted from time to time under Maryland law.

The Company's Bylaws require it to indemnify (a) any present or former director or officer who has been successful, on the merits or otherwise, in the defense of a proceeding to which he was made a party by reason of his service in that capacity, against reasonable expenses incurred by him in connection with the proceeding and (b) any present or former director or officer against any claim or liability unless it is established that (i) his act or omission was committed in bad faith or was the result of active or deliberate dishonesty, (ii) he actually received an improper personal benefit in money, property or services or (iii) in the case of a criminal proceeding, he had reasonable cause to believe that his act or omission was unlawful.

In addition, the Company's Bylaws require the Company to pay or reimburse, in advance of final disposition of a proceeding, reasonable expenses incurred by a present or former director or officer made a party to a proceeding by reason of his service as a director or officer provided that the Company shall have

received (i) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by the Bylaws and (ii) a written understanding by or on his behalf to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met. The Bylaws also (i) permit the Company to provide indemnification and advance expenses to a present or former director or officer who served a predecessor of the Company in such capacity, and to any employee or agent of the Company or a predecessor of the Company, (ii) provide that any indemnification or payment or reimbursement of the expenses permitted or reimbursement of expenses under Section 2-418 of the MGCL for directors of Maryland corporations and (iii) permit the Company to provide such other and further indemnification or payment or reimbursement of expenses as may be permitted by Section 2-418 of the MGCL for directors of Maryland corporations.

Under Maryland law, a corporation formed in Maryland is permitted to limit, by provision in its charter, the liability of directors and officers so that no director of officer of the Company shall be liable to the Company or to any stockholder for money damages except to the extent that (i) the director or officer actually received an improper benefit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, or (ii) a judgment or other final adjudication adverse to the director or officer is entered in a proceeding based on a finding in a proceeding that the director's or officer's action was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. The Charter has incorporated the provisions of such law limiting the liability of directors and officers.

The Partnership Agreement also provides for indemnification of the Company and its officers and directors to the same extent indemnification is provided to officers and directors of the Company in its organizational documents, and limits the liability of the Company and its officers and directors to the Operating Partnership and its partners to the same extent liability of officers and directors of the Company to the Company and its stockholders is limited under their organizational documents.

ITEM 34. TREATMENT OF PROCEEDS FROM STOCK BEING REGISTERED

Not Applicable.

ITEM 35. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements, all of which are included in the Prospectus:

SL GREEN REALTY CORP.
Pro Forma Combined Financial Statements (unaudited)
Pro Forma Combined Balance Sheet as of June 30, 1997
Pro Forma Combined Statement of Income for the Six Months Ended June 30, 1997
Pro Forma Combined Statement of Income for the Year Ended December 31, 1996
Notes to Pro Forma Combined Financial Information

Historical
Report of Independent Auditors
Balance Sheet as of June 12, 1997
Notes to Balance Sheet

THE SL GREEN PREDECESSOR
Combined Financial Statements

Report of Independent Auditors
Combined Balance Sheets as of June 30, 1997 (unaudited) and

50 WEST 23RD STREET
Report of Independent Auditors
Statement of Revenues and Certain Expenses for the Six Months Ended June 30, 1997
(unaudited) and the Year Ended December 31, 1996

Notes to Statement of Revenues and Certain Expenses

(b) Exhibits

1.1	Form of Underwriting Agreement among Lehman Brothers Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Legg Mason Wood Walker, Incorporated and Prudential Securities Incorporated, as representatives of the several Underwriters, the Company and the Operating Partnership
3.1	Articles of Incorporation of the Company*
3.2	Bylaws of the Company*
4.1	Specimen Share Certificate
5.1	Opinion of Brown & Wood LLP regarding the validity of the securities being registered**
8.1	Opinion of Brown & Wood LLP regarding tax matters**
10.1	Form of Agreement of Limited Partnership of the Operating Partnership
10.2	Form of Articles of Incorporation and Bylaws of the Management Corporation
10.3	Form of Articles of Incorporation and Bylaws of the Leasing Corporation
10.4	Form of Articles of Incorporation and Bylaws of the Construction Corporation
10.5	Form of Employment and Noncompetition Agreement among the Executive Officers and the Company
10.6	Employment and Noncompetition Agreement between David J. Nettina and the Company
10.7	Form of Registration Rights Agreement between the Company and the persons named therein*
10.8	1997 Stock Option and Incentive Plan
10.9	Supplemental Representations and Warranties Agreement among the Company, the Operating Partnership, and certain SL Green entities
10.10	Omnibus Contribution Agreement*
10.11	Contract of Sale for 29 West 35th Street
10.12	Contract of Sale for 470 Park Avenue South
10.13	Option Agreement relating to 17 Battery Place
10.14	LBHI Loan Agreement
21.1	List of Subsidiaries*
23.1	Consent of Brown & Wood LLP (included as part of Exhibit 5.1)**
23.2	Consent of Ernst & Young LLP
23.3	Consent of Rosen Consulting Group
24.1	Power of Attorney (included on the signature page at page II-6 hereof)
27.1	Financial Data Schedule*
99.1	Consent of Edwin T. Burton, III to be named as a proposed director*
99.2	Consent of John S. Levy to be named as a proposed director*
99.3	Consent of John H. Alschuler, Jr. to be named as a proposed director
99.4	Rosen Market Study

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* Previously filed.

** To be filed by amendment.

ITEM 36. UNDERTAKINGS

The Registrant hereby undertakes:

(1) For purposes of determining any liability under the Securities Act the information omitted from the form of Prospectus filed as part of the Registration Statement in reliance upon Rule 430A and contained in the form of Prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery of each purchaser.

(4) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable ground to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York on this 25th day of July, 1997.

SL GREEN REALTY CORP.

*

BY: _____

Stephen L. Green
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated as of the day of July, 1997.

Each person whose signature appears below hereby constitutes and appoints each of Stephen L. Green, Benjamin P. Feldman and Steven H. Klein as his or her attorney-in-fact and agent, with full power of substitution and resubstitution for him or her in any and all capacities, to sign any or all amendments or post-effective amendments to this Registration Statement, or any Registration Statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with exhibits thereto and other documents in connection therewith or in connection with the registration of the Common Stock under the Securities Act of 1934, as amended, with the Securities and Exchange Commission, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorney-in-fact and agent or his substitutes may do or cause to be done by virtue hereof.

SIGNATURE	TITLE	DATE
* Stephen L. Green	Chief Executive Officer, President and Chairman of the Board of Directors (principal executive officer)	
/s/ DAVID J. NETTINA David J. Nettina	Executive Vice President, Chief Financial Officer and Chief Operating Officer (principal financial officer and principal accounting officer)	July 25, 1997
/s/ BENJAMIN P. FELDMAN Benjamin P. Feldman	Director	July 25, 1997
* Steven H. Klein	Director	

*By: /s/ BENJAMIN P. FELDMAN July 25, 1997
Benjamin P. Feldman
ATTORNEY-IN-FACT

Exhibit 1.1

R&W DRAFT
July 24, 1997

10,100,000 SHARES

SL GREEN REALTY CORP.

Common Shares of Beneficial Interest

UNDERWRITING AGREEMENT

August __, 1997

LEHMAN BROTHERS INC.
PRUDENTIAL SECURITIES INCORPORATED
As Representatives of the several
Underwriters named in Schedule 1,
c/o Lehman Brothers Inc.
Three World Financial Center
New York, New York 10285

Dear Sirs:

SL Green Realty Corp. a Maryland corporation (the "Company"), intending to qualify for federal income tax purposes as a real estate investment trust pursuant to Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the "Code"), SL Green Operating Partnership, L.P., a Delaware limited partnership and the sole general partner of which is the Company (the "Operating Partnership"), SL Green Management LLC, a Delaware limited liability company and a wholly owned subsidiary of the Operating Partnership (the "Management LLC"), S.L. Green Management Corp., a New York corporation and in which the Operating Partnership will own, upon completion of the Formation Transactions (as defined below), 100% of the non-voting common stock (which represents 95% of the economic interest therein) (the "Management Corporation"), S.L. Green Realty, Inc., a New York corporation and in which the Operating Partnership will own, upon completion of the Formation Transactions, 100% of the non-voting common stock (which represents 95% of the economic interest therein) (the "Leasing Corporation") and Emerald City Construction Corp., a New York corporation and in which the Operating Partnership will own, upon completion of the Formation Transactions, 100% of the non-voting common stock (which represents 95% of the economic interest therein) (the "Construction Corporation," and together with the Management Corporation and the Leasing Corporation, the "Service Corporations", and the Service Corporations collectively with the

Company, Operating Partnership and the Management LLC, the "Transaction Entities") each wish to confirm as follows its agreement with the Underwriters named in Schedule 1 hereto (the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 9 of this Agreement) for whom Lehman Brothers Inc. and Prudential Securities Incorporated are acting as representatives (the "Representatives"), with respect to the sale by the Company and the purchase by the Underwriters, acting severally and not jointly (the "Offering"), of an aggregate of 10,100,000 shares (the "Firm Shares") of the Company's common stock, par value $.01 per share (the "Common Shares"). In addition, the Company proposes to grant to the Underwriters an option to purchase up to an additional 1,515,000 Common Shares on the terms and for the purposes set forth in Section 2 (the "Option Shares"). The Firm Shares and the Option Shares, if purchased, are hereinafter collectively called the "Shares."

Capitalized terms used but not otherwise defined herein shall have the meanings given to those terms in the Prospectus (as herein defined).

The Transaction Entities understand that the Underwriters propose to make a public offering of the Shares as soon as the Representatives deem advisable after the Registration Statement becomes effective and this Agreement has been executed and delivered.

At or prior to the First Delivery Date (as hereinafter defined), the Company will have completed the Formation Transactions, described in the Prospectus under the heading "Structure and Formation of the Company -- Formation Transactions." As part of these transactions, (i) the Underwriters will purchase the Shares and offer them in a public offering as contemplated hereunder, (ii) Green Realty LLC one of the Company's predecessor entities entered into a loan with Lehman Brothers Holdings Inc., an affiliate of Lehman Brothers Inc., for the amount of up to $40 million (the "LBHI Loan"), (iii) the Company will contribute a portion of the net proceeds of the Offering to the Operating Partnership in exchange for equity interests in the Operating Partnership ("Units"), which are exchangeable for cash or, at the option of the Company, Common Shares, (iv) certain executive officers and directors of the Company were issued 383,110 shares of restricted Common Shares, (v) the Operating Partnership will receive a contribution of its interests in the Core Portfolio, the option to acquire the Option Property as well as all of the non-voting common stock (representing 95% of the economic interest) in each of the Service Corporations from the Property-owning entities, the partners or members of such entities and the holders of the remaining interest in the Service Corporations (the "S.L. Green Group") in exchange for Units, (vi) the management and leasing business previously conducted by the Management Corporation, with respect to the Properties, will be transferred to the Management LLC, (vii) the Operating Partnership will acquire interests in the Acquisition Properties to be funded with mortgage financing and a portion of the net proceeds from the Offering, (viii) the Operating Partnership will use the net proceeds of the sale of Shares hereunder as described in the Prospectus under the heading "Use of Proceeds," and (ix) the Company will issue to Victor Capital 45,495 shares of restricted Common Shares and the Operating Partnership will pay $900,000 to Victor Capital (the foregoing transactions, as more particularly described in the Prospectus, are referred to herein as the "Formation Transactions").

1. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE TRANSACTION ENTITIES. Each of the Transaction Entities, jointly and severally, represents, warrants and agrees that, as of the date hereof:

(a) A registration statement on Form S-11 (No. 333-29329), and any amendments thereto, with respect to the Shares has (i) been prepared by the Company in conformity with the requirements of the United States Securities Act of 1933, as amended (the "Securities Act") and the rules and regulations (the "Rules and Regulations") of the United States Securities and Exchange Commission (the "Commission") thereunder, (ii) been filed with the Commission under the Securities Act and (iii) become effective under the Securities Act. Copies of such registration statement and any amendments thereto have been delivered by the Company to you as the Representatives of the Underwriters. As used in this Agreement, "Effective Time" means the date and the time as of which such registration statement, or the most recent post-effective amendment thereto, if any, was declared effective by the Commission; "Effective Date" means the date of the Effective Time; "Preliminary Prospectus" means each prospectus included in such registration statement, or amendments thereto, before it became effective under the Securities Act and any prospectus filed with the Commission by the Company with the consent of the Representatives pursuant to Rule 424(a) of the Rules and Regulations; "Registration Statement" means such registration statement, as amended at the Effective Time, including all information contained in the final prospectus filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations and deemed to be a part of the registration statement as of the Effective Time pursuant to paragraph (b) of Rule 430A of the Rules and Regulations; and "Prospectus" means such final prospectus, as first filed with the Commission pursuant to paragraph (1) or (4) of Rule 424(b) of the Rules and Regulations. Any registration statement (including any amendment or supplement thereto or information which is deemed to be a part thereof) filed by the Company to register additional Common Shares under Rule 462(b) of the Rules and Regulations ("Rule 462(b) Registration Statement") shall be deemed a part of the Registration Statement. Any prospectus (including any amendment or supplement thereto or information which is deemed to be a part thereof) included in a Rule 462(b) Registration Statement shall be deemed to be part of the Prospectus. If a Rule 462(b) Registration Statement is filed in connection with the offering and sale of the Shares, the Company will have complied or will comply with the requirements of Rule 111 under the Securities Act relating to the payment of filing fees therefor. The Company has not distributed, and prior to the later of the Closing Date and the completion of the distribution of the Shares, will not distribute, any offering material in connection with the offering or sale of the Shares other than the Registration Statement, the Preliminary Prospectus (as hereinafter defined), the Prospectus or any other materials, if any, permitted by the Act (which were disclosed to the Underwriters and Underwriters' counsel).

(b) Each Preliminary Prospectus included as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto, or filed pursuant to Rule 424 under the Securities Act and the Rules and Regulations, complied when so filed in all material respects with the provisions of the Securities Act. The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus.

(c) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement or the Prospectus will, when they become effective or are filed with the Commission, as the case may be, conform in all material respects to the requirements of the Securities Act and the Rules and Regulations and do not and will not, as of the applicable Effective Date (as to the Registration Statement and any amendment thereto) and as of the applicable filing date and at the First Delivery Date (as to the Prospectus and any amendment or supplement thereto) contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (with respect to the Prospectus, in light of the circumstances under which they were made); PROVIDED that no representation or warranty is made as to information contained in or omitted from the Registration Statement or the Prospectus in reliance upon and in conformity with written information furnished to the Company through the Representatives by or on behalf of any Underwriter specifically for inclusion therein. The Prospectus delivered to the Underwriters for use in connection with the offering of Shares will, at the time of such delivery, be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) No stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceeding for that purpose has been instituted or, to the knowledge of any of the Transaction Entities, threatened by the Commission or by the state securities authority of any jurisdiction. No order preventing or suspending the use of any Preliminary Prospectus or the Prospectus has been issued and no proceeding for that purpose has been instituted or, to the knowledge of any of the Transaction Entities, threatened by the Commission or by the state securities authority of any jurisdiction.

(e) The Company has been duly formed and is validly existing as a corporation in good standing under the laws of the State of Maryland, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which its ownership or lease of property and other assets or the conduct of its business requires such qualification, except where the failure to so qualify will not have a material adverse effect on the business, prospects, operations, management, consolidated financial position, net worth, stockholders'

equity or results of operations of the Transaction Entities considered as one enterprise or on the use or value of the Properties, collectively (a "Material Adverse Effect"), and has all power and authority necessary to own or hold its properties and other assets, to conduct the business in which it is engaged and to enter into and perform its obligations under this Agreement and the other Operative Documents (as herein defined) to which it is a party and in connection with the Formation Transactions. None of the subsidiaries of the Company (other than the Operating Partnership, the Management Corporation, the Management LLC, the Leasing Corporation and Construction Corporation) is a "significant subsidiary," as such term is defined in Rule 405 of the Rules and Regulations. Except as described in the Prospectus, the Company owns no direct or indirect equity interest in any entity other than the Transaction Entities.

(f) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued Common Shares (other than the Shares) have been duly and validly authorized and issued, are fully paid and non-assessable, have been offered and sold in compliance with all applicable laws (including, without limitation, federal or state securities laws), and conform to the description thereof contained in the Prospectus. Except as disclosed in the Prospectus, (i) no Common Shares are reserved for any purpose, (ii) except for the Units, there are no outstanding securities convertible into or exchangeable for any Common Shares, and (iii) there are no outstanding options, rights (preemptive or otherwise) or warrants to purchase or subscribe for Common Shares or any other securities of the Company.

(g) The Operating Partnership has been duly formed and is validly existing as a limited partnership in good standing under the laws of the State of Delaware, is duly qualified to do business and is in good standing as a foreign limited partnership in each jurisdiction in which its ownership or lease of property and other assets or the conduct of its business requires such qualification, except where the failure to so qualify will not have a Material Adverse Effect, and has all power and authority necessary to own or hold its properties and other assets, to conduct the business in which it is engaged and to enter into and perform its obligations under this Agreement and the other Operative Documents to which it is a party and in connection with the Formation Transactions. The Company is the sole general partner of the Operating Partnership. At the First Delivery Date, the Agreement of Limited Partnership of the Operating Partnership, as amended (the "Operating Partnership Agreement") will be in full force and effect, and the aggregate percentage interests of the Company and the limited partners in the Operating Partnership will be as set forth in the Prospectus; PROVIDED that to the extent any portion of the over-allotment option described in Section 2 hereof is exercised at the First Delivery Date, the percentage interest of such partners in the Operating Partnership will be adjusted accordingly. Additionally, to the extent any portion of such over-allotment option is exercised subsequent to the First Delivery

Date, the Company will contribute the proceeds from the sale of the Option Shares to the Operating Partnership in exchange for a number of Units equal to the number of Option Shares issued.

(h) Each of the Service Corporations has been duly formed and is validly existing as a corporation in good standing under the laws of the State of New York, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which its ownership or lease of property and other assets or the conduct of its business requires such qualification, except where the failure to so qualify would not have a Material Adverse Effect, and has all power and authority necessary to own or hold its properties and other assets, to conduct the business in which it is engaged and to enter into and perform its obligations under this Agreement and the other Operative Documents to which it is a party and in connection with the Formation Transactions. All of the issued and outstanding capital stock of each Service Corporation has been duly authorized and validly issued, is fully paid and non-assessable, has been offered and sold in compliance with all applicable laws (including, without limitation, federal or state securities laws) and, all of such capital stock owned by the Operating Partnership (100% of the nonvoting common stock) is owned free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim, restriction or equities. No shares of capital stock of any Service Corporation are reserved for any purpose, and there are no outstanding securities convertible into or exchangeable for any capital stock of any Service Corporation and no outstanding options, rights (preemptive or otherwise) or warrants to purchase or to subscribe for shares of such capital stock or any other securities of any Service Corporation.

(i) The Management LLC has been duly formed and is validly existing as a limited liability company in good standing under the laws of the State of Delaware, is duly qualified to do business and is in good standing as a foreign limited liability company in each jurisdiction in which its ownership or lease of property and other assets or the conduct of its business requires such qualification, except where the failure to so qualify would not have a Material Adverse Effect, and has all power and authority necessary to own or hold its properties and other assets, to conduct the business in which it is engaged and to enter into and perform its obligations under this Agreement and the other Operative Documents to which it is a party. All of the issued and outstanding membership interests of the Management LLC has been duly authorized and validly issued, are fully paid and non-assessable, has been offered and sold in compliance with all applicable laws (including, without limitation, federal or state securities laws) and, 100% of the membership interests are owned by the Operating Partnership free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim, restriction or equities. No membership interests of the Management LLC are reserved for any purpose, and there are no outstanding securities convertible into or exchangeable for any membership interests of the Management LLC and no outstanding options,

rights (preemptive or otherwise) or warrants to purchase or to subscribe for membership interests or any other securities of the Management LLC.

(j) The Shares have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued, fully paid and non-assessable. The issuance and sale by the Company of the Common Shares (other than the Shares) in connection with the Formation Transactions at or prior to the First Delivery Date are exempt from the registration requirements of the Securities Act and applicable state securities, real estate syndication and blue sky laws. The terms of the Common Shares conform in substance to all statements and descriptions related thereto contained in the Prospectus. The form of the certificates to be used to evidence the Common Shares will, at the First Delivery Date, be in due and proper form and will comply with all applicable legal requirements. The issuance of the Shares is not subject to any preemptive or other similar rights.

(k) The [887,895] Units have been duly authorized for issuance by the Operating Partnership to the continuing investors and, assuming that the continuing investors, as limited partners of the Operating Partnership, do not participate in the control of the business of the Operating Partnership, upon issuance of and payment for the Units as contemplated by the Operating Partnership Agreement, the Units will represent valid and, subject to the qualifications set forth herein, will be fully paid and nonassessable limited partner interests in the Operating Partnership as to which the continuing investors, in their capacity as limited partners of the Operating Partnership, will have no liability in excess of their obligations to make contributions to the Operating Partnership, their obligations to make other payments provided for in the Operating Partnership Agreement and their share of the Operating Partnership's assets and undistributed profits (subject to the obligation of a limited partner of the Operating Partnership to repay any funds wrongfully distributed to it). The terms of the Units conform in all material respects to statements and descriptions related thereto contained in the Prospectus.

(l) (A) This Agreement has been duly and validly authorized, executed and delivered by each of the Transaction Entities, and assuming due authorization, execution and delivery by the Representatives, is a valid and binding agreement of each of the Transaction Entities, enforceable against the Transaction Entities in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (B) at the First Delivery Date, the Operating Partnership Agreement and the members agreement of the Management LLC will have been duly and validly authorized, executed and delivered by the parties thereto and will be a valid and binding agreement of the parties thereto,

enforceable against such parties in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (C) (i) the omnibus contribution agreement by and among the Operating Partnership and the SL Green Group members named therein, and (ii) the supplemental representations and warranties agreement by and among the Company, the Operating Partnership and the Indemnitors named therein (collectively the "Contribution Agreements"), have been duly and validly authorized, executed and delivered by each Transaction Entity that is a party thereto, and is a valid and binding agreement, enforceable against such Transaction Entity, in accordance with their terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law and, at the First Delivery Date, none of the Transaction Entities has any reason to believe that the Contribution Agreements have not been duly and validly authorized by all other parties thereto; (D) at the First Delivery Date, any agreement by and between the Service Corporations and/or the Management LLC and the Company (the "Management Agreements") will have been duly and validly authorized, executed and delivered by the parties thereto and will be a valid and binding agreement, enforceable against the parties thereto in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (E) the employment and noncompetition agreements between the Company and each of Stephen L. Green, Nancy A. Peck, Steven H. Klein, Benjamin P. Feldman, Gerard Nocera and Louis A. Olsen (the "Employment Agreements") will have been duly and validly authorized, executed and delivered by the parties thereto and will each be a valid and binding agreement, enforceable against the parties thereto in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (F) the agreements pursuant to which the Company will acquire the Acquisition Properties (the "Acquisition Agreements") will have been duly and validly authorized, executed and delivered by each Transaction Entity that is a party thereto, and are valid and binding agreements, enforceable against such Transaction Entity in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization

or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (G) the agreement pursuant to which the Company has the option to acquire the Option Property (the "Option Agreement") has been duly and validly authorized, executed and delivered by each Transaction Entity that is a party thereto, and is a valid and binding agreement, enforceable against such Transaction Entity in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; and (H) at the First Delivery Date, the lockup agreements by each of the Company, the Operating Partnership and certain executive officers and directors of the Company (the "Lock-up Agreements") will have been duly and validly authorized, executed and delivered by such parties and will be a valid and binding agreement of such parties, enforceable against such parties in accordance with their terms except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law. This Agreement, the Operating Partnership Agreement, the Contribution Agreements, the Employment Agreements, the Option Agreement, the Acquisition Agreements and the Lock-Up Agreements are sometimes hereinafter collectively called the "Operative Documents."

(m) The execution, delivery and performance of each Operative Document by each of the Transaction Entities and the consummation of the transactions contemplated hereby and thereby will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute (with or without the giving of notice or the passage of time, or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, indenture, mortgage, deed of trust, lease, license, contract, loan agreement or other agreement or instrument to which any of the Transaction Entities is a party or by which any of the Transaction Entities is bound or to which any of the Properties or other assets of any of the Transaction Entities is subject, nor will such actions result in any violation of any of the provisions of the charter, by-laws, certificate of limited partnership, agreement of limited partnership or other organizational document of any of the Transaction Entities, or any statute or any order, writ, injunction, decree, rule or regulation of any court or governmental agency or body having jurisdiction over any of the Transaction Entities or any of their properties or assets, except for any such breach or violation that would not have a Material Adverse Effect; and except for the registration of the Shares under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as may be required under

the Exchange Act by the New York Stock Exchange, Inc. ("NYSE"), or the National Association of Securities Dealers, Inc. ("NASD"), and applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriters, issuance of Common Shares to certain executive officers and directors of the Company and the issuance of Units in connection with the Formation Transactions, no consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency or body is required for the execution, delivery and performance of the Operative Documents by the Transaction Entities and the consummation of the transactions contemplated hereby and thereby.

(n) Except as described or referred to in the Registration Statement, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Securities Act.

(o) Except as described in the Registration Statement, no Transaction Entity has sold or issued any securities during the six-month period preceding the date of the Prospectus, including any sales pursuant to Rule 144A under, or Regulations D or S of, the Securities Act.

(p) None of the Transaction Entities nor any of the Properties has sustained, since the date of the latest audited financial statements included in the Prospectus, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, other than as set forth or contemplated in the Prospectus; and, since such date, there has not been any change in the capital stock or long-term debt of any of the Transaction Entities or any material adverse change, or any development involving a prospective material adverse change, in or affecting any of the Properties or the business, prospects, operations, management, financial position, net worth, stockholders' equity or results of operations of any of the Transaction Entities or use or value of the Properties, other than as set forth or contemplated in the Formation Transactions.

(q) The financial statements (including the related notes and supporting schedules) filed as part of the Registration Statement or included in the Prospectus present fairly the financial condition, the results of operations, the statements of cash flows and the statements of stockholders' equity and other information purported to be shown thereby of the Company and its consolidated subsidiaries, at the dates and for the periods indicated, have been prepared in conformity with

generally accepted accounting principles applied on a consistent basis throughout the periods involved and are correct and complete and are in accordance with the books and records of the Company and its consolidated subsidiaries. The summary and selected financial data included in the Prospectus present fairly the information shown therein as at the respective dates and for the respective periods specified, and the summary and selected financial data have been presented on a basis consistent with the financial statements so set forth in the Prospectus and other financial information. Pro forma financial information included in the Prospectus has been prepared in accordance with the applicable requirements of the Securities Act and the Regulations with respect to pro forma financial information and includes all adjustments necessary to present fairly the pro forma financial position of the Company at the respective dates indicated and the results of operations for the respective periods specified. No other financial statements (or schedules) of the Company, or any predecessor of the Company are required by the Securities Act to be included in the Registration Statement or the Prospectus.

(r) Ernst & Young LLP, who have certified certain financial statements of the Company, whose reports appear in the Prospectus and who have delivered the initial letter referred to in Section 7(f) hereof, are, and during the periods covered by such reports were, independent public accountants as required by the Securities Act and the Rules and Regulations.

(s) (A) At the First Delivery Date, the Operating Partnership or a subsidiary thereof will have good and marketable title to each of the interests in the Properties and the other assets being contributed as part of the Formation Transactions, in each case free and clear of all liens, encumbrances, claims, security interests and defects, other than those referred to in the Prospectus or those which would not have a Material Adverse Effect and all material consents or approvals with respect to any such transfer shall have been received; (B) all liens, charges, encumbrances, claims or restrictions on or affecting any of the Properties and the assets of any Transaction Entity which are required to be disclosed in the Prospectus are disclosed therein; (C) except as otherwise described in the Prospectus, neither any Transaction Entity nor any tenant of any of the Properties is in default under (i) any space leases (as lessor or lessee, as the case may be) relating to the Properties, or (ii) any of the mortgages or other security documents or other agreements encumbering or otherwise recorded against the Properties, and no Transaction Entity knows of any event which, but for the passage of time or the giving of notice, or both, would constitute a default under any of such documents or agreements except with respect to (i) and (ii) immediately above any such default that would not have a Material Adverse Effect; (D) no tenant under any of the leases at the Properties has a right of first refusal to purchase the premises demised under such lease which has not been waived with respect to the Formation Transactions; (E) to the best knowledge of the Company, each of the Properties complies with all applicable codes, laws and regulations (including, without

limitation, building and zoning codes, laws and regulations and laws relating to access to the Properties), except for such failures to comply that would not have a Material Adverse Effect; and (F) no Transaction Entity has knowledge of any pending or threatened condemnation proceedings, zoning change or other proceeding or action that will in any material manner affect the size of, use of, improvements on, construction on or access to the Properties.

(t) Immediately following the application of the net proceeds of the sale of the Firm Shares to repay mortgage debt encumbering the Core Portfolio and the LBHI Loan in the manner set forth in the Prospectus, the mortgages which will encumber the Properties will not be convertible into equity securities of the entity owning such Property and said mortgages and deeds of trust will not be cross-defaulted or cross-collateralized with any property other than other Properties.

(u) Except as described or referred to in the Prospectus, at the First Delivery Date, the Operating Partnership or a subsidiary thereof will have obtained title insurance on the fee interests in each of the Properties, in an amount at least equal to the greater of (a) the mortgage indebtedness of each such Property or (b) the purchase price of each such Property.

(v) Except as disclosed in the Prospectus; (A) to the knowledge of the Transaction Entities, after due inquiry, the operations of the Transaction Entities and the Properties are in compliance with all Environmental Laws (as defined below) and all requirements of applicable permits, licenses, approvals and other authorizations issued pursuant to Environmental Laws; (B) to the knowledge of the Transaction Entities, after due inquiry, none of the Transaction Entities or any Property has caused or suffered to occur any Release (as defined below) of any Hazardous Substance (as defined below) into the Environment (as defined below) on, in, under or from any Property, and no condition exists on, in, under or adjacent to any Property that could result in the incurrence of liabilities under, or any violations of, any Environmental Law or give rise to the imposition of any Lien (as defined below), under any Environmental Law; (C) none of the Transaction Entities has received any written notice of a claim under or pursuant to any Environmental Law or under common law pertaining to Hazardous Substances on, in, under or originating from any Property; (D) none of the Transaction Entities has actual knowledge of, or received any written notice from any Governmental Authority (as defined below) claiming any violation of any Environmental Law or a determination to undertake and/or request the investigation, remediation, clean-up or removal of any Hazardous Substance released into the Environment on, in, under or from any Property; and (E) no Property is included or, to the knowledge of the Transaction Entities, after due inquiry, proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as defined below) by the United States Environmental Protection Agency (the "EPA") or on the Comprehensive Environmental Response,

Compensation, and Liability Information System database maintained by the EPA, and none of the Transaction Entities has actual knowledge that any Property has otherwise been identified in a published writing by the EPA as a potential CERCLA removal, remedial or response site or, to the knowledge of the Transaction Entities, is included on any similar list of potentially contaminated sites pursuant to any other Environmental Law.

As used herein, "Hazardous Substance" shall include any hazardous substance, hazardous waste, toxic substance, pollutant or hazardous material, including, without limitation, oil, petroleum or any petroleum-derived substance or waste, asbestos or asbestos-containing materials, PCBs, pesticides, explosives, radioactive materials, dioxins, urea formaldehyde insulation or any constituent of any such substance, pollutant or waste which is subject to regulation under any Environmental Law (including, without limitation, materials listed in the United States Department of Transportation Optional Hazardous Material Table, 49 C.F.R. Section 172.101, or in the EPA's List of Hazardous Substances and Reportable Quantities, 40 C.F.R. Part 302); "Environment" shall mean any surface water, drinking water, ground water, land surface, subsurface strata, river sediment, buildings, structures, and ambient, workplace and indoor and outdoor air; "Environmental Law" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.) ("CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. Section 6901, et seq.), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), the Clean Water Act, as amended (33 U.S.C. Section 1251, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.), the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. Section 651, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), and all other federal, state and local laws, ordinances, regulations, rules and orders relating to the protection of the environments or of human health from environmental effects; "Governmental Authority" shall mean any federal, state or local governmental office, agency or authority having the duty or authority to promulgate, implement or enforce any Environmental Law; "Lien" shall mean, with respect to any Property, any mortgage, deed of trust, pledge, security interest, lien, encumbrance, penalty, fine, charge, assessment, judgment or other liability in, on or affecting such Property; and "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, emanating or disposing of any Hazardous Substance into the Environment, including, without limitation, the abandonment or discard of barrels, containers, tanks (including, without limitation, underground storage tanks) or other receptacles containing or previously containing any Hazardous Substance.

None of the environmental consultants which prepared environmental and asbestos inspection reports with respect to any of the Properties was employed for such purpose on a contingent basis or has any substantial interest in the Company or any

of its Subsidiaries, and none of them nor any of their directors, officers or employees is connected with the Company or any of its subsidiaries as a promoter, selling agent, voting trustee, director, officer or employee.

(w) Except as described or referred to in the Registration Statement, the Transaction Entities are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts and covering such risks as are customary in the businesses in which they are engaged or propose to engage after giving effect to the transactions described in the Prospectus; and neither the Company nor any other Transaction Entity has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue their business at a cost that would not have a Material Adverse Effect.

(x) Each Transaction Entity owns or possesses adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights and licenses necessary for the conduct of its business and has no reason to believe that the conduct of its business will conflict with, and has not received any notice of any claim of conflict with, any such rights of others.

(y) Except as described in the Prospectus, there are no legal or governmental proceedings pending to which any Transaction Entity or S.L. Green Group member is a party or of which any property or assets of any Transaction Entity is the subject which, if determined adversely to such Transaction Entity or S.L. Green Group member, might have a Material Adverse Effect; and to the best knowledge of the Transaction Entities, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(z) There are no contracts or other documents which are required to be described in the Prospectus or filed as exhibits to the Registration Statement by the Securities Act or by the Rules and Regulations which have not been described in the Prospectus or filed as exhibits to the Registration Statement or incorporated therein by reference as permitted by the Rules and Regulations. Neither the Company, nor to the Company's knowledge, any other party is in default in the observance or performance of any term or obligation to be performed by it under any agreement listed in the exhibits to the Registration Statement, and no event has occurred which with notice or lapse of time or both would constitute such a default, in any such case which default or event would have a Material Adverse Effect. No default exists, and no event has occurred which with notice or lapse of time or both would constitute a default, in the due performance and observance of any term, covenant or condition, by the Company or any of its subsidiaries of any other agreement or instrument to which the Company or any of its subsidiaries is

a party or by which any of them or their respective properties or businesses may be bound or affected which default or event would have a Material Adverse Effect.

(aa) No relationship, direct or indirect, exists between or among any of the Transaction Entities on the one hand, and the directors, officers, stockholders, customers or suppliers of the Transaction Entities on the other hand, which is required to be described in the Prospectus which is not so described.

(bb) No labor disturbance by the employees of any Transaction Entity exists or, to the knowledge of the Transaction Entities, is imminent which might be expected to have a Material Adverse Effect.

(cc) Each Transaction Entity is in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which any Transaction Entity would have any liability; no Transaction Entity has incurred or expects to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan" or (ii) Sections 412 or 4971 of the Code; and each "pension plan" for which any Transaction Entity would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification, except where the failure to be so qualified would not have a Material Adverse Effect.

(dd) Each Transaction Entity has filed all federal, state and local income and franchise tax returns required to be filed through the date hereof and has paid all taxes due thereon, and no tax deficiency has been determined adversely to any Transaction Entity which has had (nor does any Transaction Entity have any knowledge of any tax deficiency which, if determined adversely to it might have) a Material Adverse Effect.

(ee) Upon completion of the transactions described in the Prospectus and the sale of the Shares hereunder, the Company, the Operating Partnership, the Management LLC and the Service Corporations will be organized and operated in conformity with the requirements for qualification of the Company as a real estate investment trust ("REIT") under the Code commencing with the Company's taxable year ending December 31, 1997, and the proposed method of operation of the Company, the Operating Partnership, the Management LLC and the Service Corporations will enable the Company to meet the requirements for qualification and taxation as a REIT under the Code.

(ff) Since the date as of which information is given in the Prospectus through the date hereof, and except in connection with the Formation Transactions and as may otherwise be disclosed in the Prospectus, (i) no Transaction Entity has (a) issued or granted any securities, (b) incurred any liability or obligation, direct or contingent, other than liabilities and obligations which were incurred in the ordinary course of business, (c) entered into any transaction not in the ordinary course of business or (d) declared or paid any dividend on its capital stock; and (ii) there has been no Material Adverse Effect.

(gg) Each Transaction Entity (i) makes and keeps accurate books and records and (ii) maintains internal accounting controls which provide reasonable assurance that (A) transactions are executed in accordance with management's authorization, (B) transactions are recorded as necessary to permit preparation of its financial statements and to maintain accountability for its assets, (C) access to its assets is permitted only in accordance with management's authorization and (D) the reported accountability for its assets is compared with existing assets at reasonable intervals.

(hh) No Transaction Entity (i) is in violation of its charter, by-laws, certificate of limited partnership, agreement of limited partnership or other similar organizational document except for any such violation which would not have a Material Adverse Effect, (ii) is in default, and no event has occurred which, with notice or lapse of time or both, would constitute a default, in the due performance or observance of any term, covenant or condition contained in any material indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of the Properties or any of its other properties or assets is subject, except for any such default which would not have a Material Adverse Effect or (iii) is in violation of any law, ordinance, governmental rule, regulation or court decree to which it or the Properties or any of its other properties or assets may be subject or has failed to obtain any material license, permit, certificate, franchise or other governmental authorization or permit necessary to the ownership of the Properties or any of its other properties or assets or to the conduct of its business except for any such violation which would not have a Material Adverse Effect.

(ii) No Transaction Entity, nor any director, officer, agent, employee or other person associated with or acting on behalf of any Transaction Entity, has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(jj) No Transaction Entity is an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder.

(kk) The Common Shares have been approved for listing on the NYSE upon official notice of issuance.

(ll) At or prior to the Closing Time, each of the Formation Transactions will have occurred in the manner described in the Prospectus.

(mm) Other than this Agreement and as set forth in the Prospectus under the heading "Underwriting," there are no contracts, agreements or understandings between any Transaction Entity and any person that would give rise to a valid claim against any Transaction Entity or any Underwriter for a brokerage commission, finder's fee or other like payment with respect to the consummation of the transactions contemplated by this Agreement.

(nn) To apply the net proceeds from the sale of the Shares being sold by the Company in accordance with the description set forth in the Prospectus under the caption "Use of Proceeds."

(oo) Except as stated in this Agreement and in the Prospectus, no Transaction Entity has taken, nor will it take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of the Common Shares to facilitate the sale or resale of the Shares.

2. PURCHASE OF THE SHARES BY THE UNDERWRITERS. On the basis of the representations and warranties contained in, and subject to the terms and conditions of, this Agreement, the Company agrees to sell 10,100,000 Firm Shares, severally and not jointly, to the several Underwriters and each of the Underwriters, severally and not jointly, agrees to purchase the number of Firm Shares set forth opposite that Underwriter's name in Schedule 1 hereto. The respective purchase obligations of the Underwriters with respect to the Firm Shares shall be rounded among the Underwriters to avoid fractional shares, as the Representatives may determine.

In addition, the Company grants to the Underwriters an option to purchase up to 1,515,000 Option Shares. Such option is granted solely for the purpose of covering over-allotments in the sale of Firm Shares and is exercisable as provided in Section 4 hereof. Option Shares shall be purchased severally for the account of the Underwriters in proportion to the number of Firm Shares set forth opposite the name of such Underwriters in Schedule 1 hereto. The respective purchase obligations of each Underwriter with respect to the Option Shares shall be adjusted by the Representatives so that no Underwriter shall be obligated to purchase Option Shares other than in 100-share amounts. The price of both the Firm Shares and any Option Shares shall be $_____ per share.

The Company shall not be obligated to deliver any of the Shares to be delivered on the First Delivery Date or the Second Delivery Date (as hereinafter defined), as the case may be, except upon payment for all the Shares to be purchased on such Delivery Date as provided herein.

3. OFFERING OF SHARES BY THE UNDERWRITERS.

Upon authorization by the Representatives of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus.

It is understood that _____ shares of the Firm Shares will initially be reserved by the several Underwriters for offer and sale upon the terms and conditions set forth in the Prospectus and in accordance with the rules and regulations of the NASD to employees and persons having business relationships with the Company and its subsidiaries who have heretofore delivered to the Representatives offers to purchase shares of Firm Shares in form satisfactory to the Representatives, and that any allocation of such Firm Shares among such persons will be made in accordance with timely directions received by the Representatives from the Company; PROVIDED, that under no circumstances will the Representatives or any Underwriter be liable to the Company or to any such person for any action taken or omitted in good faith in connection with such offering to employees and persons having business relationships with the Company and its subsidiaries. It is further understood that any shares of such Firm Shares which are not purchased by such persons will be offered by the Underwriters to the public upon the terms and conditions set forth in the Prospectus.

4. DELIVERY OF AND PAYMENT FOR THE SHARES. Delivery of and payment for the Firm Shares shall be made at the office of Rogers & Wells, 200 Park Avenue, New York, New York 10166, or at such other date or place as shall be determined by agreement between the Representatives and the Company, at 10:00 A.M., New York City time, on the third full business day following the date of this Agreement or on the fourth full business day if the Agreement is executed after the daily closing time of the New York Stock Exchange (unless postponed in accordance with the provisions of Section 9 hereof). This date and time are sometimes referred to as the "First Delivery Date." On the First Delivery Date, the Company shall deliver or cause to be delivered certificates representing the Firm Shares to the Representatives for the account of each Underwriter against payment to or upon the order of the Company of the purchase price by wire transfer of same-day funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Agreement is a further condition of the obligation of each Underwriter hereunder. Upon delivery, the Firm Shares shall be registered in such names and in such denominations as the Representatives shall request in writing not less than two full business days prior to the First Delivery Date. For the purpose of expediting the checking and packaging of the certificates for the Firm Shares, the Company shall make the certificates representing the Firm Shares available for inspection by the Representatives in New York, New York, not later than 2:00 P.M., New York City time, on the business day prior to the First Delivery Date.

At any time on or before the thirtieth day after the date of this Agreement, the option granted in Section 2 may be exercised, in whole or in part, from time to time, by written notice being given to the Company by the Representatives. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised, the names in which the Option Shares are to be registered, the denominations in which the Option Shares are to be issued and the date and time, as determined by the Representatives, when the Option Shares are to be delivered; PROVIDED, HOWEVER, that this date and time shall not be earlier than the First Delivery Date nor earlier than the second business day after the date on which the option shall have been exercised nor later than the fifth business day after the date on which the option shall have been exercised. The date and time the Option Shares are delivered are sometimes referred to as the "Second Delivery Date" and the First Delivery Date and the Second Delivery Date are sometimes each referred to as a "Delivery Date."

Delivery of and payment for the Option Shares shall be made at the place specified in the first sentence of the first paragraph of this Section 4 (or at such other place as shall be determined by agreement between the Representatives and the Company) at 10:00 A.M., New York City time, on the Second Delivery Date. On the Second Delivery Date, the Company shall deliver or cause to be delivered the certificates representing the Option Shares to the Representative for the account of each Underwriter against payment to or upon the order of the Company of the purchase price by wire transfer of same-day funds. Time shall be of the essence, and delivery at the time and place specified pursuant to this Agreement is a further condition of the obligation of each Underwriter hereunder. Upon delivery, the Option Shares shall be registered in such names and in such denominations as the Representatives shall request in the aforesaid written notice. For the purpose of expediting the checking and packaging of the certificates for the Option Shares, the Company shall make the certificates representing the Option Shares available for inspection by the Representatives in New York, New York, not later than 2:00 P.M., New York City time, on the business day prior to the Second Delivery Date.

5. FURTHER AGREEMENTS OF THE COMPANY. The Company agrees:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Securities Act; to make no further amendment or any supplement to the Registration Statement or to the Prospectus except as permitted herein; to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed and to furnish the Representatives with copies thereof; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction,

of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus or suspending any such qualification, to use promptly its best efforts to obtain its withdrawal;

(b) To furnish promptly to each of the Representatives and to counsel for the Underwriters a signed copy of the Registration Statement as originally filed with the Commission, and each amendment thereto filed with the Commission, including all consents and exhibits filed therewith;

(c) To deliver promptly to the Representatives such number of the following documents as the Representatives shall reasonably request: (i) conformed copies of the Registration Statement as originally filed with the Commission and each amendment thereto (in each case including consents and exhibits other than this Agreement and the computation of per share earnings) and (ii) each Preliminary Prospectus, the Prospectus and any amended or supplemented Prospectus; and, if the delivery of a prospectus is required at any time after the Effective Time in connection with the offering or sale of the Shares or any other securities relating thereto and if at such time any events shall have occurred as a result of which the Preliminary Prospectus or the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Preliminary Prospectus or the Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary to amend or supplement the Preliminary Prospectus or the Prospectus in order to comply with the Securities Act or the Exchange Act, to notify the Representatives and, upon its request, to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many copies as the Representatives may from time to time reasonably request of an amended or supplemented Preliminary Prospectus or the Prospectus which will correct such statement or omission or effect such compliance;

(d) To file promptly with the Commission any amendment to the Registration Statement or the Prospectus or any supplement to the Prospectus that may, in the judgment of the Representatives or Counsel to the Underwriters, be required by the Securities Act or requested by the Commission;

(e) Prior to filing with the Commission any amendment to the Registration Statement or supplement to the Prospectus or any Prospectus pursuant to Rule 424 of the Rules and Regulations, to furnish a copy thereof to the Representatives and counsel for the Underwriters and obtain the consent of the Representatives to the filing;

(f) The Company will make generally available to its security holders as soon as practicable but no later than 60 days after the close of the period covered thereby an earnings statement (in form complying with the provisions of Section 11(a) of the Securities Act and Rule 158 of the Rules and Regulations), which need not be certified by independent certified public accountants unless required by the Securities Act or the Rules and Regulations, covering a twelve-month period commencing after the "effective date" (as defined in said Rule 158) of the Registration Statement;

(g) The Company will furnish to each Underwriter, from time to time during the period when the Prospectus is required to be delivered under the Securities Act or the Exchange Act of such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request for the purposes contemplated by the Securities Act or the Exchange Act or the respective applicable rules and regulations of the Commission thereunder;

(h) For a period of five years following the Effective Date, to furnish to the Representatives copies of all materials furnished by the Company to its stockholders and all public reports and all reports and financial statements furnished by the Company to the principal national securities exchange upon which the Common Shares may be listed pursuant to requirements of or agreements with such exchange or to the Commission pursuant to the Exchange Act or any rule or regulation of the Commission thereunder;

(i) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Shares for offering and sale under the securities, real estate syndication or Blue Sky laws of such jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares;

(j) For a period of 180 days from the date of the Prospectus, the Company (i) will not, directly or indirectly, offer for sale, sell, contract to sell, pledge or otherwise dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any Common Shares or securities convertible into or exercisable or exchangeable for Common Shares (other than the Shares, shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans existing on the date hereof), or sell or grant options, rights or warrants with respect to any Common Shares (other than the grant of options pursuant to option plans existing on the date hereof), without the prior written consent of Lehman Brothers Inc.; (ii) will cause each officer, director and affiliate of the Company who will acquire Units or restricted Common Shares in the Formation Transactions to furnish to the Representatives, prior to the First

Delivery Date, a letter or letters, in form and substance satisfactory to counsel for the Underwriters, pursuant to which each such person shall agree not to, directly or indirectly, offer for sale, sell, contract to sell, pledge or otherwise dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any such Units or restricted Common Shares for a period of one year from the date of the Prospectus, after which time one-third of such Common Shares or Units held by each such entity or person shall no longer be subject to such restrictions and an additional one-third thereof shall be released from such restrictions on each of the second and third anniversaries of the date of the Prospectus without the prior written consent of Lehman Brothers Inc. and the Company; and (iii) will cause Victor Capital to enter into a similar letter for a period one year after the date of the Prospectus, with respect to the restricted Common Shares it will receive in connection with the Formation Transactions without the prior written consent of Lehman Brothers Inc. and the Company;

(k) Prior to the Effective Date, to apply for the listing of the Shares on the NYSE, and to use its best efforts to complete that listing, subject only to official notice of issuance, prior to the First Delivery Date;

(l) To file with the Commission a report on Form SR pursuant to Rule 463 of the Rules and Regulations and to deliver promptly to the Representatives a copy of the report on Form SR filed by it with the Commission;

(m) To take such steps as shall be necessary to ensure that none of the Transaction Entities shall become an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder;

(n) The Company will use its best efforts to meet the requirements to qualify, commencing with its taxable year ending December 31, 1997, as a REIT under the Code; and

(o) If at any time during the 25-day period after the Registration Statement becomes effective, any rumor, publication or event relating to or affecting the Company shall occur as a result of which in your and the Company's opinion the market price of the Common Shares has been or is likely to be materially affected (regardless of whether such rumor, publication or event necessitates a supplement to or amendment of the Prospectus), the Company will consult with you concerning the substance of and the advisability of disseminating a press release or other public statement responding to or commenting on such rumor, publication or event.

6. EXPENSES. The Transaction Entities jointly and severally agree to pay (a) the costs incident to the authorization, issuance, sale and delivery of the Shares and any taxes payable in that connection; (b) the costs incident to the preparation, printing, filing and distribution under the Securities Act of the Registration Statement and any amendments and exhibits thereto; (c) the costs of distributing the Registration Statement as originally filed and each amendment thereto and any post-effective amendments thereof (including, in each case, exhibits), any Preliminary Prospectus, the Prospectus and any amendment or supplement to the Prospectus, all as provided in this Agreement; (d) the costs of producing and distributing this Agreement and any other related documents in connection with the offering, purchase, sale and delivery of the Shares; (f) the filing fees incident to securing any required review by the NASD of the terms of sale of the Shares; (g) any applicable listing or other fees; (h) the fees and expenses of qualifying the Shares under the securities laws of the several jurisdictions as provided in Section 5(i) and of preparing, printing and distributing a Blue Sky Memorandum (including related reasonable fees and expenses of counsel to the Underwriters); (j) all costs and expenses of the Underwriters, including the reasonable fees and disbursements of counsel for the Underwriters, incident to the offer and sale of the Common Shares by the Underwriters to employees and persons having business relationships with the Company and its subsidiaries, as described in Section 4; (k) all other costs and expenses incident to the performance of the obligations of the Transaction Entities under this Agreement; (l) the costs and charges of any transfer agent and registrar; (m) any expenses incurred by the Company in connection with a "road show" presentation to potential investors; and (n) the fees and disbursements of the Company's counsel and accountants; PROVIDED that, except as provided in this Section 6 and in Section 12 the Underwriters shall pay their own costs and expenses, including the costs and expenses of their counsel, any transfer taxes on the Shares which they may sell and the expenses of advertising any offering of the Shares made by the Underwriters.

7. CONDITIONS OF UNDERWRITERS' OBLIGATIONS. The respective obligations of the Underwriters hereunder are subject to the accuracy, when made and on each Delivery Date, of the representations and warranties of the Transaction Entities contained herein, to the performance by each Transaction Entity and of its obligations hereunder, and to each of the following additional terms and conditions:

(a) If, at the time this Agreement is executed and delivered, it is necessary for the Registration Statement or a post-effective amendment thereto to be declared effective before the offering of the Shares may commence, the Registration Statement or such post-effective amendment shall have become effective not later than 5:30 P.M., New York City time, on the date hereof, or at such later date and time as shall be consented to in writing by you, and all filings, if any, required by Rules 424 and 430A under the Rules and Regulations shall have been timely made; no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been instituted or, to the knowledge of the Transaction Entities, or any Underwriter, threatened by the Commission, and any request of the Commission for additional information (to be included in the Registration Statement or the

Prospectus or otherwise) shall have been complied with to the satisfaction of the Representatives.

(b) Subsequent to the effective date of this Agreement, there shall not have occurred (i) any Material Adverse Effect, or (ii) any event or development relating to or involving any Transaction Entity, or any partner, officer, director or trustee of any Transaction Entity, which makes any statement of a material fact made in the Prospectus untrue or which, in the opinion of the Company and its counsel or the Underwriters and their counsel, requires the making of any addition to or change in the Prospectus in order to state a material fact required by the Securities Act or any other law to be stated therein or necessary in order to make the statements therein not misleading, if amending or supplementing the Prospectus to reflect such event or development would, in your opinion, adversely affect the market for the Shares.

(c) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Shares, the Registration Statement and the Prospectus, and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be reasonably satisfactory in all material respects to counsel for the Underwriters, and the Company shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(d) Brown & Wood LLP shall have furnished to the Representatives its written opinion, as counsel to the Company, addressed to the Underwriters and dated such Delivery Date, in form and substance reasonably satisfactory to the Representatives and counsel to the Underwriters, to the effect that:

(i) The Company has been duly formed and is validly existing as a corporation in good standing under the laws of the State of Maryland, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which its ownership or lease of property or other assets or the conduct of its business requires such qualification, except where the failure to so qualify would not have a Material Adverse Effect, and has all power and authority necessary to own or hold its properties or other assets, to conduct the business in which it is engaged as described in the Registration Statement and the Prospectus, and to enter into and perform its obligations under this Agreement and the other Operative Documents to which it is a party and in connection with the Formation Transactions.

(ii) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued Common Shares (other than the Shares) have been duly and validly authorized and issued, are fully paid

and non-assessable, have been offered and sold in compliance with all applicable laws (including, without limitation, federal and state securities laws) and conform to the description thereof contained in the Prospectus. Except as disclosed in the Prospectus, no Common Shares are reserved for any purpose and except for the Units, there are no outstanding securities convertible into or exchangeable for any Common Shares, and no outstanding options, rights (preemptive or otherwise) or warrants to purchase or subscribe for Common Shares or any other securities of the Company.

(iii) The Operating Partnership has been duly formed and is validly existing as a limited partnership in good standing under the laws of the State of Delaware, is duly qualified to do business and is in good standing as a foreign limited partnership in each jurisdiction in which its ownership or lease of property and other assets or the conduct of its business requires such qualification, except where the failure to so qualify would not have a Material Adverse Effect, and has all power and authority necessary to own or hold its properties and other assets, to conduct the business in which it is engaged as described in the Registration Statement and the Prospectus, and to enter into and perform its obligations under this Agreement and the other Operative Documents to which it is a party and in connection with the Formation Transactions. The Company is the sole general partner of the Operating Partnership. The Operating Partnership Agreement is in full force and effect, and the aggregate percentage interests of the Company and the limited partners in the Operating Partnership are as set forth in the Prospectus.

(iv) The Management LLC has been duly formed and is validly existing as a limited liability company in good standing under the laws of the State of Delaware, is duly qualified to do business and is in good standing as a foreign limited liability company in each jurisdiction in which its ownership or lease of property and other assets or the conduct of its business requires such qualification, except where the failure to so qualify would not have a Material Adverse Effect, and has all power and authority necessary to own or hold its properties and other assets, to conduct the business in which it is engaged as described in the Registration Statement and the Prospectus and to enter into and perform its obligations under this Agreement and the other Operative Documents to which it is a party. All of the issued and outstanding membership interests of the Management LLC have been duly authorized and validly issued, and 100% of the membership interest is owned by the Operating Partnership. No membership interests of the Management LLC are reserved for any purpose, and there are no outstanding securities convertible into or exchangeable for any membership interests of the Management LLC and

no outstanding options, rights (preemptive or otherwise) or warrants to purchase or to subscribe for membership interests or any other securities of the Management LLC.

(v) Each of the Service Corporations has been duly formed and is validly existing as a corporation in good standing under the laws of the State of New York, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which its ownership or lease of property and other assets or the conduct of its business requires such qualification, and has all power and authority necessary to own or hold its properties and other assets, to conduct the business in which it is engaged as described in the Registration Statement and the Prospectus, and to enter into and perform its obligations under this Agreement and the other Operative Documents to which it is a party and in connection with the Formation Transactions. All of the issued and outstanding capital stock of each Service Corporation has been duly authorized and validly issued and is fully paid and non-assessable, has been offered and sold in compliance with all applicable laws (including, without limitation, federal or state securities laws) and, all of such capital stock is owned by the Operating Partnership (100% of the nonvoting common stock). No shares of capital stock of any Service Corporation are reserved for any purpose, and there are no outstanding securities convertible into or exchangeable for any capital stock of any Service Corporation and no outstanding options, rights (preemptive or otherwise) or warrants to purchase or to subscribe for shares of such capital stock or any other securities of any Service Corporation.

(vi) The Shares have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued, fully paid and non-assessable. The issuance and sale by the Company of the [383,110] Common Shares to certain executive officers of the Company in connection with the Formation Transactions prior to the First Delivery Date was exempt from the registration requirements of the Securities Act and applicable state securities, real estate syndication and blue sky laws. The terms of the Common Shares conform in substance to all statements and descriptions related thereto contained in the Prospectus. The form of the certificate to be used to evidence the Common Shares is in due and proper form and comply with all applicable legal requirements. The issuance of the Shares is not subject to any preemptive or other similar rights arising under the Articles of Incorporation or by-laws of the Company, Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended, or any agreement or other instrument to which the Company is a party known to such counsel.

(vii) The [887,895] Units have been duly authorized for issuance by the Operating Partnership to the continuing investors and, assuming that the continuing investors, as limited partners of the Operating Partnership, do not participate in the control of the business of the Operating Partnership, upon issuance of and payment for the Units as contemplated by the Operating Partnership Agreement, the Units will represent valid and, subject to the qualifications set forth herein, will be fully paid and nonassessable limited partner interests in the Operating Partnership, as to which the continuing investors, in their capacity as limited partners of the Operating Partnership, will have no liability in excess of their obligations to make contributions to the Operating Partnership, their obligations to make other payments provided for in the Operating Partnership Agreement and their share of the Operating Partnership's assets and undistributed profits (subject to the obligation of a limited partner of the Operating Partnership to repay any funds wrongfully distributed to it). The terms of the Units conform in all material respects to the statements and descriptions related thereto contained in the Prospectus.

(viii) (A) This Agreement has been duly and validly authorized, executed and delivered by the each of the Transaction Entities and, and assuming due authorization, execution and delivery by the Representatives, is a valid and binding agreement of each of the Transaction Entities, enforceable against such parties in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (B) the Operating Partnership Agreement has been duly and validly authorized, executed and delivered by each Transaction Entity which is a party thereto and is a valid and binding agreement of such parties, enforceable against such parties in accordance with their respective terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (C) each Contribution Agreement has been duly and validly authorized, executed and delivered by each Transaction Entity that is a party thereto, and is a valid and binding agreement, enforceable against such Transaction Entity in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to

indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (D) the Employment Agreements have been duly and validly authorized, executed and delivered by the Company and are valid and binding agreements, enforceable against the Company, in accordance with their respective terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (E) the Acquisition Agreements have been duly and validly authorized, executed and delivered by each Transaction Entity that is a party thereto and are valid and binding agreements, enforceable against such parties, in accordance with their respective terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; (F) the Option Agreement has been duly and validly authorized, executed and delivered by each Transaction Entity that is a party thereto and is a valid and binding agreement, enforceable against such parties, in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law; and (G) the Lock-up Agreements of the Company and the Operating Partnership have been duly and validly authorized, executed and delivered by the Company or the Operating Partnership, as applicable, and are valid and binding agreements, enforceable against such parties in accordance with their terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or affecting creditors' rights and general principles of equity and except as rights to indemnity and contribution thereunder may be limited by applicable law or policies underlying such law.

(ix) The execution, delivery and performance of each Operative Document by each of the Transaction Entities and the consummation of the transactions contemplated hereby and thereby will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under any of the terms, conditions or provisions of, any note, bond, indenture, mortgage, deed of trust, lease, license, contract, loan agreement or other agreement or instrument to which any of the Transaction Entities is a party or by which any of the

Transaction Entities is bound or to which any of the Properties or other assets of any of the Transaction Entities is subject, nor will such actions result in any violation of the provisions of the charter, by-laws, certificate of limited partnership, agreement of limited partnership, or other organizational documents of any of the Transaction Entities, or any statute or any order, writ, injunction, decree, rule or regulation of any court or governmental agency or body having jurisdiction over any of the Transaction Entities or any of their properties or assets, except for any such breach or violation that would not have a Material Adverse Effect; and except for the registration of the Shares under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as may be required under the Exchange Act, by the NYSE or the NASD and applicable state securities or real estate syndication laws in connection with the purchase and distribution of the Shares by the Underwriters, no consent, approval, authorization or order of, or filing or registration with, any such court or governmental agency or body is required for the execution, delivery and performance of the Operative Documents by the Transaction Entities and the consummation of the transactions contemplated hereby and thereby.

(x) To such counsel's knowledge, other than as set forth or referred to in the Registration Statement, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Securities Act.

(xi) To such counsel's knowledge, other than as set forth in the Prospectus, there are no legal or governmental proceedings pending to which any Transaction Entity is a party or of which any property or assets of any Transaction Entity is the subject which, if determined adversely to such Transaction Entity, might reasonably be expected to have a Material Adverse Effect; and to the best knowledge of such counsel no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(xii) To the best knowledge of such counsel, there are no contracts or other documents which are required to be described in the Prospectus or filed as exhibits to the Registration Statement by the Securities Act or by the Rules and Regulations which have not been described in the Prospectus or filed as exhibits to the Registration Statement

or incorporated therein by reference as permitted by the Rules and Regulations.

(xiii) To the best knowledge of such counsel, no relationship, direct or indirect, exists between or among any of the Transaction Entities on the one hand, and the directors, officers, stockholders, customers or suppliers of the Transaction Entities on the other hand, which is required to be described in the Prospectus which is not so described.

(xiv) To the best knowledge of such counsel and other than as described in the Prospectus, no Transaction Entity (i) is in violation of its charter, by-laws, certificate of limited partnership, agreement of limited partnership or other similar organizational document, (ii) is in default, and no event has occurred which, with notice or lapse of time or both, would constitute a default, in the due performance or observance of any term, covenant or condition contained in any material indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of the Properties or any of its other properties or assets is subject or (iii) is in violation of any law, ordinance, governmental rule, regulation or court decree to which it or the Properties or any of its other properties or assets may be subject or has failed to obtain any material license, permit, certificate, franchise or other governmental authorization or permit necessary to the ownership of the Properties or any of its other properties or assets or to the conduct of its business, except, in the case of each of (i), (ii) and (iii) immediately above, any such violation or default that would not have a Material Adverse Effect.

(xv) The Company is organized in conformity with the requirements for qualification and taxation as a REIT under the Code and the Operating Partnership, as constituted after the Formation Transactions, will be classified as a partnership and not as (a) an association taxable as a corporation or (b) a "publicly traded partnership" taxable as a corporation under Section 7704(a) of the Code.

(xvi) No Transaction Entity is an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended and the rules and regulations of the Commission thereunder. The Common Shares have been approved for listing on the New York Stock Exchange upon notice of issuance.

(xvii) The Registration Statement was declared effective under the Securities Act as of the date and time specified in such opinion,

the Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) of the Rules and Regulations specified in such opinion on the date specified therein and, to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and, to the best knowledge of such counsel, no proceeding for that purpose is pending or threatened by the Commission.

(xviii) The Registration Statement and the Prospectus and any further amendments or supplements thereto made by the Company prior to such Delivery Date (other than the financial statements and related schedules and other financial and statistical data included therein, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Securities Act and the Rules and Regulations.

(xix) The statements contained in the Prospectus under the captions "Capital Stock," "Certain Provisions of Maryland Law and of the Company's Charter and Bylaws," "Shares Available for Future Sale," "Partnership Agreement," and "Federal Income Tax Consequences," insofar as those statements are descriptions of contracts, agreements or other legal documents, or they describe federal statutes, rules and regulations or legal conclusions, constitute a fair summary thereof, and the opinion of such counsel filed as Exhibit 8 to the Registration Statement is confirmed and the Underwriters may rely upon such opinion as if it were addressed to them.

In rendering such opinion, such counsel may (i) state that its opinion is limited to matters governed by the Federal laws of the United States of America and the States of Delaware, Maryland and New York; (ii) rely (to the extent such counsel deems proper and specifies in their opinion), as to matters involving the application of the laws of the States of Maryland and Delaware upon the opinion of other counsel of good standing, PROVIDED that such other counsel is reasonably satisfactory to counsel for the Underwriters and furnishes a copy of its opinion to the Representatives; (iii) in respect of matters of fact, upon certificates of officers of the Company or its subsidiaries, PROVIDED that such counsel shall state that it believes that both the Underwriters and it are justified in relying upon such opinions, of local counsel. Such counsel shall also have furnished to the Representatives a written statement, addressed to the Underwriters and dated such Delivery Date, in form and substance satisfactory to the Representatives and counsel to the Underwriters, to the effect that (x) such counsel has acted as counsel to the Company in connection with the preparation of the Registration Statement and the Prospectus, and (y) based on the foregoing, no facts have come to the attention of such counsel which lead it to believe that the Registration Statement, as of the Effective Date, contained any untrue statement of a material

fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or that the Prospectus contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The foregoing opinion and statement may be qualified by a statement to the effect that such counsel does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus and may state that such counsel expresses no belief with respect to the financial statements and notes thereto and other financial and statistical data included in the Registration Statement or the Prospectus.

(e) The Representatives shall have received from Rogers & Wells, counsel for the Underwriters, such opinion or opinions, dated such Delivery Date, with respect to the issuance and sale of the Shares, the Registration Statement, the Prospectus and other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they reasonably request for the purpose of enabling them to pass upon such matters.

(f) At the time of execution of this Agreement, the Representatives shall have received from Ernst & Young LLP a letter, in form and substance satisfactory to the Representatives, addressed to the Underwriters and dated the date hereof (i) confirming that they are independent public accountants within the meaning of the Securities Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission, and (ii) stating, as of the date hereof (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Prospectus, as of a date not more than five days prior to the date hereof), the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants' "comfort letters" to underwriters in connection with registered public offerings as contemplated in the Statement on Auditing Standards No. 72.

(g) With respect to the letter of Ernst & Young LLP referred to in the preceding paragraph and delivered to the Representatives concurrently with the execution of this Agreement (the "initial letter"), the Company shall have furnished to the Representatives a letter (the "bring-down letter") of such accountants, addressed to the Underwriters and dated such Delivery Date (i) confirming that they are independent public accountants within the meaning of the Securities Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission, (ii) stating, as of the date of the bring-down letter (or, with respect to matters involving changes or developments since the respective dates as of which specified financial

information is given in the Prospectus, as of a date not more than five days prior to the date of the bring-down letter), the conclusions and findings of such firm with respect to the financial information and other matters covered by the initial letter and (iii) confirming in all material respects the conclusions and findings set forth in the initial letter.

(h) Each Transaction Entity shall have furnished to the Representatives a certificate, dated such Delivery Date, of its, or its general partner's or managing member's Chairman of the Board, its President or a Vice President and its chief financial officer stating that:

(i) The representations, warranties and agreements of the Transaction Entities in Section 1 are true and correct as of such Delivery Date; the Company has complied with all its agreements contained herein; and the conditions set forth in Sections 7(a) and (b) have been fulfilled; and

(ii) They have carefully examined the Registration Statement and the Prospectus and, in their opinion (A) as of the Effective Date, the Registration Statement and Prospectus did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (with respect to the Prospectus, in light of the circumstances under which they were made), and (B) since the Effective Date no event has occurred which should have been set forth in a supplement or amendment to the Registration Statement or the Prospectus.

(i) The NYSE shall have approved the Shares for listing, subject only to official notice of issuance.

(j) All of the transactions which are to occur in order to consummate the Formation Transactions shall have been consummated on terms satisfactory to the Representatives.

(k) On the First Delivery Date, counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Shares as herein contemplated and related proceedings, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Transaction Entities in connection with the issuance and sale of the Shares as herein contemplated shall be satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(l) You shall have been furnished with the written agreements referred to in Section 5(j) hereof.

(m) The Company shall have furnished or caused to be furnished to you such further certificates and documents as the Representatives or counsel to the Underwriters shall have reasonably requested.

(n) In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Shares, the representations and warranties of the Transaction Entities contained herein and the statements in any certificates furnished by the Transaction Entities hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) A certificate, dated such Date of Delivery, of the President or a Vice President of each Transaction Entity or of its general partner or managing member and of the chief financial or chief accounting officer of each Transaction Entity or of its general partner or managing member, and confirming that the certificate delivered on the First Delivery Date pursuant to Section 7(h) hereof remains true and correct as of such Date of Delivery.

(ii) The favorable opinion of Brown & Wood LLP, counsel for the Transaction Entities, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Shares to be purchased on such Date of Delivery and otherwise to the same effect as the opinions required by Section 7(d) hereof.

(iii) The favorable opinion of Rogers & Wells, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Shares to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 7(e) hereof.

(iv) A letter from Ernst & Young LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially the same in form and substance as the letters furnished to the Representatives pursuant to Sections 7(f) and (g) hereof.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Underwriters.

Any certificate or document signed by any officer of the Transaction Entities and delivered to the Underwriters, or to counsel for the Underwriters, shall be deemed a representation and warranty by the Transaction Entities to each Underwriter as to the statements made therein.

The several obligations of the Underwriters to purchase Option Shares hereunder are subject to the satisfaction on and as of any Date of Delivery of the conditions set forth in this Section 7, except that, if any Date of Delivery is other than the First Delivery Date, the certificates, opinions and letters referred to in Sections 7(d) through 7(i) hereof shall be dated the Date of Delivery in question and the opinions called for by Sections 7(d) and 7(e) hereof shall be revised to reflect the sale of Option Shares.

8. EFFECTIVE DATE OF AGREEMENT.

This Agreement shall become effective: (i) upon the execution hereof by the parties hereto; or (ii) if, at the time this Agreement is executed and delivered, it is necessary for the Registration Statement or a post-effective amendment thereto to be declared effective before the offering of the Shares may commence, when notification of the effectiveness of the Registration Statement or such post-effective amendment has been released by the Commission.

9. DEFAULT BY ONE OR MORE OF THE UNDERWRITERS.

If, on either Delivery Date, any Underwriter defaults in the performance of its obligations under this Agreement, the remaining non-defaulting Underwriters shall be obligated to purchase the Shares which the defaulting Underwriter agreed but failed to purchase on such Delivery Date in the respective proportions which the number of Firm Shares set forth opposite the name of each remaining non-defaulting Underwriter in Schedule 1 hereto bears to the total number of Firm Shares set forth opposite the names of all the remaining non-defaulting Underwriters in Schedule 1 hereto; PROVIDED, HOWEVER, that the remaining non-defaulting Underwriters shall not be obligated to purchase any of the Shares on such Delivery Date if the total number of Shares which the defaulting Underwriter or Underwriters agreed but failed to purchase on such date exceeds 9.09% of the total number of Shares to be purchased on such Delivery Date, and any remaining non-defaulting Underwriter shall not be obligated to purchase more than 110% of the number of Shares which it agreed to purchase on such Delivery Date pursuant to the terms of Section 2. If the foregoing maximums are exceeded, the remaining non-defaulting Underwriters, or those other underwriters satisfactory to the Representatives who so agree, shall have the right, but shall not be obligated, to purchase, in such proportion as may be agreed upon among them, all the Shares to be purchased on such Delivery Date. If the remaining Underwriters or other underwriters satisfactory to the Representatives do not elect to purchase the Shares which the defaulting Underwriter or Underwriters agreed but failed to purchase on such Delivery Date, this Agreement (or, with respect to the Second Delivery Date, the obligation of the Underwriters to purchase, and of the Company to sell, the Option Shares) shall terminate without liability on the part of any non-defaulting Underwriter or the Transaction Entities, except that the Transaction Entities will continue to be liable for the payment of expenses to the extent

set forth in Sections 6 and 12. As used in this Agreement, the term "Underwriter" includes, for all purposes of this Agreement unless the context requires otherwise, any party not listed in Schedule 1 hereto who, pursuant to this Section 9, purchases Initial Shares which a defaulting Underwriter agreed but failed to purchase.

Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have to the Transaction Entities for damages caused by its default. If other underwriters are obligated or agree to purchase the Shares of a defaulting or withdrawing Underwriter, either the Representatives or the Company may postpone the Delivery Date for up to seven full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Underwriters may be necessary in the Registration Statement, the Prospectus or in any other document or arrangement.

10. INDEMNIFICATION AND CONTRIBUTION.

(a) The Transaction Entities jointly and severally, shall indemnify and hold harmless each Underwriter, its officers and employees and each person, if any, who controls any Underwriter within the meaning of the Securities Act, from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, but not limited to, any loss, claim, damage, liability or action relating to purchases and sales of Shares), to which that Underwriter, officer, employee or controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained (a) in any Preliminary Prospectus, the Registration Statement or the Prospectus or in any amendment or supplement thereto or (b) in any blue sky application or other document prepared or executed by the Company (or based upon any written information furnished by the Company) specifically for the purpose of qualifying any or all of the Shares under the securities laws of any state or other jurisdiction (any such application, document or information being hereinafter called a "Blue Sky Application"), (ii) the omission or alleged omission to state in any Preliminary Prospectus, the Registration Statement or the Prospectus, or in any amendment or supplement thereto, or in any Blue Sky Application any material fact required to be stated therein or necessary to make the statements therein not misleading (with respect to the Prospectus, in light of the circumstances under which they were made) or (iii) any act or failure to act or any alleged act or failure to act by any Underwriter in connection with, or relating in any manner to, the Shares or the offering contemplated hereby, and which is included as part of or referred to in any loss, claim, damage, liability or action arising out of or based upon matters covered by clause (i) or (ii) above (PROVIDED that the Transaction Entities shall not be liable under this clause (iii) to the extent that it is determined in a final judgment by a court of competent jurisdiction that such loss, claim, damage, liability or action resulted directly from any such acts or failures to act undertaken or omitted to be taken by such Underwriter through its gross negligence or willful misconduct), and shall reimburse each Underwriter and each such officer, employee or controlling person promptly upon demand for any legal or other expenses reasonably incurred by that Underwriter, officer, employee or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred;

PROVIDED, HOWEVER, that the Transaction Entities shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, the Registration Statement or the Prospectus, or in any such amendment or supplement, or in any Blue Sky Application, in reliance upon and in conformity with written information concerning such Underwriter furnished to the Company through the Representatives by or on behalf of any Underwriter specifically for inclusion therein. The foregoing indemnity agreement is in addition to any liability which the Transaction Entities may otherwise have to any Underwriter or to any officer, employee or controlling person of that Underwriter.

(b) Each Underwriter, severally and not jointly, shall indemnify and hold harmless each Transaction Entity, its officers and employees, each of its directors (including any person who, with his consent, is named in the Registration Statement as about to become a director of the Company), and each person, if any, who controls each Transaction Entity within the meaning of the Securities Act, from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which each Transaction Entity or any such director, officer or controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained (A) in any Preliminary Prospectus, the Registration Statement or the Prospectus or in any amendment or supplement thereto, or (B) in any Blue Sky Application or (ii) the omission or alleged omission to state in any Preliminary Prospectus, the Registration Statement or the Prospectus, or in any amendment or supplement thereto, or in any Blue Sky Application any material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information concerning such Underwriter furnished to the Company through the Representatives by or on behalf of that Underwriter specifically for inclusion therein, and shall reimburse each Transaction Entity and any such director, officer or controlling person for any legal or other expenses reasonably incurred by each Transaction Entity or any such director, officer or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred. The foregoing indemnity agreement is in addition to any liability which any Underwriter may otherwise have to each Transaction Entity or any such director, officer, employee or controlling person.

(c) Promptly after receipt by an indemnified party under this Section 10 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 10, notify the indemnifying party in writing of the claim or the commencement of that action; PROVIDED, HOWEVER, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 10 except to the extent it has been materially prejudiced by such failure and, PROVIDED FURTHER, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 10. If any such claim or action shall be brought against an indemnified party, and it shall

notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 10 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; PROVIDED, HOWEVER, that the Representatives shall have the right to employ counsel to represent jointly the Representatives and those other Underwriters and their respective officers, employees and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Underwriters against the Transaction Entities under this Section 10 if, in the reasonable judgment of the Representatives, it is advisable for the Representatives and those Underwriters, officers, employees and controlling persons to be jointly represented by separate counsel, and in that event the fees and expenses of such separate counsel shall be paid by the indemnifying party. No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with the consent of the indemnifying party or if there be a final judgment of the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) If the indemnification provided for in this Section 10 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 10(a) or 10(c) in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Transaction Entities on the one hand and the Underwriters on the other from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Transaction Entities on the one hand and the Underwriters on the other with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Transaction Entities on the one hand and the Underwriters on the other with respect to such offering shall be deemed to be in the same proportion as the total net proceeds from the offering of the Shares purchased under this Agreement (before deducting expenses) received by the Transaction Entities, on the one hand, and the total underwriting discounts and

commissions received by the Underwriters with respect to the Shares purchased under this Agreement, on the other hand, bear to the total gross proceeds from the offering of the Shares under this Agreement, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Transaction Entities or the Underwriters, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Transaction Entities and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section shall be deemed to include, for purposes of this Section 10(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 10(d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public was offered to the public exceeds the amount of any damages which such Underwriter has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute as provided in this Section 10(d) are several in proportion to their respective underwriting obligations and not joint.

(e) The Underwriters severally confirm and each Transaction Entity acknowledges that (i) the statements with respect to the public offering of the Shares by the Underwriters set forth on the cover page of, (ii) the legend concerning over-allotments on the inside front cover page of and (iii) the names of the Underwriters and the number of Shares which they are each purchasing, the concession and reallowance figures and the information contained in the third, eighth, eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth and the seventeenth paragraphs, in each case appearing under the caption "Underwriting" in, the Prospectus are correct and constitute the only information concerning such Underwriters furnished in writing to the Company by or on behalf of the Underwriters specifically for inclusion in the Registration Statement and the Prospectus.

11. TERMINATION. The obligations of the Underwriters hereunder may be terminated by the Representatives by notice given to and received by the Company prior to delivery of and payment for the Firm Shares if, prior to that time, any of the following events shall have occurred or if the Underwriters shall decline to purchase the Shares for any reason permitted under this Agreement:

(a)(i) Any of the Transaction Entities or any Property shall have sustained since the date of the latest audited financial statements included in the Prospectus

any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus or (ii) since such date there shall have been any change in the capital stock or long-term debt of any Transaction Entity or any change, or any development involving a prospective change, in or affecting any Property or the general affairs, management, financial position, stockholders' equity or results of operations of any Transaction Entity, otherwise than as set forth or contemplated in the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is, in the judgment of the Representatives, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered on such Delivery Date on the terms and in the manner contemplated in the Prospectus;

(b) Subsequent to the execution and delivery of this Agreement there shall have occurred any of the following: (i) trading in securities generally on the New York Stock Exchange or the American Stock Exchange or in the over-the-counter market, or trading in any securities of the Company on any exchange or in the over-the-counter market, shall have been suspended or minimum prices shall have been established on any such exchange or such market by the Commission, by such exchange or by any other regulatory body or governmental authority having jurisdiction, (ii) a banking moratorium shall have been declared by Federal or state authorities, (iii) the United States shall have become engaged in hostilities, there shall have been an escalation in hostilities involving the United States or there shall have been a declaration of a national emergency or war by the United States or (iv) there shall have occurred such a material adverse change in general economic, political or financial conditions (or the effect of international conditions on the financial markets in the United States shall be such) as to make it, in the judgment of a majority in interest of the several Underwriters, impracticable or inadvisable to proceed with the public offering or delivery of the Shares being delivered on such Delivery Date on the terms and in the manner contemplated in the Prospectus; or

(c) The Transaction Entities shall have failed at or prior to such Delivery Date to have performed or complied with any of their agreements herein contained and required to be performed or complied with by them hereunder at or prior to such Delivery Date.

12. REIMBURSEMENT OF UNDERWRITERS' EXPENSES. If (a) the Company shall fail to tender the Shares for delivery to the Underwriters by reason of any failure, refusal or inability on the part of the Transaction Entities to perform any agreement on their part to be performed, or because any condition specified in Sections 11(a) and (c) hereof required to be fulfilled by the Transaction Entities is not fulfilled, the Transaction Entities will reimburse the Underwriters for all reasonable out-of-pocket expenses (including fees and disbursements of counsel) incurred by

the Underwriters in connection with this Agreement and the proposed purchase of the Shares, and upon demand the Transaction Entities shall pay the full amount thereof to the Representatives. If this Agreement is terminated pursuant to Section 11(b) or pursuant to Section 9 by reason of the default of one or more Underwriters, the Transaction Entities shall not be obligated to reimburse any defaulting Underwriter on account of those expenses.

13. NOTICES, ETC. All statements, requests, notices and agreements hereunder shall be in writing, and:

(a) if to the Underwriters, shall be delivered or sent by mail, telex or facsimile transmission to Lehman Brothers Inc., Three World Financial Center, New York, New York 10285, Attention: Syndicate Department (Fax: 212-526-6588), with a copy, in the case of any notice pursuant to Section 8(c), to the Director of Litigation, Office of the General Counsel, Lehman Brothers Inc., 3 World Financial Center, 10th Floor, New York, NY 10285;

(b) if to the Transaction Entities shall be delivered or sent by mail, telex or facsimile transmission to the Company, 70 West 36th Street, New York, New York 10018, Attention: Stephen L. Green (Fax: (212) 594-2262);

PROVIDED, HOWEVER, that any notice to an Underwriter pursuant to Section 10(c) shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its acceptance telex to the Representatives, which address will be supplied to any other party hereto by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect at the time of receipt thereof. The Transaction Entities shall be entitled to act and rely upon any request, consent, notice or agreement given or made on behalf of the Underwriters by Lehman Brothers Inc.

14. PERSONS ENTITLED TO BENEFIT OF AGREEMENT. This Agreement shall inure to the benefit of and be binding upon the Underwriters, the Transaction Entities, and their respective personal representatives and successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that (a) the representations, warranties, indemnities and agreements of the Transaction Entities contained in this Agreement shall also be deemed to be for the benefit of the person or persons, if any, who control any Underwriter within the meaning of Section 15 of the Securities Act and (b) the indemnity agreement of the Underwriters contained in Section 10(b) of this Agreement shall be deemed to be for the benefit of directors of the Transaction Entities, officers of the Company who have signed the Registration Statement and any person controlling the Transaction Entities within the meaning of Section 15 of the Securities Act. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section 14, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

15. SURVIVAL. The respective indemnities, representations, warranties and agreements of the Transaction Entities, and the Underwriters contained in this Agreement or made

by or on behalf on them, respectively, pursuant to this Agreement, shall survive the delivery of and payment for the Shares and shall remain in full force and effect, regardless of any investigation made by or on behalf of any of them or any person controlling any of them.

16. DEFINITION OF THE TERMS "BUSINESS DAY" AND "SUBSIDIARY". For purposes of this Agreement, (a) "business day" means any day on which the New York Stock Exchange, Inc. is open for trading and (b) "subsidiary" has the meaning set forth in Rule 405 of the Rules and Regulations.

17. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of New York.

18. COUNTERPARTS. This Agreement may be executed in one or more counterparts and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original but all such counterparts shall together constitute one and the same instrument.

19. HEADINGS. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing correctly sets forth the agreement between the Company and the Underwriters, please indicate your acceptance in the space provided for that purpose below.

Very truly yours,

SL GREEN REALTY CORP.

By: _____
Name:
Title:

SL GREEN OPERATING PARTNERSHIP, L.P.

By: SL Green Realty Corp.,
its general partner

By:_____
Name:
Title:

SL GREEN MANAGEMENT LLC

By: SL Green Operating Partnership, L.P.,
its managing member

By: _____
Name:

Title:

S.L. GREEN MANAGEMENT CORP.

By:_____
Name:
Title:

S.L. GREEN REALTY, INC.

By:_____
Name:
Title:

EMERALD CITY CONSTRUCTION CORP.

By:_____
Name:
Title:

Accepted:

LEHMAN BROTHERS INC.
PRUDENTIAL SECURITIES INCORPORATED

BY: LEHMAN BROTHERS INC.

By:_____
Name:
Title:

For itself and as Representatives
of the several Underwriters named
in Schedule 1 hereto

Schedule 1

Underwriters	Number of Shares
Lehman Brothers Inc.	
Prudential Securities Incorporated	
Total	10,100,000

EXHIBIT 4.1

COMMON STOCK TEMPORARY CERTIFICATE COMMON STOCK

Exchangeable for Definitive Engraved
Certificate When Ready for Delivery

SL GREEN REALTY CORP.
INCORPORATED UNDER THE LAWS OF THE STATE OF MARYLAND

$.01 PAR VALUE CUSIP 78440X 10 1
THIS CERTIFIES THAT SEE REVERSE FOR CERTIFICATE DEFINITIONS
is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF SL GREEN REALTY CORP. (hereinafter called the "Corporation"), transferable on the books of the Corporation by the registered holder hereof in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the charter of the Corporation (the "Charter") and the Bylaws of the Corporation and any amendments thereto. This Certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.

IN WITNESS WHEREOF, the Corporation has caused the facsimile signatures of its duly authorized officers and its facsimile seal to be affixed hereto.

DATED:

Countersigned and Registered:
AMERICAN STOCK TRANSFER & TRUST COMPANY
BY (New York) Transfer Agent and Registrar

Authorized Signature

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

/s/ Stephen L. Green
Chairman of the Board President
and Chief Executive Officer

SL GREEN REALTY CORP.
CORPORATE SEAL
1997
MARYLAND

SL GREEN REALTY CORP.

The Corporation will furnish to any stockholder on request and without charge a full statement of the information required by Section 2-211(b) of the Corporations and Associations Article of the Annotated Code of Maryland with respect to the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of the stock of each class which the Corporation is authorized to issue, of the differences in the relative rights and preferences between the shares of each series of a preferred or special class in series which the Corporation is authorized to issue, to the extent they have been set, and of the authority of the Board of Directors to set the relative rights and preferences of subsequent series of a preferred or special class of stock. The foregoing Summary does not purport to be complete and is subject to and qualified in its entirety by reference to the charter of the Corporation (the "Charter"), a copy of which will be sent without charge to each stockholder who so requests. Such request may be made to the secretary of the Corporation at its principal office or to its transfer agent.

The securities represented by this Certificate are subject to restrictions on transfer for the purpose of the Corporation's maintenance of its status as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended. Except as otherwise provided, pursuant to the Charter of the Corporation, no Person may Beneficially Own shares of Common Stock in excess of 9.0% (or such greater percentage as may be determined by the Board of Directors of the Corporation) of the aggregate number or value of the outstanding shares of Common Stock of the Corporation. Any Person who acquires or attempts to acquire shares of Common Stock in excess of the aforementioned limitation, or any Person who is or attempts to become a transferee such that Excess Stock results under the provisions of the Charter, shall immediately give written notice or, in the event of a proposed or attempted Transfer, give at least 15 days prior written notice to the Corporation of such event and shall provide to the Corporation such other information as it may request in order to determine the effect of any such Transfer on the Corporation's status as a REIT. All capitalized terms in this legend have the meanings defined in the Charter of the Corporation, a copy of which, including the restrictions on transfer, will be sent to any stockholder on request and without charge. If the restrictions on transfer are violated, the securities represented hereby will be converted into and treated as shares of Excess Stock that will be transferred, by operation of law, to the trustee of a trust for the exclusive benefit of one or more charitable organizations. The foregoing summary does not purport to be completed and is subject to and qualified in its entirety by reference to the Charter, a copy of which, including the restrictions on transfer, will be sent without charge to each stockholder who so requests. Such request must be made to the Secretary of the Corporation at its principal office or to the Transfer Agent.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN OR DESTROYED, THE CORPORATION WILL REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription of the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common UNIF GIFT MIN ACT --..... Custodian .....
(Cust) (Minor)

TEN ENT -- as tenants by the entireties under Uniform Gifts to Minors Act

JT TEN -- as joint tenants with right of survivorship and not as tenants in common of.....
(State)

Additional abbreviations may also be used though not in the above list.

For value received,_____hereby sell, assign and transfer unto
PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

_____

_____
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE)

_____ Shares represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: _____

Signature(s)_____

NOTICE: The signature(s) to this assignment must correspond with the name as written upon the face of the Certificate, in every particular, without alteration or enlargement of any change whatever.

Signature Guaranteed By:

_____

Exhibit 10.1

FIRST AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

SL GREEN OPERATING PARTNERSHIP, L.P.

Dated as of_____, 1997

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FIRST AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
SL GREEN OPERATING PARTNERSHIP, L.P.

THIS FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, dated as of _____, 1997, is entered into by and among SL Green Realty Corp., a Maryland corporation, as the General Partner of and a Limited Partner in the Partnership, and the Persons (as defined below) whose names are set forth on Exhibit A, as attached hereto (as it may be amended from time to time).

WHEREAS, the Partnership was formed on _____, 1997, and, on _____, 1997, the Partnership adopted an Agreement of Limited Partnership (the "Prior Agreement"); and

WHEREAS, the parties hereto will make certain capital contributions to the Partnership;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby amend and restate the Prior Agreement in its entirety and agree to continue the Partnership as a limited partnership under the Delaware Revised Uniform Limited Partnership Act, as amended from time to time, as follows:

ARTICLE I
DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"ACT" means the Delaware Revised Uniform Limited Partnership Act, 6 DEL. C. Section 17-101, ET SEQ., as it may be amended from time to time, and any successor to such statute.

"ADDITIONAL LIMITED PARTNER" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 12.2 hereof and who is shown as such on the books and records of the Partnership.

"ADJUSTED CAPITAL ACCOUNT" means the Capital Account maintained for each Partner as of the end of each Partnership Year (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (ii) decreased by the items described in Regulations Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-l(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-l(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"ADJUSTED CAPITAL ACCOUNT DEFICIT" means, with respect to any Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account as of the end of the relevant Partnership Year.

"ADJUSTED PROPERTY" means any property the Carrying Value of which has been adjusted pursuant to EXHIBIT B hereto.

"ADJUSTMENT DATE" has the meaning set forth in Section 4.2.B hereof.

"AFFILIATE" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, (iii) any Person of which such Person owns or controls ten percent (10%) or more of the voting interests or (iv) any officer, director, general partner or trustee of such Person or any Person referred to in clauses (i), (ii), and (iii) above. For purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AGREED VALUE" means (i) in the case of any Contributed Property contributed to the Partnership as part of or in connection with the Consolidation, the amount set forth on Exhibit E attached hereto as the Agreed Value of such Property; (ii) in the case of any other Contributed Property, the 704(c) Value of such property as of the time of its contribution to the Partnership, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed; and (iii) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution as determined under Section 752 of the Code and the Regulations thereunder.

"AGREEMENT" means this First Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

"ARTICLES OF INCORPORATION" means the Articles of Incorporation or other organizational document governing the General Partner, as amended or restated from time to time.

"ASSIGNEE" means a Person to whom one or more Partnership Units have been transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5 hereof.

"AVAILABLE CASH" means, with respect to any period for which such calculation is being made:

(a) all cash revenues and funds received by the Partnership from whatever source (excluding the proceeds of any Capital Contribution) plus the amount of any reduction (including, without limitation, a reduction resulting because the General Partner determines such amounts are no longer necessary) in reserves of the Partnership, which reserves are referred to in clause (b)(iv) below;

(b) less the sum of the following (except to the extent made with the proceeds of any Capital Contribution):

(i) all interest, principal and other debt payments made during such period by the Partnership,

(ii) all cash expenditures (including capital expenditures) made by the Partnership during such period,

(iii) investments in any entity (including loans made thereto) to the extent that such investments are permitted under this Agreement and are not otherwise described in clauses (b)(i) or (ii), and

(iv) the amount of any increase in reserves established during such period which the General Partner determines is necessary or appropriate in its sole and absolute discretion.

Notwithstanding the foregoing, Available Cash shall not include any cash received or reductions in reserves, or take into account any disbursements made or reserves established, after commencement of the dissolution and liquidation of the Partnership.

"BOOK-TAX DISPARITIES" means, with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to EXHIBIT B hereto and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained, with respect to each such Contributed Property or Adjusted Property, strictly in accordance with federal income tax accounting principles.

"BUSINESS DAY" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"CAPITAL ACCOUNT" means the Capital Account maintained for a Partner pursuant to EXHIBIT B hereto.

"CAPITAL CONTRIBUTION" means, with respect to any Partner, any cash, cash equivalents or the Agreed Value of Contributed Property which such Partner contributes or is deemed to contribute to the Partnership pursuant to Section 4.1 or 4.2 hereof.

"CARRYING VALUE" means (i) with respect to a Contributed Property or Adjusted Property, the 704(c) Value of such property reduced (but not below zero) by all Depreciation with respect to such Contributed Property or Adjusted Property, as the case may be, charged to the Partners' Capital Accounts and (ii) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with EXHIBIT B hereto, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"CASH AMOUNT" means an amount of cash equal to the Value on the Valuation Date of the Shares Amount.

"CERTIFICATE" means the Certificate of Limited Partnership relating to the Partnership filed in the office of the Delaware Secretary of State on June 12, 1997, as amended from time to time in accordance with the terms hereof and the Act.

"CHARTER DOCUMENTS" has the meaning set forth in Section 7.11.D hereof.

"CLASS A" has the meaning set forth in Section 5.1.C hereof.

"CLASS A SHARE" has the meaning set forth in Section 5.1.C hereof.

"CLASS A UNIT" means any Partnership Unit that is not specifically designated by the General Partner as being of another specified class of Partnership Units.

"CLASS B" has the meaning set forth in Section 5.1.C hereof.

"CLASS B SHARE" has the meaning set forth in Section 5.1.C hereof.

"CLASS B UNIT" means a Partnership Unit that is specifically designated by the General Partner as being a Class B Unit.

"CODE" means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable Regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"CONSENT" means the consent or approval of a proposed action by a Partner given in accordance with Section 14.2 hereof.

"CONSENT OF CERTAIN LIMITED PARTNERS" means Consent of the holders of 75% in the aggregate of the 673 First Avenue Units and the 470 Park Avenue South Units, collectively considered as one group.

"CONSENT OF THE OUTSIDE LIMITED PARTNERS" means the Consent of Limited Partners (excluding for this purpose any Limited Partnership Interests held by the General Partner, any Person of which the General Partner owns or controls more than fifty percent (50%) of the voting interests and any Person owning or controlling, directly or indirectly, more than fifty percent (50%) of the outstanding voting interests of the General Partner) holding Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interest of all Limited Partners who are not excluded for the purposes hereof.

"CONSOLIDATION" means the transactions whereby the Partnership will acquire interests in certain office properties located in midtown Manhattan and certain property management and construction businesses, which provide services to those properties and to other properties in the New York metropolitan area, in exchange for Partnership Units upon completion of an initial public offering by S.L. Green Realty Corporation.

"CONSOLIDATION TRANSACTION" has the meaning set forth in Section 7.11.C.(5) hereof.

"CONTRIBUTED PROPERTY" means each property or other asset contributed to the Partnership, in such form as may be permitted by the Act, but excluding cash contributed or deemed contributed to the Partnership. Once the Carrying Value of a Contributed Property is adjusted pursuant to EXHIBIT B hereto, such property shall no longer constitute a Contributed Property for purposes of EXHIBIT B hereto, but shall be deemed an Adjusted Property for such purposes.

"CONVERSION FACTOR" means 1.0; provided that in the event that the General Partner Entity (i) declares or pays a dividend on its outstanding Shares in Shares or makes a distribution to all holders of its outstanding Shares in Shares, (ii) subdivides its outstanding Shares or (iii) combines its outstanding Shares into a smaller number of Shares, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time) and the denominator of which shall be the actual number of Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, subdivision or combination; and PROVIDED, FURTHER that in the event that an entity shall cease to be the General Partner Entity (the "Predecessor Entity") and another entity shall become the General Partner Entity (the "Successor Entity"), the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which is the Value of one share of the Predecessor Entity, determined as of the time immediately prior to when the Successor Entity becomes the General Partner Entity, and the denominator of which is the Value of one Share of the Successor Entity

determined as of that same date. (For purposes of the second proviso in the preceding sentence, in the event that any stockholders of the Predecessor Entity will receive consideration in connection with the transaction in which the Successor Entity becomes the General Partner Entity, the numerator in the fraction described above for determining the adjustment to the Conversion Factor (that is, the Value of one Share of the Predecessor Entity) shall be the sum of the greatest amount of cash and the fair market value of any securities and other consideration that the holder of one Share in the Predecessor Entity could have received in such transaction (determined without regard to any provisions governing fractional shares).) Any adjustment to the Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for the event giving rise thereto; it being intended that (x) adjustments to the Conversion Factor are to be made in order to avoid unintended dilution or anti-dilution as a result of transactions in which Shares are issued, redeemed or exchanged without a corresponding issuance, redemption or exchange of Partnership Units and (y) if a Specified Redemption Date shall fall between the record date and the effective date of any event of the type described above, that the Conversion Factor applicable to such redemption shall be adjusted to take into account such event.

"DEBT" means, as to any Person, as of any date of determination, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person, (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof, and (iv) obligations of such Person incurred in connection with entering into a lease which, in accordance with generally accepted accounting principles, should be capitalized.

"DEEMED PARTNERSHIP INTEREST VALUE" means, as of any date with respect to any class of Partnership Interests, the Deemed Value of the Partnership Interest of such class multiplied by the applicable Partner's Percentage Interest of such class.

"DEEMED VALUE OF THE PARTNERSHIP INTEREST" means, as of any date with respect to any class of Partnership Interests, (a) if the shares of common stock (or other comparable equity interests) of the General Partner are Publicly Traded (i) the total number of shares of capital stock (or other comparable equity interest) of the General Partner corresponding to such class of Partnership Interest (as provided for in Section 4.2.B hereof) issued and outstanding as of the close of business on such date (excluding any treasury shares) multiplied by the Value of a share of such capital stock (or other comparable equity interest) on such date DIVIDED BY (ii) the Percentage Interest of the General Partner in such class of Partnership Interests on such date, and (b) otherwise, the aggregate Value of such class of Partnership Interests determined as set forth in the fourth and fifth sentences of the definition of Value.

"DEPRECIATION" means, for each fiscal year, an amount equal to the federal income tax depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year, except that if the Carrying Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Carrying Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year bears to such beginning adjusted tax basis; PROVIDED, HOWEVER, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Carrying Value using any reasonable method selected by the General Partner.

"DISTRIBUTION PERIOD" has the meaning set forth in Section 5.1.C hereof.

"EFFECTIVE DATE" means the date of the closing of the Consolidation.

"EQUITY MERGER" has the meaning set forth in Section 7.11.D hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXCHANGED PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"470 PARK SOUTH, L.P." means 470 Park Avenue South, L.P., a New York limited partnership.

"470 PARK AVENUE SOUTH PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"470 PARK AVENUE SOUTH UNITS" has the meaning set forth in Section 7.11.C hereof.

"FUNDING DEBT" means the incurrence of any Debt by or on behalf of the General Partner for the purpose of providing funds to the Partnership.

"GENERAL PARTNER" means S.L. Green Realty Corporation, a Maryland corporation, or its successors as general partner of the Partnership.

"GENERAL PARTNER ENTITY" means the General Partner; provided, however, that if (i) the shares of common stock (or other comparable equity interests) of the General Partner are at any time not Publicly Traded and (ii) the shares of common stock (or other comparable equity interests) of an entity that owns, directly or indirectly, fifty percent (50%) or more of the shares of common stock (or other comparable equity interests) of the General Partner are Publicly

Traded, the term "General Partner Entity" shall refer to such entity whose shares of common stock (or other comparable equity securities) are Publicly Traded. If both requirements set forth in clauses (i) and (ii) above are not satisfied, then the term "General Partner Entity" shall mean the General Partner.

"GENERAL PARTNER PAYMENT" has the meaning set forth in Section 15.14 hereof.

"GENERAL PARTNERSHIP INTEREST" means a Partnership Interest held by the General Partner that is a general partnership interest. A General Partnership Interest may be expressed as a number of Partnership Units.

"IRS" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"IMMEDIATE FAMILY" means, with respect to any natural Person, such natural Person's spouse, parents, descendants, nephews, nieces, brothers, and sisters.

"INCAPACITY" or "INCAPACITATED" means, (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her Person or estate, (ii) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter, (iii) as to any partnership which is a Partner, the dissolution and commencement of winding up of the partnership, (iv) as to any estate which is a Partner, the distribution by the fiduciary of the estate's entire interest in the Partnership, (v) as to any trustee of a trust which is a Partner, the termination of the trust (but not the substitution of a new trustee) or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment or (h) an appointment referred to in clause (g) is not vacated within ninety (90) days after the expiration of any such stay.

"INDEMNITEE" means (i) any Person made a party to a proceeding or threatened with being made a party to a proceeding by reason of its status as (A) the General Partner, (B) a Limited Partner or (C) a director or officer of the Partnership or the General Partner and (ii) such other Persons (including Affiliates of the General Partner, a Limited Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"LIMITED PARTNER" means any Person named as a Limited Partner in Exhibit A attached hereto, as such Exhibit may be amended and restated from time to time, or any Substituted Limited Partner or Additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"LIMITED PARTNERSHIP INTEREST" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partnership Interest may be expressed as a number of Partnership Units.

"LIQUIDATING EVENT" has the meaning set forth in Section 13.1 hereof.

"LIQUIDATING TRANSACTION" has the meaning set forth in Section 7.11.C hereof.

"LIQUIDATOR" has the meaning set forth in Section 13.2.A hereof.

"NET INCOME" means, for any taxable period, the excess, if any, of the Partnership's items of income and gain for such taxable period over the Partnership's items of loss and deduction for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with EXHIBIT B hereto. If an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to the special allocation rules in EXHIBIT C hereto, Net Income or the resulting Net Loss, whichever the case may be, shall be recomputed without regard to such item.

"NET LOSS" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction for such taxable period over the Partnership's items of income and gain for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with EXHIBIT B. If an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to the special allocation rules in EXHIBIT C hereto, Net Loss or the resulting Net Income, whichever the case may be, shall be recomputed without regard to such item.

"NEW SECURITIES" means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase shares of capital stock (or other comparable equity interest) of the General Partner, excluding grants under any Stock

Option Plan, or (ii) any Debt issued by the General Partner that provides any of the rights described in clause (i).

"NONRECOURSE BUILT-IN GAIN" means, with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Section 2.B of EXHIBIT C hereto if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"NONRECOURSE DEDUCTIONS" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"NONRECOURSE LIABILITY" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"NOTICE OF REDEMPTION" means a Notice of Redemption substantially in the form of EXHIBIT D attached hereto.

"PARTNER" means the General Partner or a Limited Partner, and "Partners" means the General Partner and the Limited Partners.

"PARTNER MINIMUM GAIN" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"PARTNER NONRECOURSE DEBT" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"PARTNER NONRECOURSE DEDUCTIONS" has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"PARTNERSHIP" means the limited partnership formed under the Act and continued upon the terms and conditions set forth in this Agreement, and any successor thereto.

"PARTNERSHIP INTEREST" means a Limited Partnership Interest or the General Partnership Interest and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be expressed as a number of Partnership Units.

"PARTNERSHIP MINIMUM GAIN" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"PARTNERSHIP RECORD DATE" means the record date established by the General Partner either (i) for the distribution of Available Cash pursuant to Section 5.1 hereof, which record date shall be the same as the record date established by the General Partner Entity for a distribution to its stockholders of some or all of its portion of such distribution received by the General Partner if the shares of common stock (or comparable equity interests) of the General Partner Entity are Publicly Traded, or (ii) if applicable, for determining the Partners entitled to vote on or consent to any proposed action for which the consent or approval of the Partners is sought pursuant to Section 14.2 hereof.

"PARTNERSHIP UNIT" means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to, Sections 4.1 and 4.2 hereof, and includes Class A Units, Class B Units and any other classes or series of Partnership Units established after the date hereof. The number of Partnership Units outstanding and the Percentage Interests in the Partnership represented by such Partnership Units are set forth in EXHIBIT A hereto, as such Exhibit may be amended and restated from time to time. The ownership of Partnership Units may be evidenced by a certificate in a form approved by the General Partner.

"PARTNERSHIP YEAR" means the fiscal year of the Partnership, which shall be the calendar year.

"PERCENTAGE INTEREST" means, as to a Partner holding a class of Partnership Interests, its interest in such class, determined by dividing the Partnership Units of such class owned by such Partner by the total number of Partnership Units of such class then outstanding as specified in EXHIBIT A attached hereto, as such exhibit may be amended and restated from time to time, multiplied by the aggregate Percentage Interest allocable to such class of Partnership Interests. In the event that the Partnership shall at any time have outstanding more than one class of Partnership Interests, the Percentage Interest attributable to each class of Partnership Interests shall be determined as set forth in Section 4.2.B hereof.

"PERSON" means a natural person, partnership (whether general or limited), trust, estate, association, corporation, limited liability company, unincorporated organization, custodian, nominee or any other individual or entity in its own or any representative capacity.

"PREDECESSOR ENTITY" has the meaning set forth in the definition of "Conversion Factors herein.

"PUBLICLY TRADED" means listed or admitted to trading on the New York Stock Exchange, the American Stock Exchange or another national securities exchange or designated for quotation on the NASDAQ National Market, or any successor to any of the foregoing.

"QUALIFIED REIT SUBSIDIARY" means any Subsidiary of the General Partner that is a "qualified REIT subsidiary" within the meaning Section 856(i) of the Code.

"RECAPTURE INCOME" means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"REDEEMING PARTNER" has the meaning set forth in Section 8.6.A hereof.

"REDEMPTION AMOUNT" means either the Cash Amount or the Shares Amount, as determined by the General Partner in its sole and absolute discretion; provided that in the event that the Shares are not Publicly Traded at the time a Redeeming Partner exercises its Redemption Right the Redemption Amount shall be paid only in the form of the Cash Amount unless the Redeeming Partner, in its sole and absolute discretion, consents to payment of the Redemption Amount in the form of the Shares Amount. A Redeeming Partner shall have no right, without the General Partner's consent, in its sole and absolute discretion, to receive the Redemption Amount in the form of the Shares Amount.

"REDEMPTION RIGHT" has the meaning set forth in Section 8.6.A hereof.

"REGULATIONS" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"REIT" means a real estate investment trust under Section 856 of the Code.

"REIT REQUIREMENTS" has the meaning set forth in Section 5.1.A hereof.

"REPLACEMENT PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"RESIDUAL GAIN" or "RESIDUAL LOSS" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 2.B.1(a) or 2.B.2(a) of EXHIBIT C hereto to eliminate Book-Tax Disparities.

"SAFE HARBOR" has the meaning set forth in Section 11.6.F hereof.

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

"704(C) VALUE" of any Contributed Property means the fair market value of such property at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt. Subject to EXHIBIT B hereto, the General Partner shall, in

its sole and absolute discretion, use such method as it deems reasonable and appropriate to allocate the aggregate of the 704(c) Values of Contributed Properties in a single or integrated transaction among each separate property on a basis proportional to their fair market values. The 704(c) Values of the Contributed Properties contributed to the Partnership as part of or in connection with the Consolidation are set forth on EXHIBIT E attached hereto.

"SHARE" means a share of capital stock (or other comparable equity interest) of the General Partner Entity. Shares may be issued in one or more classes or series in accordance with the terms of the Articles of Incorporation (or, if the General Partner is not the General Partner Entity, the organizational documents of the General Partner Entity). In the event that there is more than one class or series of Shares, the term "Shares" shall, as the context requires, be deemed to refer to the class or series of Shares that correspond to the class or series of Partnership Interests for which the reference to Shares is made. When used with reference to Class A Units, the term "Shares" refers to shares of common stock (or other comparable equity interest) of the General Partner Entity.

"SHARES AMOUNT" means a number of Shares equal to the product of the number of Partnership Units offered for redemption by a Redeeming Partner times the Conversion Factor; PROVIDED THAT, in the event the General Partner Entity issues to all holders of Shares rights, options, warrants or convertible or exchangeable securities entitling such holders to subscribe for or purchase Shares or any other securities or property (collectively, the "rights"), then the Shares Amount for any Partnership Units outstanding prior to the issuance of such rights shall also include such rights that a holder of that number of Shares would be entitled to receive; and PROVIDED, FURTHER that, the Shares Amount shall be adjusted pursuant to Section 7.5 hereof in the event that the General Partner acquires material assets other than on behalf of the Partnership.

"673 FIRST AVENUE PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"673 FIRST AVENUE REALTY COMPANY" means 673 First Realty Company, a New York general partnership.

"673 FIRST AVENUE UNITS" has the meaning set forth in Section 7.11.C hereof.

"SPECIFIED REDEMPTION DATE" means the tenth Business Day after receipt by the General Partner of a Notice of Redemption; PROVIDED THAT, if the Shares are not Publicly Traded, the Specified Redemption Date means the thirtieth Business Day after receipt by the General Partner of a Notice of Redemption.

"STOCK OPTION PLAN" means any stock incentive plan of the General Partner, the Partnership or any Affiliate of the Partnership or the General Partner.

"SUBSIDIARY" means, with respect to any Person, any corporation, limited liability company, partnership or joint venture, or other entity of which a majority of (i) the voting

power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"SUBSTITUTED LIMITED PARTNER" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4 hereof.

"SUCCESSOR ENTITY" has the meaning set forth in the definition of "Conversion Factor" herein.

"SUCCESSOR PARTNERSHIP" has the meaning set forth in Section 7.11.C hereof.

"TENANT" means any tenant from which the General Partner derives rent, either directly or indirectly through partnerships, including the Partnership, or through any Qualified REIT Subsidiary.

"TERMINATING CAPITAL TRANSACTION" means any sale or other disposition of all or substantially all of the assets of the Partnership for cash or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership for cash.

"TERMINATION TRANSACTION" has the meaning set forth in Section 11.2.B hereof.

"TRANSFERRED PROPERTY" has the meaning set forth in Section 7.11.C hereof.

"UNREALIZED GAIN" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the fair market value of such property (as determined under EXHIBIT B hereto) as of such date, over (ii) the Carrying Value of such property (prior to any adjustment to be made pursuant to EXHIBIT B hereto) as of such date.

"UNREALIZED LOSS" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the Carrying Value of such property (prior to any adjustment to be made pursuant to EXHIBIT B hereto) as of such date, over (ii) the fair market value of such property (as determined under EXHIBIT B hereto) as of such date.

"VALUATION DATE" means the date of receipt by the General Partner of a Notice of Redemption or, if such date is not a Business Day, the first Business Day thereafter.

"VALUE" means, with respect to any outstanding Shares of the General Partner Entity that are Publicly Traded, the average of the daily market price for the ten (10) consecutive trading days immediately preceding the date with respect to which value must be determined or, if such date is not a Business Day, the immediately preceding Business Day. The market price for each such trading day shall be the closing price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices on such day. In the event that the outstanding Shares of the General Partner Entity are Publicly Traded

and the Shares Amount includes rights that a holder of Shares would be entitled to receive, then the Value of such rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event that the Shares of the General Partner Entity are not Publicly Traded, the Value of the Shares Amount per Partnership Unit offered for redemption (which will be the Cash Amount per Partnership Unit offered for redemption payable pursuant to Section 8.6.A hereof) means the amount that a holder of one Partnership Unit would receive if each of the assets of the Partnership were to be sold for its fair market value on the Specified Redemption Date, the Partnership were to pay all of its outstanding liabilities, and the remaining proceeds were to be distributed to the Partners in accordance with the terms of this Agreement. Such Value shall be determined by the General Partner, acting in good faith and based upon a commercially reasonable estimate of the amount that would be realized by the Partnership if each asset of the Partnership (and each asset of each Partnership, limited liability company, joint venture or other entity in which the Partnership owns a direct or indirect interest) were sold to an unrelated purchaser in an arms' length transaction where neither the purchaser nor the seller were under economic compulsion to enter into the transaction (without regard to any discount in value as a result of the Partnership's minority interest in any property or any illiquidity of the Partnership's interest in any property). In connection with determining the Deemed Value of the Partnership Interest for purposes of determining the number of additional Partnership Units issuable upon a Capital Contribution funded by an underwritten public offering of shares of capital stock (or other comparable equity interest) of the General Partner, the Value of such shares shall be the public offering price per share of such class of the capital stock (or other comparable equity interest) sold.

ARTICLE II
ORGANIZATIONAL MATTERS

SECTION 2.1 ORGANIZATION

The Partnership is a limited partnership organized pursuant to the provisions of the Act and upon the terms and conditions set forth in the Prior Agreement. The Partners hereby continue the Partnership and amend and restate the Prior Agreement in its entirety. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

SECTION 2.2 NAME

The name of the Partnership is SL Green Operating Partnership, L.P. The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any

jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

SECTION 2.3 REGISTERED OFFICE AND AGENT; PRINCIPAL OFFICE

The address of the registered office of the Partnership in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be Corporation Trust Company. The principal office of the Partnership shall be 70 West 36th Street, New York, New York 10018, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

SECTION 2.4 TERM

The term of the Partnership commenced on June 12, 1997, the date on which the Certificate was filed in the office of the Secretary of State of the State of Delaware in accordance with the Act, and shall continue until December 31, 209 , unless it is dissolved sooner pursuant to the provisions of Article XIII hereof or as otherwise provided by law.

ARTICLE III
PURPOSE

SECTION 3.1 PURPOSE AND BUSINESS

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act; PROVIDED, HOWEVER, that such business shall be limited to and conducted in such a manner as to permit the General Partner Entity at all times to be classified as a REIT, unless the General Partner ceases to qualify or is not qualified as a REIT for any reason or reasons not related to the business conducted by the Partnership; (ii) to enter into any partnership, joint venture, limited liability company or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged, directly or indirectly, in any of the foregoing; and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, the Partners acknowledge that the status of the General Partner Entity as a REIT inures to the benefit of all the Partners and not solely the General Partner or its Affiliates.

SECTION 3.2 POWERS

The Partnership is empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership, including, without limitation, full power and authority, directly or through its ownership interest in other entities, to enter into, perform and carry out contracts of any kind, borrow money and issue evidences of indebtedness whether or not secured by mortgage, deed of trust, pledge or other lien, acquire, own, manage, improve and develop real property, and lease, sell, transfer and dispose of real property; PROVIDED, HOWEVER, that the Partnership shall not take, or refrain from taking, any action which, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the ability of the General Partner Entity to continue to qualify as a REIT, (ii) could subject the General Partner Entity to any additional taxes under Section 857 or Section 4981 of the Code or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner Entity or its securities, unless such action (or inaction) shall have been specifically consented to by the General Partner in writing.

SECTION 3.3 PARTNERSHIP ONLY FOR PURPOSES SPECIFIED

The Partnership shall be a partnership only for the purposes specified in Section 3.1 above, and this Agreement shall not be deemed to create a partnership among the Partners with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in Section 3.1 above.

ARTICLE IV
CAPITAL CONTRIBUTIONS AND ISSUANCES OF PARTNERSHIP INTERESTS

SECTION 4.1 CAPITAL CONTRIBUTIONS OF THE PARTNERS

A. INITIAL CAPITAL CONTRIBUTIONS AND RECAPITALIZATION OF THE PARTNERSHIP ON THE EFFECTIVE DATE. On the Effective Date, the Partners will make Capital Contributions to the Partnership in connection with the Consolidation. On the Effective Date, the General Partner will complete EXHIBIT A hereto to reflect the Capital Contributions made by each Partner, the Partnership Units assigned to each Partner and the Percentage Interest in the Partnership represented by such Partnership Units. The Capital Accounts of the Partners and the Carrying Values of the Partnership's Assets shall be determined as of the Effective Date pursuant to Section I.D of EXHIBIT B hereto to reflect the Capital Contributions made on the Effective Date.

B. GENERAL PARTNERSHIP INTEREST. A number of Partnership Units held by the General Partner equal to one percent (1%) of all outstanding Partnership Units shall be deemed to be the General Partner Partnership Units and shall be the General Partnership Interest. All

other Partnership Units held by the General Partner shall be deemed to be Limited Partnership Interests and shall be held by the General Partner in its capacity as a Limited Partner in the Partnership.

C. CAPITAL CONTRIBUTIONS BY MERGER. To the extent the Partnership acquires any property by the merger of any other Person into the Partnership, Persons who receive Partnership Interests in exchange for their interests in the Person merging into the Partnership shall become Partners and shall be deemed to have made Capital Contributions as provided in the applicable merger agreement and as set forth in EXHIBIT A hereto.

D. NO OBLIGATION TO MAKE ADDITIONAL CAPITAL CONTRIBUTIONS. Except as provided in Sections 7.5 and 10.5 hereof, the Partners shall have no obligation to make any additional Capital Contributions or provide any additional funding to the Partnership (whether in the form of loans, repayments of loans or otherwise). No Partner shall have any obligation to restore any deficit that may exist in its Capital Account, either upon a liquidation of the Partnership or otherwise.

SECTION 4.2 ISSUANCES OF PARTNERSHIP INTERESTS

A. GENERAL. The General Partner is hereby authorized to cause the Partnership from time to time to issue to Partners (including the General Partner and its Affiliates) or other Persons (including, without limitation, in connection with the contribution of property to the Partnership) Partnership Units or other Partnership Interests in one or more classes, or in one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to Limited Partnership Interests, all as shall be determined, subject to applicable Delaware law, by the General Partner in its sole and absolute discretion, including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests, (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; PROVIDED, that no such Partnership Units or other Partnership Interests shall be issued to the General Partner unless either (a) the Partnership Interests are issued in connection with the grant, award or issuance of Shares or other equity interests in the General Partner having designations, preferences and other rights such that the economic interests attributable to such Shares or other equity interests are substantially similar to the designations, preferences and other rights (except voting rights) of the additional Partnership Interests issued to the General Partner in accordance with this Section 4.2.A or (b) the Partnership Interests are issued to all Partners holding Partnership Interests in the same class in proportion to their respective Percentage Interests in such class. In the event that the Partnership issues Partnership Interests pursuant to this Section 4.2.A, the General Partner shall make such revisions to this Agreement (including but not limited to the revisions described in Section 5.4, Section 6.2 and Section 8.6 hereof) as it deems necessary to reflect the issuance of such additional Partnership Interests.

B. PERCENTAGE INTEREST ADJUSTMENTS IN THE CASE OF CAPITAL CONTRIBUTIONS FOR PARTNERSHIP UNITS. Upon the acceptance of additional Capital Contributions in exchange for Partnership Units, the Percentage Interest related thereto shall be equal to a fraction, the numerator of which is equal to the amount of cash, if any, plus the Agreed Value of Contributed Property, if any, contributed with respect to such additional Partnership Units and the denominator of which is equal to the sum of (i) the Deemed Value of the Partnership Interests for all outstanding classes (computed as of the Business Day immediately preceding the date on which the additional Capital Contributions are made (an "Adjustment Date")) plus (ii) the aggregate amount of additional Capital Contributions contributed to the Partnership on such Adjustment Date in respect of such additional Partnership Units. The Percentage Interest of each other Partner holding Partnership Interests not making a full pro rata Capital Contribution shall be adjusted to a fraction the numerator of which is equal to the sum of (i) the Deemed Partnership Interest Value of such Limited Partner (computed as of the Business Day immediately preceding the Adjustment Date) plus (ii) the amount of additional Capital Contributions (such amount being equal to the amount of cash, if any, plus the Agreed Value of Contributed Property, if any, so contributed), if any, made by such Partner to the Partnership in respect of such Partnership Interest as of such Adjustment Date and the denominator of which is equal to the sum of (i) the Deemed Value of the Partnership Interests of all outstanding classes (computed as of the Business Day immediately preceding such Adjustment Date) plus (ii) the aggregate amount of the additional Capital Contributions contributed to the Partnership on such Adjustment Date in respect of such additional Partnership Interests. For purposes of calculating a Partner's Percentage Interest pursuant to this Section 4.2.B, cash Capital Contributions by the General Partner will be deemed to equal the cash contributed by the General Partner plus (a) in the case of cash contributions funded by an offering of any equity interests in or other securities of the General Partner, the offering costs attributable to the cash contributed to the Partnership, and (b) in the case of Partnership Units issued pursuant to Section 7.5.E hereof, an amount equal to the difference between the Value of the Shares sold pursuant to any Stock Option Plan and the net proceeds of such sale.

C. CLASSES OF PARTNERSHIP UNITS. From and after the Effective Date, subject to Section 4.2.A above, the Partnership shall have two classes of Partnership Units, entitled "Class A Units" and "Class B Units." Either Class A Units or Class B Units, at the election of the General Partner, in its sole and absolute discretion, may be issued to newly admitted Partners in exchange for the contribution by such Partners of cash, real estate partnership interests, stock, notes or other assets or consideration; PROVIDED, that all Partnership Units issued to Partners in connection with the Consolidation shall be Class A Units; and, PROVIDED, FURTHER, that any Partnership Unit that is not specifically designated by the General Partner as being of a particular class shall be deemed to be a Class A Unit. Each Class B Unit shall be converted automatically into a Class A Unit on the day immediately following the Partnership Record Date for the Distribution Period (as defined in Section 5.1.C hereof) in which such Class B Unit was issued, without the requirement for any action by either the Partnership or the Partner holding the Class B Unit.

SECTION 4.3 NO PREEMPTIVE RIGHTS

Except to the extent expressly granted by the Partnership pursuant to another agreement, no Person shall have any preemptive, preferential or other similar right with respect to (i) additional Capital Contributions or loans to the Partnership or (ii) issuance or sale of any Partnership Units or other Partnership Interests.

SECTION 4.4 OTHER CONTRIBUTION PROVISIONS

In the event that any Partner is admitted to the Partnership and is given a Capital Account in exchange for services rendered to the Partnership, such transaction shall be treated by the Partnership and the affected Partner as if the Partnership had compensated such Partner in cash, and the Partner had contributed such cash to the capital of the Partnership.

SECTION 4.5 NO INTEREST ON CAPITAL

No Partner shall be entitled to interest on its Capital Contributions or its Capital Account.

ARTICLE V
DISTRIBUTIONS

SECTION 5.1 REQUIREMENT AND CHARACTERIZATION OF DISTRIBUTIONS

A. GENERAL. The General Partner shall distribute at least quarterly an amount equal to one hundred percent (100%) of Available Cash generated by the Partnership during such quarter or shorter period to the Partners who are Partners on the Partnership Record Date with respect to such quarter or shorter period as provided in Sections 5.1.B, 5.1.D and 6.1.C below. Notwithstanding anything to the contrary contained herein, in no event may a Partner receive a distribution of Available Cash with respect to a Partnership Unit for a quarter or shorter period if such Partner is entitled to receive a distribution out of such Available Cash with respect to a Share for which such Partnership Unit has been redeemed or exchanged. Unless otherwise expressly provided for herein or in an agreement at the time a new class of Partnership Interests is created in accordance with Article IV hereof, no Partnership Interest shall be entitled to a distribution in preference to any other Partnership Interest. The General Partner shall make such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the qualification of the General Partner Entity as a REIT, to distribute Available Cash (a) to Limited Partners so as to preclude any such distribution or portion thereof from being treated as part of a sale of property by a Limited Partner under Section 707 Code or the Regulations thereunder; PROVIDED THAT, the General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of any distribution to a Limited Partner being so treated, and (b) to the General Partner in an amount sufficient to enable the General Partner Entity to pay stockholder dividends that will (1) satisfy the requirements for qualification as a

REIT under the Code and the Regulations (the "REIT Requirements") and (2) avoid any federal income or excise tax liability for the General Partner Entity.

B. METHOD. (i) Each holder of Partnership Interests that are entitled to any preference in distribution shall be entitled to a distribution in accordance with the rights of any such class of Partnership Interests (and, within such class, pro rata in proportion to the respective Percentage Interests on such Partnership Record Date); and

(ii) To the extent there is Available Cash remaining after the payment of any preference in distribution in accordance with the foregoing clause (i), with respect to Partnership Interests that are not entitled to any preference in distribution, pro rata to each such class in accordance with the terms of such class (and, within each such class, pro rata in proportion to the respective Percentage Interests on such Partnership Record Date).

C. DISTRIBUTIONS WHEN CLASS B UNITS ARE OUTSTANDING. If for any quarter or shorter period with respect to which a distribution is to be made (a "Distribution Period") Class B Units are outstanding on the Partnership Record Date for such Distribution Period, the General Partner shall allocate the Available Cash with respect to such Distribution Period available for distribution with respect to the Class A Units and Class B Units collectively between the Partners who are holders of Class A Units ("Class A") and the Partners who are holders of Class B Units ("Class B") as follows:

(1) Class A shall receive that portion of the Available Cash (the "Class A Share") determined by multiplying the amount of Available Cash by the following fraction:

$$\frac{A \times Y}{(A \times Y)+(B \times X)}$$

(2) Class B shall receive that portion of the Available Cash (the "Class B Share") determined by multiplying the amount of Available Cash by the following fraction:

$$\frac{B \times X}{(A \times Y)+(B \times X)}$$

(3) For purposes of the foregoing formulas, (i) "A" equals the number of Class A Units outstanding on the Partnership Record Date for such Distribution Period; (ii) "B" equals the number of Class B Units outstanding on the Partnership Record Date for such Distribution Period; (iii) "Y" equals the number of days in the Distribution Period; and (iv) "X" equals the number of days in the Distribution Period for which the Class B Units were issued and outstanding.

The Class A Share shall be distributed among Partners holding Class A Units on the Partnership Record Date for the Distribution Period in accordance with the number of Class A Units held by each Partner on such Partnership Record Date; PROVIDED THAT, in no event may a Partner receive a distribution of Available Cash with respect to a Class A Unit if the Partner is entitled to receive a distribution out of such Available Cash with respect to a Share for which such Class A Unit has been redeemed or exchanged. The Class B Share shall be distributed among the Partners holding Class B Units on the Partnership Record Date for the Distribution Period in accordance with the number of Class B Units held by each Partner on such Partnership Record Date. In no event shall any Partner holding Class B Units be entitled to receive any distribution of Available Cash with respect to such Units for any Distribution Period ending prior to the date on which such Class B Units are issued.

D. DISTRIBUTIONS WHEN CLASS B UNITS HAVE BEEN ISSUED ON DIFFERENT DATES. In the event that Class B Units which have been issued on different dates are outstanding on the Partnership Record Date for any Distribution Period, then the Class B Units issued on each particular date shall be treated as a separate series of Partnership Units for purposes of making the allocation of Available Cash for such Distribution Period among the holders of Partnership Units (and the formula for making such allocation, and the definitions of variables used therein, shall be modified accordingly). Thus, for example, if two series of Class B Units are outstanding on the Partnership Record Date for any Distribution Period, the allocation formula for each series, "Series B1" and "Series B2" would be as follows:

(1) Series B1 shall receive that portion of the Available Cash determined by multiplying the amount of Available Cash by the following fraction:

$$\frac{BL \times X1}{(A \times Y)+(Bl \times X1)+(B2 \times X2)}$$

(2) Series B2 shall receive that portion of the Available Cash determined by multiplying the amount of Available Cash by the following fraction:

$$\frac{B2 \times X2}{(A \times Y)+(Bl \times Xl)+(B2 \times X2)}$$

(3) For purposes of the foregoing formulas the definitions set forth in Section 5.1.C.3 above remain the same except that (i) "Bl" equals the number of Partnership Units in Series B1 outstanding on the Partnership Record Date for such Distribution Period; (ii) "B2" equals the number of Partnership Units in Series B2 outstanding on the Partnership Record Date for such Distribution Period; (iii) "Xl" equals the number of days in the Distribution Period for which the Partnership Units in Series B1 were issued and outstanding; and (iv) "X2"

equals the number of days in the Distribution Period for which the Partnership Units in Series B2 were issued and outstanding.

E. MINIMUM DISTRIBUTIONS IF GENERAL PARTNER NOT PUBLICLY TRADED. In addition (and without regard to the amount of Available Cash), if the shares of common stock (or other comparable equity interests) of the General Partner are not Publicly Traded, the General Partner shall make cash distributions with respect to the Class A Units at least annually for each taxable year of the Partnership beginning prior to the fifteenth (15th) anniversary of the Effective Date in an aggregate amount with respect to each such taxable year at least equal to 95% of the Partnership's taxable income for such year allocable to the Class A Units, with such distributions to be made not later than 60 days after the end of such year.

SECTION 5.2 AMOUNTS WITHHELD

All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.5 hereof with respect to any allocation, payment or distribution to the General Partner, the Limited Partners or Assignees shall be treated as amounts distributed to the General Partner, Limited Partners or Assignees pursuant to Section 5.1 above for all purposes under this Agreement.

SECTION 5.3 DISTRIBUTIONS UPON LIQUIDATION

Proceeds from a Terminating Capital Transaction shall be distributed to the Partners in accordance with Section 13.2 hereof.

SECTION 5.4 REVISIONS TO REFLECT ISSUANCE OF ADDITIONAL PARTNERSHIP INTERESTS

In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Article IV hereof, the General Partner shall make such revisions to this Article V as it deems necessary to reflect the issuance of such additional Partnership Interests. Such revisions shall not require the consent or approval of any other Partner.

ARTICLE VI
ALLOCATIONS

SECTION 6.1 ALLOCATIONS FOR CAPITAL ACCOUNT PURPOSES

For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with EXHIBIT B hereto) shall be allocated among the Partners in each taxable year (or portion thereof) as provided herein below.

A. NET INCOME. After giving effect to the special allocations set forth in Section 1 of EXHIBIT C hereto, Net Income shall be allocated (i) first, to the General Partner to the extent that Net Losses previously allocated to the General Partner, on a cumulative basis, pursuant to the last sentence of Section 6.1.B below exceed Net Income previously allocated to the General Partner, on a cumulative basis, pursuant to this clause (i) of Section 6.1.A, (ii) second, to the holders of any Partnership Interests that are entitled to any preference in distribution in accordance with the rights of any such class of Partnership Interests until each such Partnership Interest has been allocated, on a cumulative basis pursuant to this clause (ii), Net Income equal to the sum of the amount of distributions received with respect to such Partnership Interests pursuant to clause (i) of Section 5.1.B hereof and the amount of any prior allocations of Net Losses to such class of Partnership Interests pursuant to Section 6.1.B(i) below (and, within such class, pro rata in proportion to the respective interests in such class as of the last day of the period for which such allocation is being made) and (iii) third, with respect to Partnership Interests that are not entitled to any preference in the allocation of Net Income, pro rata to each such class in accordance with the terms of such class (and, within such class, pro rata in proportion to the respective interests in such class as of the last day of the period for which such allocation is being made).

B. NET LOSSES. After giving effect to the special allocations set forth in Section 1 of EXHIBIT C hereto, Net Losses shall be allocated (i) first, to the holders of any Partnership Interests that are entitled to any preference in distribution in accordance with the rights of any such class of Partnership Interests to the extent that any prior allocations of Net Income to such class of Partnership Interests pursuant to Section 6.1.A(ii) above exceed, on a cumulative basis, distributions with respect to such Partnership Interests pursuant to clause (i) of Section 5.1.B hereof (and, within such class, pro rata in proportion to the respective interests in such class as of the last day of the period for which such allocation is being made) and (ii) second, with respect to classes of Partnership Interests that are not entitled to any preference in distribution, pro rata to each such class in accordance with the terms of such class (and, within such class, pro rata in proportion to the respective interests in such class as of the last day of the period for which such allocation is being made); PROVIDED THAT, Net Losses shall not be allocated to any Limited Partner pursuant to this Section 6.1.B to the extent that such allocation would cause such Limited Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) at the end of such taxable year (or portion thereof). All Net Losses in excess of the limitations set forth in this Section 6.1.B shall be allocated to the General Partner.

C. ALLOCATION OF NONRECOURSE DEBT. For purposes of Regulations Section 1.752-3(a), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (i) the amount of Partnership Minimum Gain and (ii) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

D. RECAPTURE INCOME. Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible after taking into

account other required allocations of gain pursuant to EXHIBIT C hereto, be characterized as Recapture Income in the same proportions and to the same extent as such Partners have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

SECTION 6.2 REVISIONS TO ALLOCATIONS TO REFLECT ISSUANCE OF ADDITIONAL PARTNERSHIP INTERESTS

In the event that the Partnership issues additional Partnership Interests to the General Partner or any Additional Limited Partner pursuant to Article IV hereof, the General Partner shall make such revisions to this Article VI and Exhibit A as it deems necessary to reflect the terms of the issuance of such additional Partnership Interests, including making preferential allocations to classes of Partnership Interests that are entitled thereto. Such revisions shall not require the consent or approval of any other Partner.

ARTICLE VII
MANAGEMENT AND OPERATIONS OF BUSINESS

SECTION 7.1 MANAGEMENT

A. POWERS OF GENERAL PARTNER. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may not be removed by the Limited Partners with or without cause; PROVIDED, HOWEVER, that if the Shares (or comparable equity securities) of the General Partner Entity are not Publicly Traded, the General Partner may be removed with cause with the Consent of the Outside Limited Partners. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Sections 7.6 and 7.11 below, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof, including, without limitation:

(1) the making of any expenditures, the lending or borrowing of money (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to its Partners in such amounts as are required under Section 5.1.E hereof or will permit the General Partner Entity (as long as the General Partner Entity qualifies as a REIT) to avoid the payment of any federal income tax (including, for this purpose, any excise tax pursuant to Section 4981 of the Code) and to make

distributions to its stockholders sufficient to permit the General Partner Entity to maintain REIT status, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations the General Partner deems necessary for the conduct of the activities of the Partnership;

(2) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(3) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership (including the exercise or grant of any conversion, option, privilege or subscription right or other right available in connection with any assets at any time held by the Partnership) or the merger or other combination of the Partnership with or into another entity, on such terms as the General Partner deems proper;

(4) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms it sees fit, including, without limitation, the financing of the conduct of the operations of the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the Partnership's Subsidiaries) and the repayment of obligations of the Partnership and its Subsidiaries and any other Person in which the Partnership has an equity investment and the making of capital contributions to its Subsidiaries;

(5) the management, operation, leasing, landscaping, repair, alteration, demolition or improvement of any real property or improvements owned by the Partnership or any Subsidiary of the Partnership or any Person in which the Partnership has made a direct or indirect equity investment;

(6) the negotiation, execution, delivery and performance of any contracts, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including contracting with contractors, developers, consultants, accountants, legal counsel,

other professional advisors, and other agents and the payment of their expenses and compensation out of the Partnership's assets;

(7) the mortgage, pledge, encumbrance or hypothecation of any assets of the Partnership, and the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms it sees fit, including, without limitation, the financing of the conduct or the operations of the General Partners or the Partnership, the lending of funds to other Persons (including, without limitation, any Subsidiaries of the Partnership) and the repayment of obligations of the Partnership, any of its Subsidiaries and any other Person in which it has an equity investment;

(8) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement;

(9) the holding, managing, investing and reinvesting of cash and other assets of the Partnership;

(10) the collection and receipt of revenues and income of the Partnership;

(11) the selection, designation of powers, authority and duties and dismissal of employees of the Partnership (including, without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors of the Partnership, and the determination of their compensation and other terms of employment or hiring;

(12) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate;

(13) the formation of, or acquisition of an interest (including non-voting interests in entities controlled by Affiliates of the Partnership or third parties) in, and the contribution of property to, any further limited or general partnerships, joint ventures, limited liability companies or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of funds or property, or the making of loans, to its Subsidiaries and any other Person in which it has an equity investment from time to time or the incurrence of indebtedness on behalf of such Persons or the guarantee of obligations of such

Persons); provided that, as long as the General Partner has determined to qualify as a REIT, the Partnership may not engage in any such formation, acquisition or contribution that would cause the General Partner to fail to qualify as a REIT);

(14) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution or abandonment of any claim, cause of action, liability, debt or damages due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurring of legal expense and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(15) the determination of the fair market value of any Partnership property distributed in kind, using such reasonable method of valuation as the General Partner may adopt;

(16) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any assets or investment held by the Partnership;

(17) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, individually or jointly with any such Subsidiary or other Person;

(18) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have any interest pursuant to contractual or other arrangements with such Person;

(19) the making, executing and delivering of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or other legal instruments or agreements in writing necessary or appropriate in the judgment of

the General Partner for the accomplishment of any of the powers of the General Partner under this Agreement;

(20) the distribution of cash to acquire Partnership Units held by a Limited Partner in connection with a Limited Partner's exercise of its Redemption Right under Section 8.6 hereof; and

(21) the amendment and restatement of EXHIBIT A hereto to reflect accurately at all times the Capital Contributions and Percentage Interests of the Partners as the same are adjusted from time to time to the extent necessary to reflect redemptions, Capital Contributions, the issuance of Partnership Units, the admission of any Additional Limited Partner or any Substituted Limited Partner or otherwise, which amendment and restatement, notwithstanding anything in this Agreement to the contrary, shall not be deemed an amendment of this Agreement, as long as the matter or event being reflected in EXHIBIT A hereto otherwise is authorized by this Agreement.

B. NO APPROVAL BY LIMITED PARTNERS. Except as provided in Section 7.11 below, each of the Limited Partners agrees that the General Partner is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership without any further act, approval or vote of the Partners, notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation, to the full extent permitted under the Act or other applicable law. The execution, delivery or performance by the General Partner or the Partnership of any agreement authorized or permitted under this Agreement shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement or of any duty stated or implied by law or equity.

C. INSURANCE. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain (i) casualty, liability and other insurance on the properties of the Partnership, (ii) liability insurance for the Indemnitees hereunder and (iii) such other insurance as the General Partner, in its sole and absolute discretion, determines to be necessary.

D. WORKING CAPITAL AND OTHER RESERVES. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time, including upon liquidation of the Partnership pursuant to Section 13.2 hereof.

E. NO OBLIGATIONS TO CONSIDER TAX CONSEQUENCES OF LIMITED PARTNERS. In exercising its authority under this Agreement, the General Partner may, but shall be under no

obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken (or not taken) by it. The General Partner and the Partnership shall not have liability to a Limited Partner for monetary damages or otherwise for losses sustained, liabilities incurred or benefits not derived by such Limited Partner in connection with such decisions, provided that the General Partner has acted in good faith and pursuant to its authority under this Agreement.

SECTION 7.2 CERTIFICATE OF LIMITED PARTNERSHIP

The General Partner has previously filed the Certificate with the Secretary of State of Delaware. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or other jurisdiction in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5.A(4) hereof, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and any other state, the District of Columbia or other jurisdiction in which the Partnership may elect to do business or own property.

SECTION 7.3 TITLE TO PARTNERSHIP ASSETS

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partners, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; PROVIDED, HOWEVER, that the General Partner shall use its best efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

SECTION 7.4 REIMBURSEMENT OF THE GENERAL PARTNER

A. NO COMPENSATION. Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles V and VI hereof regarding distributions,

payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

B. RESPONSIBILITY FOR PARTNERSHIP EXPENSES. The Partnership shall be responsible for and shall pay all expenses relating to the Partnership's organization, the ownership of its assets and its operations. The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses it incurs relating to the ownership and operation of, or for the benefit of, the Partnership (including, without limitation, expenses related to the management and administration of any Subsidiaries of the General Partner or the Partnership or Affiliates of the Partnership such as auditing expenses and filing fees); PROVIDED THAT, the amount of any such reimbursement shall be reduced by (i) any interest earned by the General Partner with respect to bank accounts or other instruments or accounts held by it as permitted in Section 7.5.A below and (ii) any amount derived by the General Partner from any investments permitted in Section 7.5.A below; and, PROVIDED FURTHER, that the General Partner shall not be reimbursed for (i) income tax liabilities or (ii) filing or similar fees in connection with maintaining the General Partner's continued corporate existence that are incurred by the General Partner. The General Partner shall determine in good faith the amount of expenses incurred by it related to the ownership and operation of, or for the benefit of, the Partnership. In the event that certain expenses are incurred for the benefit of the Partnership and other entities (including the General Partner), such expenses will be allocated to the Partnership and such other entities in such a manner as the General Partner in its sole and absolute discretion deems fair and reasonable. Such reimbursements shall be in addition to any reimbursement to the General Partner pursuant to Section 10.3.C hereof and as a result of indemnification pursuant to Section 7.7 below. All payments and reimbursements hereunder shall be characterized for federal income tax purposes as expenses of the Partnership incurred on its behalf, and not as expenses of the General Partner.

C. PARTNERSHIP INTEREST ISSUANCE EXPENSES. The General Partner shall also be reimbursed for all expenses it incurs relating to any issuance of additional Partnership Interests, Shares, Debt of the Partnership or the General Partner or rights, options, warrants or convertible or exchangeable securities pursuant to Article IV hereof (including, without limitation, all costs, expenses, damages and other payments resulting from or arising in connection with litigation related to any of the foregoing), all of which expenses are considered by the Partners to constitute expenses of, and for the benefit of, the Partnership.

D. PURCHASES OF SHARES BY THE GENERAL PARTNER. In the event that the General Partner exercises its rights under the Articles of Incorporation to purchase Shares or otherwise elects to purchase from its stockholders Shares in connection with a stock repurchase or similar program or for the purpose of delivering such Shares to satisfy an obligation under any dividend reinvestment or stock purchase program adopted by the General Partner, any employee stock purchase plan adopted by the General Partner or any similar obligation or arrangement undertaken by the General Partner in the future, the purchase price paid by the General Partner for such Shares and any other expenses incurred by the General Partner in connection with such purchase shall be considered expenses of the Partnership and shall be reimbursable to the

General Partner, subject to the conditions that: (i) if such Shares subsequently are to be sold by the General Partner, the General Partner pays to the Partnership any proceeds received by the General Partner for such Shares (provided that a transfer of Shares for Partnership Units pursuant to Section 8.6 hereof would not be considered a sale for such purposes); and (ii) if such Shares are not retransferred by the General Partner within thirty (30) days after the purchase thereof, the General Partner shall cause the Partnership to cancel a number of Partnership Units of the appropriate class (rounded to the nearest whole Partnership Unit) held by the General Partner equal to the product attained by multiplying the number of such Shares by a fraction, the numerator of which is one and the denominator of which is the Conversion Factor.

E. REIMBURSEMENT NOT A DISTRIBUTION. If and to the extent any reimbursement made pursuant to this Section 7.4 is determined for federal income tax purposes not to constitute a payment of expenses of the Partnership, the amount so determined shall be treated as a distribution to the General Partner and there shall be a corresponding special allocation of gross income to the General Partner, for purposes of computing the Partners' Capital Accounts.

SECTION 7.5 OUTSIDE ACTIVITIES OF THE GENERAL PARTNER

A. GENERAL. Without the Consent of the Outside Limited Partners, the General Partner shall not, directly or indirectly, enter into or conduct any business other than in connection with the ownership, acquisition and disposition of Partnership Interests as a General Partner or Limited Partner and the management of the business of the Partnership and such activities as are incidental thereto. Without the Consent of the Outside Limited Partners, the assets of the General Partner shall be limited to Partnership Interests and permitted debt obligations of the Partnership (as contemplated by Section 7.5.F below), so that Shares and Partnership Units are completely fungible except as otherwise specifically provided herein; PROVIDED, that the General Partner shall be permitted to hold such bank accounts or similar instruments or account in its own name as it deems necessary to carry out its responsibilities and purposes as contemplated under this Agreement and its organizational documents; and, PROVIDED, FURTHER, that the General Partner shall be permitted to acquire, directly or through a Qualified REIT Subsidiary, up to a one percent (1%) interest in any partnership or limited liability company at least ninety-nine percent (99%) of the equity of which is owned by the Partnership. The General Partner and any of its Affiliates may acquire Limited Partnership Interests and shall be entitled to exercise all rights of a Limited Partner relating to such Limited Partnership Interests. If, at any time, the General Partner acquires material assets (other than on behalf of the Partnership), the definition of "Shares Amount" shall be adjusted, as agreed to by the General Partner and the Limited Partners (which agreement shall be evidenced by Consent of the Outside Limited Partners), to reflect the value of a share of capital stock (or other comparable equity interest) of the General Partner relative to the Deemed Partnership Interest Value of the related Partnership Unit.

B. REPURCHASE OF SHARES. In the event the General Partner exercises its rights under the Articles of Incorporation to purchase Shares or otherwise elects to purchase from its stockholders Shares in connection with a stock repurchase or similar program or for the purpose

of delivering such shares to satisfy an obligation under any dividend reinvestment or stock purchase program adopted by the General Partner, any employee stock purchase plan adopted by the General Partner or any similar obligation or arrangement undertaken by the General Partner in the future, then the General Partner shall cause the Partnership to purchase from the General Partner that number of Partnership Units of the appropriate class equal to the product obtained by multiplying the number of Shares purchased by the General Partner times a fraction, the numerator of which is one and the denominator of which is the Conversion Factor, on the same terms and for the same aggregate price that the General Partner purchased such Shares.

C. FORFEITURE OF SHARES. In the event the Partnership or the General Partner acquires Shares as a result of the forfeiture of such Shares under a restricted or similar share plan, then the General Partner shall cause the Partnership to cancel that number of Partnership Units of the appropriate class equal to the number of Shares so acquired times one divided by the Conversion Factor, and, if the Partnership acquired such Shares, it shall transfer such Shares to the General Partner for cancellation.

D. ISSUANCES OF SHARES. After the Effective Date, the General Partner shall not grant, award, or issue any additional Shares (other than Shares issued pursuant to Section 8.6 hereof or pursuant to a dividend or distribution (including any stock split) of Shares to all of its stockholders), other equity securities of the General Partner or New Securities unless (i) the General Partner shall cause, pursuant to Section 4.2.A hereof, the Partnership to issue to the General Partner Partnership Interests or rights, options, warrants or securities of the Partnership having designations, preferences and other rights, all such that the economic interests are substantially the same as those of such additional Shares, other equity securities or New Securities, as the case may be, and (ii) the General Partner transfers to the Partnership, as an additional Capital Contribution, the proceeds from the grant, award, or issuance of such additional Shares, other equity securities or New Securities, as the case may be, or from the exercise of rights contained in such additional Shares, other equity securities or New Securities, as the case may be. Without limiting the foregoing, the General Partner is expressly authorized to issue additional Shares, other equity securities or New Securities, as the case may be, for less than fair market value, and the General Partner is expressly authorized, pursuant to Section 4.2.A hereof, to cause the Partnership to issue to the General Partner corresponding Partnership Interests, as long as (a) the General Partner concludes in good faith that such issuance is in the interests of the General Partner and the Partnership (for example, and not by way of limitation, the issuance of Shares and corresponding Partnership Units pursuant to a stock purchase plan providing for purchases of Shares, either by employees or stockholders, at a discount from fair market value or pursuant to employee stock options that have an exercise price that is less than the fair market value of the Shares, either at the time of issuance or at the time of exercise) and (b) the General Partner transfers all proceeds from any such issuance or exercise to the Partnership as an additional Capital Contribution.

E. STOCK OPTION PLAN. If at any time or from time to time, the General Partner sells Shares pursuant to any Stock Option Plan, the General Partner shall transfer the net proceeds of the sale of such Shares to the Partnership as an additional Capital Contribution

in exchange for an amount of additional Partnership Units equal to the number of Shares so sold divided by the Conversion Factor.

F. FUNDING DEBT. The General Partner may incur a Funding Debt, including, without limitation, a Funding Debt that is convertible into Shares or otherwise constitutes a class of New Securities, subject to the condition that the General Partner lends to the Partnership the net proceeds of such Funding Debt; PROVIDED, that the General Partner shall not be obligated to lend the net proceeds of any Funding Debt to the Partnership in a manner that would be inconsistent with the General Partner's ability to remain qualified as a REIT. If the General Partner enters into any Funding Debt, the loan to the Partnership shall be on comparable terms and conditions, including interest rate, repayment schedule and costs and expenses, as are applicable with respect to or incurred in connection with such Funding Debt.

SECTION 7.6 TRANSACTIONS WITH AFFILIATES

A. TRANSACTIONS WITH CERTAIN AFFILIATES. Except as expressly permitted by this Agreement (other than Section 7.1.A hereof which shall not be considered authority for a transaction that otherwise would be prohibited by this Section 7.6.A), the Partnership shall not, directly or indirectly, sell, transfer or convey any property to, or purchase any property from, or borrow funds from, or lend funds to, any Partner or any Affiliate of the Partnership or the General Partner or the General Partner Entity that is not also a Subsidiary of the Partnership, except pursuant to transactions that are on terms that are fair and reasonable and no less favorable to the Partnership than would be obtained from an unaffiliated third party.

B. BENEFIT PLANS. The General Partner, in its sole and absolute discretion and without the approval of the Limited Partners, may propose and adopt on behalf of the Partnership employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership, the General Partner, or any of the Partnership's Subsidiaries.

C. CONFLICT AVOIDANCE. The General Partner is expressly authorized to enter into, in the name and on behalf of the Partnership, a right of first opportunity arrangement and other conflict avoidance agreements with various Affiliates of the Partnership and General Partner on such terms as the General Partner, in its sole and absolute discretion, believes are advisable.

SECTION 7.7 INDEMNIFICATION

A. GENERAL. The Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorneys fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from or in connection with any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative incurred by the

Indemnitee and relating to the Partnership or the General Partner or the formation or operations of, or the ownership of property by, either of them as set forth in this Agreement in which any such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established by a final determination of a court of competent jurisdiction that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the Indemnitee actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guarantee, contractual obligations for any indebtedness or other obligations or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7.A. The termination of any proceeding by conviction or upon a plea of NOLO CONTENDERE or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 7.7.A with respect to the subject matter of such proceeding. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, and any insurance proceeds from the liability policy covering the General Partner and any Indemnitees, and neither the General Partner nor any Limited Partner shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

B. ADVANCEMENT OF EXPENSES. Reasonable expenses expected to be incurred by an Indemnitee shall be paid or reimbursed by the Partnership in advance of the final disposition of any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative made or threatened against an Indemnitee upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 7.7 A has been met and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. NO LIMITATION OF RIGHTS. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity unless otherwise provided in a written agreement pursuant to which such Indemnitee is indemnified.

D. INSURANCE. The Partnership may purchase and maintain insurance on behalf of the Indemnitees and such other Persons as the General Partner shall determine against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. BENEFIT PLAN FIDUCIARY. For purposes of this Section 7.7, (i) the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan, (ii) excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 7.7 and (iii) actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

F. NO PERSONAL LIABILITY FOR LIMITED PARTNERS. In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

G. INTERESTED TRANSACTIONS. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. BENEFIT. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7, or any provision hereof, shall be prospective only and shall not in any way affect the limitation on the Partnership's liability to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or related to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

I. INDEMNIFICATION PAYMENTS NOT DISTRIBUTIONS. If and to the extent any payments to the General Partner pursuant to this Section 7.7 constitute gross income to the General Partner (as opposed to the repayment of advances made on behalf of the Partnership), such amounts shall constitute guaranteed payments within the meaning of Section 707(c) of the Code, shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

SECTION 7.8 LIABILITY OF THE GENERAL PARTNER

A. GENERAL. Notwithstanding anything to the contrary set forth in this Agreement, the General Partner and its directors and officers shall not be liable for monetary damages to the Partnership, any Partners or any Assignees for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission if the General Partner or its directors and officers acted in good faith.

B. NO OBLIGATION TO CONSIDER SEPARATE INTERESTS OF LIMITED PARTNERS OR STOCKHOLDERS. The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership and the General Partner's stockholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners or Assignees or to such stockholders) in deciding whether to cause the Partnership to take (or decline to take) any actions. In the event of a conflict between the interests of the stockholders of the General Partner Entity on one hand and the Limited Partners on the other, the General Partner shall endeavor in good faith to resolve the conflict in manner not adverse to either the stockholders of the General Partner Entity or the Limited Partners; provided, however, that for so long as the General Partner Entity, directly, or the General Partner, owns a controlling interest in the Partnership, any such conflict that cannot be resolved in a manner not adverse to either the stockholders of the General Partner Entity or the Limited Partners shall be resolved in favor of the stockholders. The General Partner shall not be liable for monetary damages or otherwise for losses sustained, liabilities incurred or benefits not derived by Limited Partners in connection with such decisions, provided that the General Partner has acted in good faith.

C. ACTIONS OF AGENTS. Subject to its obligations and duties as General Partner set forth in Section 7.1.A above, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees or agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such employee or agent appointed by the General Partner in good faith.

D. EFFECT OF AMENDMENT. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's liability to the Partnership and the Limited Partners under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

E. CERTAIN DEFINITIONS. Whenever in this Agreement the General Partner is permitted or required to make a decision (i) in its "sole discretion" or "discretion," or under a similar grant of authority or latitude, the General Partner shall be entitled to consider such interests and factors as it desires and may consider its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Partnership or the

Limited Partners, or (ii) in its "good faith" or under another express standard, the General Partner shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement or by law or any other agreement contemplated herein.

SECTION 7.9 OTHER MATTERS CONCERNING THE GENERAL PARTNER

A. RELIANCE ON DOCUMENTS. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

B. RELIANCE ON ADVISORS. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisors selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

C. ACTION THROUGH AGENTS. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

D. ACTIONS TO MAINTAIN REIT STATUS OR AVOID TAXATION OF THE GENERAL PARTNER ENTITY. Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the General Partner Entity to continue to qualify as a REIT or (ii) to allow the General Partner Entity to avoid incurring any liability for taxes under Section 857 or 4981 of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

SECTION 7.10 RELIANCE BY THIRD PARTIES

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without consent or approval of any other Partner or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership, to enter into any contracts on behalf of the Partnership and to take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if the General Partner were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby

waives any and all defenses or other remedies which may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership, and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

SECTION 7.11 RESTRICTIONS ON GENERAL PARTNER'S AUTHORITY

A. CONSENT REQUIRED. The General Partner may not take any action in contravention of an express prohibition or limitation of this Agreement without the written Consent of (i) all Partners adversely affected or (ii) such lower percentage of the Limited Partnership Interests as may be specifically provided for under a provision of this Agreement or the Act.

B. SALE OF ALL ASSETS OF THE PARTNERSHIP. Except as provided in Article XIII hereof and subject to Section 7.11.C and Section 7.11.D below, the General Partner may not, directly or indirectly, cause the Partnership to sell, exchange, transfer or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions (including by way of merger (including a triangular merger), consolidation or other combination with any other Persons) (i) if such merger, sale or other transaction is in connection with a Termination Transaction permitted under Section 11.2.B hereof, without the Consent of the Partners holding a majority of Percentage Interests (including the effect of any Partnership Units held by the General Partner) or (ii) otherwise, without the Consent of the Outside Limited Partners.

C. REQUIRED CONSENT OF CERTAIN PARTNERS. (i) The General Partner may not, directly or indirectly, cause the Partnership to take any action prohibited by this Section 7.11.C without the requisite approval as provided in this Section 7.11.C.

(1) For a period of twelve (12) years following the Effective Date, the General Partner may not, directly or indirectly, cause the Partnership to sell, exchange or otherwise dispose of the property located at 673 First Avenue, New York, New York or any indirect interest therein (collectively, the "673 First Avenue Property") (other than an involuntary sale pursuant to foreclosure of the mortgage secured by the 673 First Avenue Property or otherwise, including pursuant to a deed in lieu of

foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the 673 First Avenue Property has been accelerated) or a proceeding in connection with a bankruptcy) without the consent of the Partners who at the time of the proposed sale, exchange or other disposition (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) hold seventy-five percent (75%) of the Partnership Units which were issued to or with respect to 673 First Realty Company in the Consolidation and which remain outstanding (whether held by the original recipient of such Partnership Units or by a successor or transferee of the original recipient, but not including the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) excluding any such Partnership Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise (referred to as "673 First Avenue Units"). In addition, during such twelve-year period, the General Partner may not, directly or indirectly, cause the Partnership to repay, earlier than one year prior to its stated maturity, any indebtedness secured by the 673 First Avenue Property without the consent of Partners holding seventy-five percent (75%) of the 673 First Avenue Units, unless such repayment (a) is made in connection with the refinancing (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated by clause (2) below, a Partner Nonrecourse Debt) of such indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the 673 First Avenue Units (or the direct or indirect partners or members thereof) who elect to join in such guarantee in a form and on terms consistent with any guarantees by the holders of the 673 First Avenue Units (or the direct or indirect partners or members thereof) that may be in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee may be obtained on commercially reasonable terms, or (b) is made in connection with an involuntary sale pursuant to foreclosure of the mortgage secured by the 673 First Avenue Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the 673 First Avenue Property has been accelerated) or a proceeding in connection with a bankruptcy. During such twelve-year period, the General Partner shall use commercially reasonable efforts during the one-year period prior to the

stated maturity of such indebtedness to cause the Operating Partnership to refinance (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated by clause (2) below, a Partner Nonrecourse Debt) the indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, provided such refinancing can be obtained on commercially reasonable terms, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the 673 First Avenue Units (or the direct or indirect partners or members thereof) who elect to join in such guarantee in a form and on terms consistent with any guarantees by the holders of the 673 First Avenue Units (or the direct or indirect partners or members thereof) that may be in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee may be obtained on commercially reasonable terms. Finally, during such twelve-year period, the General Partner shall not, without the consent of Partners holding seventy-five percent (75%) of the 673 First Avenue Units, incur indebtedness secured by the 673 First Avenue Property if, at the time such indebtedness is incurred, the aggregate amount of the indebtedness secured by the 673 First Avenue Property would exceed the greater of (i) seventy-five percent (75%) of the fair market value of the 673 First Avenue Property (or the interest therein) securing such indebtedness or (ii) the then outstanding indebtedness being refinanced plus all costs (including prepayment fees, "breakage" payments and similar costs) incurred in connection with such refinancing.

(2) For a period of twelve (12) years following the Effective Date, the General Partner may not, directly or indirectly, cause the Partnership to sell, exchange or otherwise dispose of the property located at 470 Park Avenue South, New York, New York or any indirect interest therein (collectively, the "470 Park Avenue South Property") (other than an involuntary sale pursuant to foreclosure of the mortgage secured by the 470 Park Avenue South Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless maturity of the indebtedness secured by the 470 Park Avenue South Property has been accelerated) or a proceeding in connection with a bankruptcy) without the consent of the Partners who at the time of the proposed sale, exchange or other disposition (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) hold seventy-five percent (75%) of the Partnership Units which were issued to or with respect to the 470 Park Avenue South, L.P. in the Consolidation and which remain outstanding (whether held by the original

recipient of such Partnership Units or by a successor or transferee of the original recipient, but not including the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) excluding any such Partnership Units the adjusted tax basis of which has been increased, in the hands of the holder or any predecessor holder thereof, to reflect fair market value through a taxable disposition or otherwise (referred to as "470 Park Avenue South Units"). In addition, during such twelve-year period, the General Partner may not, directly or indirectly, cause the Partnership to repay, earlier than one year prior to its stated maturity, any indebtedness secured by the 470 Park Avenue South Property without the consent of Partners who hold seventy-five percent (75%) of the 470 Park Avenue South Units, unless such repayment (a) is made in connection with the refinancing (on a basis such that the new debt would he considered a Nonrecourse Liability, or, as contemplated by clause (2) below, a Partner Nonrecourse Debt) of such indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the 470 Park Avenue South Units (or the direct or indirect partners or members thereof) who elect to join in such guarantee in a form and on terms consistent with any guarantees by the holders of the 470 Park Avenue South Units (or the direct or indirect partners or members thereof) that may be in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee may be obtained on commercially reasonable terms, or (b) is made in connection with an involuntary sale pursuant to foreclosure of the mortgage secured by the 470 Park Avenue South Property or otherwise, including pursuant to a deed in lieu of foreclosure (provided that the General Partner may not execute any deed in lieu of foreclosure unless the maturity of the indebtedness secured by the 470 Park Avenue South Property has been accelerated) or a proceeding in connection with a bankruptcy. During such twelve-year period, the General Partner shall use commercially reasonable efforts during the one-year period prior to the stated maturity of such indebtedness to cause the Operating Partnership to refinance (on a basis such that the new debt would be considered a Nonrecourse Liability, or, as contemplated by clause (2) below, a Partner Nonrecourse Debt) the indebtedness for an amount not less than the principal amount of such indebtedness on the date of such refinancing, provided such refinancing can be obtained on commercially reasonable terms, with such refinancing indebtedness (1) providing for the least amount of principal amortization as is available on commercially reasonable terms and (2) permitting (but not requiring) a guarantee of such indebtedness by the holders of the 470 Park Avenue

South Units (or the direct or indirect partners or members thereof) who elect to join in such guarantee in a form and on terms consistent with any guarantees by the holders of the 470 Park Avenue South Units (or the direct or indirect partners or members thereof) that may be in effect immediately prior to such refinancing, provided that the opportunity to provide such guarantee may be obtained on commercially reasonable terms. Finally, during such twelve-year period, the General Partner shall not, without the consent of Partners holding seventy-five percent (75%) of the 470 Park Avenue South Units, incur indebtedness secured by the 470 Park Avenue South Property if, at the time such indebtedness is incurred, the aggregate amount of the indebtedness secured by the 470 Park Avenue South Property would exceed the greater of (i) seventy-five percent (75%) of the fair market value of the 470 Park Avenue South Property (or the interest therein) securing such indebtedness or (ii) the then outstanding indebtedness being refinanced plus all costs (including prepayment fees, "breakage" payments and similar costs) incurred in connection with such refinancing.

(3) Subparagraphs (1) and (2) shall not apply to any transaction that involves the 673 First Avenue Property or the 470 Park Avenue South Property, as the case may be (which Property is referred to as the "Exchanged Property"), if such transaction qualifies as a like-kind exchange under Section 1031 of the Code in which no gain is recognized by the Partnership as long as the following conditions are satisfied: (x) such exchange is not with a "related party" within the meaning of Section 1031(f)(3) of the Code; (y) the property received in exchange for the Exchanged Property (referred to as the "Replacement Property") is secured by nonrecourse indebtedness in an amount not less than the outstanding principal amount of the nonrecourse indebtedness secured by the Exchanged Property at the time of the exchange, nor greater than the amount that would be permitted under Sections 7.11.C(1) or (2), as the case may be, with a maturity not earlier than, and a principal amortization rate not more rapid than, the maturity and principal amortization rate of such indebtedness secured by the Exchanged Property, which indebtedness permits (but does not require) a guarantee of such indebtedness by the holders of the 673 First Avenue Units or the 470 Park Avenue South Units (or the direct or indirect partners or members thereof), as the case may be, who elect to join in such guarantee in a form on terms consistent with any guarantees by the holders of the 673 First Avenue Units or the 470 Park Avenue South Units (or the direct or indirect partners or members thereof), as the case may be, that may be in effect immediately prior to the time of the exchange, and (z) the Replacement Property is thereafter treated for all purposes of the restrictions in this Section 7.11.C as the Exchanged Property and the indebtedness secured by such

Replacement Property is subject to the same restrictions and agreements as apply with respect to the indebtedness secured by the Exchanged Property.

(4) Subparagraphs (1) and (2) shall not apply to any transaction that involves the 673 First Avenue Property or the 470 Park Avenue South Property, as the case may be (which Property is referred to as the "Transferred Property"), if (x) such transaction does not result in, and is not otherwise in connection with, a dissolution of the Partnership, (y) such transaction qualifies as a contribution to a partnership under Section 721 of the Code in which no gain is recognized with respect to the 673 First Avenue Property or the 470 Park Avenue South Property by the Partnership or the holders of the 673 First Avenue Units or the 470 Park Avenue South Units, as the case may be (other than gain, if any, resulting solely because the share, if any, of indebtedness allocable to the holder of a Partnership Unit under Regulations Section 1.752-3(a)(3) (or any successor thereto) is reduced or eliminated), and (z) the entity to which such Transferred Property is transferred agrees, for the benefit of the holders of the 470 Park Avenue South Units or the 673 First Avenue Units, as the case may be, that all of the restrictions of this Section 7.11.C shall apply to the Transferred Property and the indebtedness outstanding with respect thereto in the same manner and to the extent set forth in this Section 7.11.C and such agreement is reflected in the partnership agreement (or other comparable governing instrument) of the entity to which the Transferred Property is transferred.

(5) Subparagraphs (1) and (2) shall not apply to any transaction that involves either a merger or consolidation of the Partnership with or into another entity that qualifies as a "partnership" for federal income tax purposes (the "Successor Partnership") or a transfer of all or substantially all of the assets of the Partnership to a Successor Partnership and dissolution of the Partnership in connection therewith (in either case, a "Consolidation Transaction") so long as (y) no gain is recognized with respect to the 673 First Avenue Property or the 470 Park Avenue South Property by the Partnership or the holders of the 673 First Avenue Units or the 470 Park Avenue South Units, as the case may be, in connection with such Consolidation Transaction (other than gain, if any, resulting solely because the share, if any, of indebtedness allocable to the holder of a Partnership Unit under Regulations Section 1.752-3(a)(3) (or any successor thereto) is reduced or eliminated) and (y) the Successor Partnership agrees in writing, for the benefit of the holders of the 673 First Avenue Units or the 470 Park Avenue South Units, as the case may be, that all of the restrictions of this Section 7.11.C shall apply to the 673 First Avenue Property and the 470 Park Avenue South Property and the indebtedness

outstanding with respect thereto in the same manner and to the extent set forth in this Section 7.11.C.

(6) Subparagraphs (1) and (2) shall not apply to any sale or other disposition transaction not otherwise described in Subparagraph (3), (4) or (5) (including a merger or consolidation) involving the 673 First Avenue Property and/or the 470 Park Avenue South Property that is undertaken in connection with and as an integral part of a sale or other disposition of all or substantially all of the assets of the Partnership (referred to as a "Liquidating Transaction") so long as the Liquidating Transaction is undertaken with the Consent of Certain Limited Partners.

(ii) Nothing herein shall be deemed to require that the Partnership or the General Partner take any action to avoid or prevent an involuntary disposition of any property, whether pursuant to foreclosure of a mortgage secured by such property or otherwise, including pursuant to a deed in lieu of foreclosure where the maturity of the related indebtedness has been accelerated or a proceeding in connection with a bankruptcy.

(iii) Nothing herein shall prevent the sale, exchange, transfer or other disposition of any property pursuant to the dissolution and liquidation of the Partnership in accordance with Article XIII hereof (other than Section 13.1(v), which shall be subject to this Section 7.11.C).

D. MERGER OR CONSOLIDATION IN WHICH THE PARTNERSHIP IS NOT THE SURVIVING ENTITY. In the event that the Partnership is to merge or consolidate with or into any other entity in a transaction in which holders of Partnership Units will receive consideration other than cash or equity securities that are Publicly Traded (an "Equity Merger") and such Equity Merger would be prohibited by Section 7.11.C but for the application of Section 7.11.C(5), then (in addition to any Consent requirements under Section 7.11.B and Section 7.11.C) the Equity Merger shall require the Consent of Certain Limited Partners unless:

(i) the partnership agreement, limited liability agreement or other operative governing documents (the "Charter Documents") of the entity that is the surviving entity in such Equity Merger contain provisions that are comparable in all material respects to, or the entity that is the surviving entity in such Equity Merger otherwise agrees in writing, for the benefit of the holders of the 673 First Avenue Units and the 470 Park Avenue South Units, to restrictions that are comparable in all material respects to the provisions of Section 4.2.A, Article V and Article VI (except for differences that would be permitted pursuant to Sections 4.2, 5.1.E, 5.4, 6.2 and 14.1.B(3) if such changes were to be made to this Agreement), Section 7.1.A (second sentence only), Section 7.6.A, Section 7.11.A, Section 7.11.B, this Section 7.11.D, Section 8.6 (and all defined terms set forth in Article I that relate to the Redemption Right), Section 11.2, Section 13.1, Section 13.2.A(3) (except as permitted pursuant to Sections 4.2, 5.4, 6.2

and 14.1 B(3)), Section 14.1.C, Section 14.1.D, and Section 14.2, all as in effect immediately prior to the Equity Merger; and

(ii) the Equity Merger would not either cause a holder of a Partnership Unit to be a general partner or to have liability equivalent to that of a general partner in a partnership or otherwise modify the limited liability of a Limited Partner under this Agreement.

SECTION 7.12 LOANS BY THIRD PARTIES

The Partnership may incur Debt, or enter into similar credit, guarantee, financing or refinancing arrangements for any purpose (including, without limitation, in connection with any acquisition of property) with any Person that is not the General Partner upon such terms as the General Partner determines appropriate; PROVIDED THAT, the Partnership shall not incur any Debt that is recourse to the General Partner, except to the extent otherwise agreed to by the General Partner in its sole discretion.

ARTICLE VIII
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

SECTION 8.1 LIMITATION OF LIABILITY

The Limited Partners shall have no liability under this Agreement except as expressly provided in this Agreement, including Section 10.5 hereof, or under the Act.

SECTION 8.2 MANAGEMENT OF BUSINESS

No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the operation, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

SECTION 8.3 OUTSIDE ACTIVITIES OF LIMITED PARTNERS

Subject to Section 7.5 hereof, and subject to any agreements entered into pursuant to Section 7.6.C hereof and to any other agreements entered into by a Limited Partner or its Affiliates with the Partnership or a Subsidiary, any Limited Partner (other than the General

Partner) and any officer, director, employee, agent, trustee, Affiliate or stockholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct or indirect competition with the Partnership. Neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. None of the Limited Partners (other than the General Partner) nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures to the Partnership, any Limited Partner or any such other Person, even if such opportunity is of a character which, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person.

SECTION 8.4 RETURN OF CAPITAL

Except pursuant to the right of redemption set forth in Section 8.6 below, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. No Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions (except as permitted by Section 4.2.A hereof) or, except to the extent provided by EXHIBIT C hereto or as permitted by Sections 4.2.A, 5.1.B(i), 6.1.A(ii) and 6.1.B(i) hereof or otherwise expressly provided in this Agreement, as to profits, losses, distributions or credits.

SECTION 8.5 RIGHTS OF LIMITED PARTNERS RELATING TO THE PARTNERSHIP

A. GENERAL. In addition to other rights provided by this Agreement or by the Act, and except as limited by Section 8.5.D below, each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon written demand with a statement of the purpose of such demand and at such Limited Partner's own expense:

(1) to obtain a copy of the most recent annual and quarterly reports filed with the Securities and Exchange Commission by the General Partner Entity pursuant to the Exchange Act;

(2) to obtain a copy of the Partnership's federal, state and local income tax returns for each Partnership Year;

(3) to obtain a current list of the name and last known business, residence or mailing address of each Partner;

(4) to obtain a copy of this Agreement and the Certificate and all amendments thereto, together with executed copies of all powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed; and

(5) to obtain true and full information regarding the amount of cash and a description and statement of any other property or services contributed by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner.

B. NOTICE OF CONVERSION FACTOR. The Partnership shall notify each Limited Partner upon request of the then current Conversion Factor and any changes that have been made thereto.

C. NOTICE OF EXTRAORDINARY TRANSACTION OF THE GENERAL PARTNER ENTITY. The General Partner Entity shall not make any extraordinary distributions of cash or property to its stockholders or effect a merger (including without limitation, a triangular merger), a sale of all or substantially all of its assets or any other similar extraordinary transaction without notifying the Limited Partners of its intention to make such distribution or effect such merger, sale or other extraordinary transaction at least twenty (20) Business Days prior to the record date to determine stockholders eligible to receive such distribution or to vote upon the approval of such merger, sale or other extraordinary transaction (or, if no such record date is applicable, at least twenty (20) Business Days before consummation of such merger, sale or other extraordinary transaction). This provision for such notice shall not be deemed (i) to permit any transaction that otherwise is prohibited by this Agreement or requires a Consent of the Partners or (ii) to require a Consent of the Limited Partners to a transaction that does not otherwise require Consent under this Agreement. Each Limited Partner agrees, as a condition to the receipt of the notice pursuant hereto, to keep confidential the information set forth therein until such time as the General Partner Entity has made public disclosure thereof and to use such information during such period of confidentiality solely for purposes of determining whether or not to exercise the Redemption Right; PROVIDED, HOWEVER, that a Limited Partner may disclose such information to its attorney, accountant and/or financial advisor for purposes of obtaining advice with respect to such exercise so long as such attorney, accountant and/or financial advisor agrees to receive and hold such information subject to this confidentiality requirement.

D. CONFIDENTIALITY. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that (i) the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the Partnership or its business or (ii) the Partnership is required by law or by agreements with unaffiliated third parties to keep confidential.

SECTION 8.6 REDEMPTION RIGHT

A. GENERAL. (i) Subject to Section 8.6.C below, on or after the date two (2) years after the issuance of a Partnership Unit to a Limited Partner pursuant to Article IV hereof (which two-year period shall commence upon the issuance of such Partnership Unit regardless of whether such Partnership Unit is designated upon issuance as a Class A Unit, a Class B Unit or otherwise and shall include the period of time from the date such Partnership Unit is issued to such Limited Partner as other than a Class A Unit until the date such Partnership Unit is converted automatically to a Class A Unit pursuant to Section 4.2.C hereof), or on or after such date prior to the expiration of such two-year period as the General Partner, in its sole and absolute discretion, designates with respect to any or all Class A Units then outstanding, the holder of a Partnership Unit (if other than the General Partner or the General Partner Entity) shall have the right (the "Redemption Right") to require the Partnership to redeem such Partnership Unit on a Specified Redemption Date and at a redemption price equal to and in the form of the Cash Amount to be paid by the Partnership. Any such Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the Partnership (with a copy to the General Partner) by the Limited Partner who is exercising the Redemption Right (the "Redeeming Partner"). A Limited Partner may not exercise the Redemption Right for less than one thousand (1,000) Partnership Units or, if such Redeeming Partner holds less than one thousand (1,000) Partnership Units, for less than all of the Partnership Units held by such Redeeming Partner.

(ii) The Redeeming Partner shall have no right with respect to any Partnership Units so redeemed to receive any distributions paid after the Specified Redemption Date.

(iii) The Assignee of any Limited Partner may exercise the rights of such Limited Partner pursuant to this Section 8.6 and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Limited Partner's Assignee. In connection with any exercise of the such rights by such Assignee on behalf of such Limited Partner, the Cash Amount shall be paid by the Partnership directly to such Assignee and not to such Limited Partner.

(iv) In the event that the General Partner provides notice to the Limited Partners pursuant to Section 8.5.C hereof, the Redemption Right shall be exercisable, without regard to whether the Partnership Units have been outstanding for any specified period, during the period commencing on the date on which the General Partner provides such notice and ending on the record date to determine stockholders eligible to receive such distribution or to vote upon the approval of such merger, sale or other extraordinary transaction (or, if no record date is applicable, at least twenty (20) business days before the consummation of such merger, sale or other extraordinary transaction). In the event that this subparagraph (iv) applies, the Specified Redemption Date is the date on which the Partnership and the General Partner receive notice of exercise of the Redemption Right, rather than ten (10) Business Days after receipt of the notice of redemption.

B. GENERAL PARTNER ASSUMPTION OF RIGHT. (i) If a Limited Partner has delivered a Notice of Redemption, the General Partner may, in its sole and absolute discretion (subject to any limitations on ownership and transfer of Shares set forth in the Articles of Incorporation), elect to assume directly and satisfy a Redemption Right by paying to the Redeeming Partner either the Cash Amount or the Shares Amount, as the General Partner determines in its sole and absolute discretion (provided that payment of the Redemption Amount in the form of Shares shall be in Shares registered under Section 12 of the Exchange Act and listed for trading on the exchange or national market on which the Shares are Publicly Traded, and PROVIDED, FURTHER that, in the event that the Shares are not Publicly Traded at the time a Redeeming Partner exercises its Redemption Right, the Redemption Amount shall be paid only in the form of the Cash Amount unless the Redeeming Partner, in its sole and absolute discretion, consents to payment of the Redemption Amount in the form of the Shares Amount), on the Specified Redemption Date, whereupon the General Partner shall acquire the Partnership Units offered for redemption by the Redeeming Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units. Unless the General Partner, in its sole and absolute discretion, shall exercise its right to assume directly and satisfy the Redemption Right, the General Partner shall not have any obligation to the Redeeming Partner or to the Partnership with respect to the Redeeming Partner's exercise of the Redemption Right. In the event the General Partner shall exercise its right to satisfy the Redemption Right in the manner described in the first sentence of this Section 8.6.B and shall fully perform its obligations in connection therewith, the Partnership shall have no right or obligation to pay any amount to the Redeeming Partner with respect to such Redeeming Partner's exercise of the Redemption Right, and each of the Redeeming Partner, the Partnership and the General Partner shall, for federal income tax purposes, treat the transaction between the General Partner and the Redeeming Partner as a sale of the Redeeming Partner's Partnership Units to the General Partner. Nothing contained in this Section 8.6.B shall imply any right of the General Partner to require any Limited Partner to exercise the Redemption Right afforded to such Limited Partner pursuant to Section 8.6.A above.

(ii) In the event that the General Partner determines to pay the Redeeming Partner the Redemption Amount in the form of Shares, the total number of Shares to be paid to the Redeeming Partner in exchange for the Redeeming Partner's Partnership Units shall be the applicable Shares Amount . In the event this amount is not a whole number of Shares, the Redeeming Partner shall be paid (i) that number of Shares which equals the nearest whole number less than such amount plus (ii) an amount of cash which the General Partner determines, in its reasonable discretion, to represent the fair value of the remaining fractional Share which would otherwise be payable to the Redeeming Partner.

(iii) Each Redeeming Partner agrees to execute such documents as the General Partner may reasonably require in connection with the issuance of Shares upon exercise of the Redemption Right.

C. EXCEPTIONS TO EXERCISE OF REDEMPTION RIGHT. Notwithstanding the provisions of Sections 8.6.A and 8.6.B above, a Partner shall not be entitled to exercise the

Redemption Right pursuant to Section 8.6.A above if (but only as long as) the delivery of Shares to such Partner on the Specified Redemption Date (i) would be prohibited under the Articles of Incorporation or (ii) as long as the Shares are Publicly Traded, would be prohibited under applicable federal or state securities laws or regulations (in each case regardless of whether the General Partner would in fact assume and satisfy the Redemption Right).

D. NO LIENS ON PARTNERSHIP UNITS DELIVERED FOR REDEMPTION. Each Limited Partner covenants and agrees with the General Partner that all Partnership Units delivered for redemption shall be delivered to the Partnership or the General Partner, as the case may be, free and clear of all liens, and, notwithstanding anything contained herein to the contrary, neither the General Partner nor the Partnership shall be under any obligation to acquire Partnership Units which are or may be subject to any liens. Each Limited Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the transfer of its Partnership Units to the Partnership or the General Partner, such Limited Partner shall assume and pay such transfer tax.

E. ADDITIONAL PARTNERSHIP INTERESTS. In the event that the Partnership issues Partnership Interests to any Additional Limited Partner pursuant to Article IV hereof, the General Partner shall make such amendments to this Section 8.6 as it determines are necessary to reflect the issuance of such Partnership Interests (including setting forth any restrictions on the exercise of the Redemption Right with respect to such Partnership Interests).

ARTICLE IX
BOOKS, RECORDS, ACCOUNTING AND REPORTS

SECTION 9.1 RECORDS AND ACCOUNTING

The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 9.3 below. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on, or be in the form of, punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

SECTION 9.2 FISCAL YEAR

The fiscal year of the Partnership shall be the calendar year.

SECTION 9.3 REPORTS

A. ANNUAL REPORTS. As soon as practicable, but in no event later than the date on which the General Partner Entity mails its annual report to its stockholders, the General Partner shall cause to be mailed to each Limited Partner an annual report, as of the close of the most recently ended Partnership Year, containing financial statements of the Partnership, or of the General Partner Entity if such statements are prepared solely on a consolidated basis with the Partnership, for such Partnership Year, presented in accordance with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the General Partner Entity.

B. QUARTERLY REPORTS. If and to the extent that the General Partner Entity mails quarterly reports to its stockholders, as soon as practicable, but in no event later than the date on which such reports are mailed, the General Partner shall cause to be mailed to each Limited Partner a report containing unaudited financial statements, as of the last day of such calendar quarter, of the Partnership, or of the General Partner Entity if such statements are prepared solely on a consolidated basis with the Partnership, and such other information as may be required by applicable law or regulation, or as the General Partner determines to be appropriate.

ARTICLE X
TAX MATTERS

SECTION 10.1 PREPARATION OF TAX RETURNS

The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by Limited Partners for federal and state income tax reporting purposes.

SECTION 10.2 TAX ELECTIONS

Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code; PROVIDED, HOWEVER, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable Regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

SECTION 10.3 TAX MATTERS PARTNER

A. GENERAL. The General Partner shall be the "tax matters partner" of the Partnership for federal income tax purposes. Pursuant to Section 6223(c)(3) of the Code, upon receipt of notice from the IRS of the beginning of an administrative proceeding with respect to the Partnership, the tax matters partner shall furnish the IRS with the name, address, taxpayer identification number and profit interest of each of the Limited Partners and any Assignees; PROVIDED, HOWEVER, that such information is provided to the Partnership by the Limited Partners.

B. POWERS. The tax matters partner is authorized, but not required:

(1) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the tax matters partner may expressly state that such agreement shall bind all Partners, except that such settlement agreement shall not bind any Partner (i) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner or (ii) who is a "notice partner" (as defined in Section 6231(a)(8) of the Code) or a member of a "notice group" (as defined in Section 6223(b)(2) of the Code);

(2) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for tax purposes (a "final adjustment") is mailed to the tax matters partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court or the filing of a complaint for refund with the United States Claims Court or the District Court of the United States for the district in which the Partnership's principal place of business is located;

(3) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(4) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(5) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(6) to take any other action on behalf of the Partners of the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 hereof shall be fully applicable to the tax matters partner in its capacity as such.

C. REIMBURSEMENT. The tax matters partner shall receive no compensation for its services. All third party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm or a law firm to assist the tax matters partner in discharging its duties hereunder, as long as the compensation paid by the Partnership for such services is reasonable.

SECTION 10.4 ORGANIZATIONAL EXPENSES

The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a sixty (60) month period as provided in Section 709 of the Code.

SECTION 10.5 WITHHOLDING

Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of federal, state, local, or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Section 1441, 1442, 1445, or 1446 of the Code. Any amount paid on behalf of or with respect to a Limited Partner shall constitute a recourse loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within fifteen (15) days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution which would otherwise be made to the Limited Partner or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to the Limited Partner. Any amounts withheld pursuant to the foregoing clauses (i) or (ii) shall be treated as having been distributed to such Limited Partner.

Each Limited Partner hereby unconditionally and irrevocably grants to the Partnership a security interest in such Limited Partner's Partnership Interest to secure such Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this Section 10.5. In the event that a Limited Partner fails to pay any amounts owed to the Partnership pursuant to this Section 10.5 when due, the General Partner may, in its sole and absolute discretion, elect to make the payment to the Partnership on behalf of such defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to such defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against such defaulting Limited Partner (including, without limitation, the right to receive distributions). Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the WALL STREET JOURNAL, plus four (4) percentage points (but not higher than the maximum lawful rate) from the date such amount is due (i.e., fifteen (15) days after demand) until such amount is paid in full. Each Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

ARTICLE XI
TRANSFERS AND WITHDRAWALS

SECTION 11.1 TRANSFER

A. DEFINITION. The term "transfer," when used in this Article XI with respect to a Partnership Interest or a Partnership Unit, shall be deemed to refer to a transaction by which the General Partner purports to assign all or any part of its General Partnership Interest to another Person or by which a Limited Partner purports to assign all or any part of its Limited Partnership Interest to another Person, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. The term "transfer" when used in this Article XI does not include any redemption or repurchase of Partnership Units by the Partnership from a Partner (including the General Partner) or acquisition of Partnership Units from a Limited Partner by the General Partner pursuant to Section 8.6 hereof or otherwise. No part of the interest of a Limited Partner shall be subject to the claims of any creditor, any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

B. GENERAL. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article XI. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article XI shall be null and void.

SECTION 11.2 TRANSFERS OF PARTNERSHIP INTERESTS OF GENERAL PARTNER

A. Except for transfers of Partnership Units to the Partnership as provided in Section 7.5 or Section 8.6 hereof, the General Partner may not transfer any of its Partnership Interest (including both its General Partnership Interest and its Limited Partnership Interest) except in connection with a transaction described in Section 11.2.B below or as otherwise expressly permitted under this Agreement), nor shall the General Partner withdraw as General Partner except in connection with a transaction described in Section 11.2.B below.

B. The General Partner shall not engage in any merger (including a triangular merger), consolidation or other combination with or into another person, sale of all or substantially all of its assets or any reclassification, recapitalization or change of outstanding Shares (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination as described in the definition of "Conversion Factor") ("Termination Transaction"), unless the Termination Transaction has been approved by the Consent of the Partners holding a majority or more of the then outstanding Percentage Interests (including the effect of any Partnership Units held by the General Partner) and in connection with which all Limited Partners either will receive, or will have the right to elect to receive, for each Partnership Unit an amount of cash, securities, or other property equal to the product of the Conversion Factor and the greatest amount of cash, securities or other property paid to a holder of Shares, if any, corresponding to such Partnership Unit that was issued pursuant to Section 4.2.A hereof in consideration of one such Share at any time during the period from and after the date on which the Termination Transaction is consummated; PROVIDED THAT, if, in connection with the Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of more than fifty percent (50%) of the outstanding Shares, each holder of Partnership Units shall receive, or shall have the right to elect to receive, the greatest amount of cash, securities, or other property which such holder would have received had it exercised the Redemption Right and received Shares in exchange for its Partnership Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer.

SECTION 11.3 LIMITED PARTNERS' RIGHTS TO TRANSFER

A. GENERAL. Subject to the provisions of Sections 11.3.C, 11.3.D, 11.3.E, 11.4 and 11.6 below, prior to the second anniversary of the Effective Date, a Limited Partner may not transfer any of such Limited Partner's rights as a Limited Partner without the consent of the General Partner, which consent the General Partner may withhold in its sole discretion if it determines that such a transfer would cause any or all of the Limited Partners other than the Limited Partner seeking to transfer its rights as a Limited Partner to be subject to tax liability as a result of such transfer. Any purported transfer attempted in violation of the foregoing sentence shall be deemed void AB INITIO and shall have no force or effect. Subject to the provisions of Sections 11.3.C, 11.3.D, 11.3.E, 11.4 and 11.6 below, on or after the second anniversary of the Effective Date, a Limited Partner (other than the General Partner) may transfer, with or without the consent of the General Partner, all or any portion of its Partnership

Interest, or any of such Limited Partner's rights as a Limited Partner, provided that prior written notice of such proposed transfer is delivered to the General Partner.

B. INCAPACITATED LIMITED PARTNERS. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners for the purpose of settling or managing the estate and such power as the Incapacitated Limited Partner possessed to transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. NO TRANSFERS VIOLATING SECURITIES LAWS. The General Partner may prohibit any transfer of Partnership Units by a Limited Partner if, in the opinion of legal counsel to the Partnership, such transfer would require filing of a registration statement under the Securities Act or would otherwise violate any federal, or state securities laws or regulations applicable to the Partnership or the Partnership Unit.

D. NO TRANSFERS AFFECTING TAX STATUS OF PARTNERSHIP. No transfer of Partnership Units by a Limited Partner (including a redemption or exchange pursuant to Section 8.6 hereof) may be made to any Person if (i) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation for federal income tax purposes or would result in a termination of the Partnership for federal income tax purposes (except as a result of the redemption or exchange for Shares of all Partnership Units held by all Limited Partners other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity or pursuant to a transaction expressly permitted under Section 7 11.B or Section 11.2 hereof), (ii) in the opinion of legal counsel for the Partnership, it would adversely affect the ability of the General Partner Entity to continue to qualify as a REIT or would subject the General Partner Entity to any additional taxes under Section 857 or Section 4981 of the Code or (iii) such transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

E. NO TRANSFERS TO HOLDERS OF NONRECOURSE LIABILITIES. No pledge or transfer of any Partnership Units may be made to a lender to the Partnership, or to any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership, whose loan constitutes a Nonrecourse Liability without the consent of the General Partner, in its sole and absolute discretion; provided that, as a condition to such consent the lender will be required to enter into an arrangement with the Partnership and the General Partner to exchange or redeem for the Redemption Amount any Partnership Units transferred or in which a security interest is held simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

F. TRANSFER REGISTER. The General Partner shall keep a register for the Partnership on which the transfer, pledge or release of Partnership Units shall be shown and pursuant to which entries shall be made to effect all transfers, pledges or releases as required by Sections 8-207, 8-313(1) and 8-321 of the Uniform Commercial Code, as amended, in effect in the States of New York and Delaware; PROVIDED, HOWEVER, that if there is any conflict between such requirements, the provisions of the Delaware Uniform Commercial Code shall govern. The General Partner shall (i) place proper entries in such register clearly showing each transfer and each pledge and grant of security interest and the transfer and assignment pursuant thereto, such entries to be endorsed by the General Partner and (ii) maintain the register and make the register available for inspection by all of the Partners and their pledgees at all times during the term of this Agreement. Nothing herein shall be deemed a consent to any pledge or transfer otherwise prohibited under this Agreement.

SECTION 11.4 SUBSTITUTED LIMITED PARTNERS

A. CONSENT OF GENERAL PARTNER. No Limited Partner shall have the right to substitute a transferee as a Limited Partner in its place without the consent of the General Partner to the admission of a transferee of the interest of a Limited Partner pursuant to this Section 11.4 as a Substituted Limited Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The General Partner's failure or refusal to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or any Partner.

B. RIGHTS OF SUBSTITUTED LIMITED PARTNER. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article XI shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement. The admission of any transferee as a Substituted Limited Partner shall be conditioned upon the transferee executing and delivering to the Partnership an acceptance of all the terms and conditions of this Agreement (including, without limitation, the provisions of Section 15.11 hereof and such other documents or instruments as may be required to effect the admission).

C. AMENDMENT AND RESTATEMENT OF EXHIBIT A. Upon the admission of a Substituted Limited Partner, the General Partner shall amend and restate Exhibit A hereto to reflect the name, address, Capital Account, number of Partnership Units, and Percentage Interest of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address, Capital Account and Percentage Interest of the predecessor of such Substituted Limited Partner.

SECTION 11.5 ASSIGNEES

If the General Partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee under Section 11.3 above as a Substituted Limited Partner, as described in Section 11.4 above, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited

partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses, gain, loss and Recapture Income attributable to the Partnership Units assigned to such transferee, and shall have the rights granted to the Limited Partners under Section 8.6 hereof but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to vote such Partnership Units in any matter presented to the Limited Partners for a vote (such Partnership Units being deemed to have been voted on such matter in the same proportion as all other Partnership Units held by Limited Partners are voted). In the event any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article XI to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units.

SECTION 11.6 GENERAL PROVISIONS

A. WITHDRAWAL OF LIMITED PARTNER. No Limited Partner may withdraw from the Partnership other than as a result of a permitted transfer of all of such Limited Partner's Partnership Units in accordance with this Article XI or pursuant to redemption of all of its Partnership Units under Section 8.6 hereof.

B. TERMINATION OF STATUS AS LIMITED PARTNER. Any Limited Partner who shall transfer all of its Partnership Units in a transfer permitted pursuant to this Article XI or pursuant to redemption of all of its Partnership Units under Section 8.6 hereof shall cease to be a Limited Partner.

C. TIMING OF TRANSFERS. Transfers pursuant to this Article XI may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner otherwise agrees.

D. ALLOCATIONS. If any Partnership Interest is transferred during any quarterly segment of the Partnership's fiscal year in compliance with the provisions of this Article XI or redeemed or transferred pursuant to Section 8.6 hereof, Net Income, Net Losses, each item thereof and all other items attributable to such interest for such fiscal year shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the fiscal year in accordance with Section 706(d) of the Code, using the interim closing of the books method (unless the General Partner, in its sole and absolute discretion, elects to adopt a daily, weekly, or a monthly proration period, in which event Net Income, Net Losses, each item thereof and all other items attributable to such interest for such fiscal year shall be prorated based upon the applicable method selected by the General Partner). Solely for purposes of making such allocations, each of such items for the calendar month in which the transfer or redemption occurs shall be allocated to the Person who is a Partner as of midnight on the last day of said month. All distributions of Available Cash attributable to any Partnership Unit with respect to which the Partnership Record Date is before the date of such transfer, assignment or redemption shall be made to the transferor Partner or the Redeeming Partner, as the case may be, and, in the case of a transfer or assignment other than a

redemption, all distributions of Available Cash thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

E. ADDITIONAL RESTRICTIONS. In addition to any other restrictions on transfer herein contained, including without limitation the provisions of this Article XI, in no event may any transfer or assignment of a Partnership Interest by any Partner (including pursuant to Section 8.6 hereof) be made without the express consent of the General Partner, in its sole and absolute discretion, (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) if in the opinion of legal counsel to the Partnership such transfer would cause a termination of the Partnership for federal or state income tax purposes (except as a result of the redemption or exchange for Shares of all Partnership Units held by all Limited Partners or pursuant to a transaction expressly permitted under Section 7.11.B or Section 11.2 hereof); (v) if in the opinion of counsel to the Partnership, such transfer would cause the Partnership to cease to be classified as a partnership for federal income tax purposes (except as a result of the redemption or exchange for Shares of all Partnership Units held by all Limited Partners or pursuant to a transaction expressly permitted under Section 7.11.B or Section 11.2 hereof); (vi) if such transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (vii) if such transfer would, in the opinion of counsel to the Partnership, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.1101; (viii) if such transfer requires the registration of such Partnership Interest pursuant to any applicable federal or state securities laws; (ix) if such transfer is effectuated through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code or such transfer causes the Partnership to become a "publicly traded partnership," as such term is defined in Section 469(k)(2) or Section 7704(b) of the Code; (x) if such transfer subjects the Partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended; (xi) if the transferee or assignee of such Partnership Interest is unable to make the representations set forth in Section 15.15 hereof or such transfer could otherwise adversely affect the ability of the General Partner Entity to remain qualified as a REIT; or (xii) if in the opinion of legal counsel for the Partnership, such transfer would adversely affect the ability of the General Partner Entity to continue to qualify as a REIT or subject the General Partner Entity to any additional taxes under Section 857 or Section 4981 of the Code.

F. AVOIDANCE OF "PUBLICLY TRADED PARTNERSHIP" STATUS. The General Partner shall monitor the transfers of interests in the Partnership to determine (i) if such interests are being traded on an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code and (ii) whether additional transfers of interests would result in the Partnership being unable to qualify for at least one of

the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof") within the meaning of Section 7704 of the Code (the "Safe Harbors"). The General Partner shall take all steps reasonably necessary or appropriate to prevent any trading of interests or any recognition by the Partnership of transfers made on such markets and, except as otherwise provided herein, to insure that at least one of the Safe Harbors is met.

ARTICLE XII
ADMISSION OF PARTNERS

SECTION 12.1 ADMISSION OF SUCCESSOR GENERAL PARTNER

A successor to all of the General Partner's General Partnership Interest pursuant to Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective upon such transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner's executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

SECTION 12.2 ADMISSION OF ADDITIONAL LIMITED PARTNERS

A. GENERAL. No Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent shall be given or withheld in the General Partner's sole and absolute discretion. A Person who makes a Capital Contribution to the Partnership in accordance with this Agreement, including, without limitation, pursuant to Section 4.1.C hereof, or who exercises an option to receive Partnership Units shall be admitted to the Partnership as an Additional Limited Partner only with the consent of the General Partner and only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 15.11 hereof and (ii) such other documents or instruments as may be required in the discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the consent of the General Partner to such admission.

B. ALLOCATIONS TO ADDITIONAL LIMITED PARTNERS. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items allocable among Partners and Assignees for such Partnership Year shall be allocated among such Additional Limited Partner and all other Partners and Assignees by taking into account their varying interests during

the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method (unless the General Partner, in its sole and absolute discretion, elects to adopt a daily, weekly or monthly proration method, in which event Net Income, Net Losses, and each item thereof would be prorated based upon the applicable period selected by the General Partner). Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Partners and Assignees including such Additional Limited Partner. All distributions of Available Cash with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner, and all distributions of Available Cash thereafter shall be made to all the Partners and Assignees including such Additional Limited Partner.

SECTION 12.3 AMENDMENT OF AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership (including an amendment and restatement of EXHIBIT A hereto) and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 15.11 hereof.

ARTICLE XIII
DISSOLUTION AND LIQUIDATION

SECTION 13.1 DISSOLUTION

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following ("Liquidating Events"):

(i) the expiration of its term as provided in Section 2.4 hereof;

(ii) an event of withdrawal of the General Partner, as defined in the Act (other than an event of bankruptcy), unless, within ninety (90) days after the withdrawal a "majority in interest" (as defined below) of the remaining Partners Consent in writing to continue the business of the Partnership and to the appointment, effective as of the date of withdrawal, of a substitute General Partner;

(iii) an election to dissolve the Partnership made by the General Partner, in its sole and absolute discretion, after December 31, [204__];

(iv) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

(v) the sale of all or substantially all of the assets and properties of the Partnership for cash or for marketable securities (subject to Section 7.11.C); or

(vi) a final and nonappealable judgment is entered by a court of competent jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and nonappealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect, unless prior to or within ninety days after of the entry of such order or judgment a "majority in interest" (as defined below) of the remaining Partners Consent in writing to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such order or judgment, of a substitute General Partner.

As used herein, a "majority in interest" shall refer to Partners (excluding the General Partner) who hold more than fifty percent (50%) of the outstanding Percentage Interests not held by the General Partner.

SECTION 13.2 WINDING UP

A. GENERAL. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event there is no remaining General Partner, any Person elected by a majority in interest of the Limited Partners (the "Liquidator")) shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include equity or other securities of the General Partner or any other entity) shall be applied and distributed in the following order:

(1) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to the Partners; and

(3) The balance, if any, to the Partners in accordance with their Capital Accounts, after giving effect to all contributions, distributions, and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article XIII.

B. DEFERRED LIQUIDATION. Notwithstanding the provisions of Section 13.2.A above which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A above, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

SECTION 13.3 COMPLIANCE WITH TIMING REQUIREMENTS OF REGULATIONS

Subject to Section 13.4 below, in the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article XIII to the General Partner and Limited Partners who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), such Partner shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other Person for any purpose whatsoever. In the discretion of the General Partner, a pro rata portion of the distributions that would otherwise be made to the General Partner and Limited Partners pursuant to this Article XIII may be: (A) distributed to a trust established for the benefit of the General Partner and Limited Partners for the purposes of liquidating Partnership assets, collecting amounts owed to the Partnership and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership (in which case the assets of any such trust shall be distributed to the General Partner and Limited Partners from time to time, in the reasonable

discretion of the General Partner, in the same proportions as the amount distributed to such trust by the Partnership would otherwise have been distributed to the General Partner and Limited Partners pursuant to this Agreement); or (B) withheld to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld amounts shall be distributed to the General Partner and Limited Partners as soon as practicable.

SECTION 13.4 DEEMED DISTRIBUTION AND RECONTRIBUTION

Notwithstanding any other provision of this Article XIII, in the event the Partnership is deemed liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes and for purposes of maintaining Capital Accounts pursuant to EXHIBIT B hereto, the Partnership shall be deemed to have distributed its assets in kind to the General Partner and Limited Partners, who shall be deemed to have assumed and taken such assets subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the General Partner and Limited Partners shall be deemed to have recontributed the Partnership assets in kind to the Partnership, which shall be deemed to have assumed and taken such assets subject to all such liabilities.

SECTION 13.5 RIGHTS OF LIMITED PARTNERS

Except as otherwise provided in this Agreement, each Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contributions and shall have no right or power to demand or receive property other than cash from the Partnership. Except as otherwise expressly provided in this Agreement, no Limited Partner shall have priority over any other Limited Partner as to the return of its Capital Contributions, distributions, or allocations.

SECTION 13.6 NOTICE OF DISSOLUTION

In the event a Liquidating Event occurs or an event occurs that would, but for provisions of an election or objection by one or more Partners pursuant to Section 13.1 above, result in a dissolution of the Partnership, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each of the Partners and to all other parties with whom the Partnership regularly conducts business (as determined in the discretion of the General Partner) and shall publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the discretion of the General Partner).

SECTION 13.7 CANCELLATION OF CERTIFICATE OF LIMITED PARTNERSHIP

Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2 above, the Partnership shall be terminated and the Certificate and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

SECTION 13.8 REASONABLE TIME FOR WINDING UP

A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 above, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect among the Partners during the period of liquidation.

SECTION 13.9 WAIVER OF PARTITION

Each Partner hereby waives any right to partition of the Partnership property.

SECTION 13.10 LIABILITY OF LIQUIDATOR

The Liquidator shall be indemnified and held harmless by the Partnership in the same manner and to the same degree as an Indemnitee may be indemnified pursuant to Section 7.11 hereof.

ARTICLE XIV
AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS

SECTION 14.1 AMENDMENTS.

A. GENERAL. Amendments to this Agreement may be proposed by the General Partner or by any Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests. Following such proposal (except an amendment pursuant to Section 14.1.B below), the General Partner shall submit any proposed amendment to the Limited Partners. The General Partner shall seek the written vote of the Partners on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that it may deem appropriate. For purposes of obtaining a written vote, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a vote which is consistent with the General Partner's recommendation with respect to the proposal. Except as provided in Section 14.1.B, 14.1.C or 14.1.D below, a proposed amendment shall be adopted and be effective as an amendment hereto if it is approved by the General Partner and it receives the Consent of Partners holding a majority of the

Percentage Interests of the Limited Partners (including Limited Partnership Interests held by the General Partner).

B. AMENDMENTS NOT REQUIRING LIMITED PARTNER APPROVAL. Notwithstanding Section 14.1.A or Section 14.1.C hereof, the General Partner shall have the power, without the Consent of the Limited Partners, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(1) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(2) to reflect the admission, substitution, termination or withdrawal of any Partner in accordance with this Agreement;

(3) to set forth the designations, rights, powers, duties, and preferences of the holders of any additional Partnership Interests issued pursuant to Article IV hereof;

(4) to reflect a change that does not adversely affect any of the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement or as may be expressly provided by any other provisions of this Agreement; and

(5) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a federal, state or local agency or contained in federal, state or local law.

The General Partner shall notify the Limited Partners when any action under this Section 14.1.B is taken in the next regular communication to the Limited Partners.

C. AMENDMENTS REQUIRING LIMITED PARTNER APPROVAL (EXCLUDING GENERAL PARTNER). Notwithstanding Section 14 1.A above, without the Consent of the Outside Limited Partners, the General Partner shall not amend Section 4.2.A, Section 5.1.E, Section 7.1.A (second sentence only), Section 7.5, Section 7.6, Section 7.8, Section 7.11.B, Section 11.2, Section 13.1, this Section 14.1.C or Section 14.2.

D. OTHER AMENDMENTS REQUIRING CERTAIN LIMITED PARTNER APPROVAL. Notwithstanding anything in this Section 14.1 to the contrary, this Agreement shall not be amended with respect to any Partner adversely affected without the Consent of such Partner adversely affected if such amendment would (i) convert a Limited Partner's interest in the

Partnership into a general partner's interest, (ii) modify the limited liability of a Limited Partner, (iii) amend Section 7.11.A, (iv) amend Article V, Article VI, or Section 13.2.A(3) (except as permitted pursuant to Sections 4.2, 5.1.E, 5.4, 6.2 and 14.1(B)(3)), (v) amend Section 8.6 or any defined terms set forth in Article I that relate to the Redemption Right (except as permitted in Section 8.6.E), or (vi) amend this Section 14.1.D. In addition, any amendment to Section 7.11.C of this Agreement shall require the following consent:

(i) In the event that the amendment to Section 7.11.C affects the 673 First Avenue Property or the rights of holders of 673 First Avenue Units, such amendment shall require the Consent of Partners (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) who hold seventy-five percent (75%) of the 673 First Avenue Units;

(ii) In the event that the amendment to Section 7.11.C affects the 470 Park Avenue South Property or the rights of holders of 470 Park Avenue South Units, such amendment shall require the Consent of Partners (other than the General Partner or the General Partner Entity or any Subsidiary of either the General Partner or the General Partner Entity) who hold seventy-five percent (75%) of the 470 Park Avenue South Units.

E. AMENDMENT AND RESTATEMENT OF EXHIBIT A NOT AN AMENDMENT. Notwithstanding anything in this Article XIV or elsewhere in this Agreement to the contrary, any amendment and restatement of EXHIBIT A hereto by the General Partner to reflect events or changes otherwise authorized or permitted by this Agreement, whether pursuant to Section 7.1.A(20) hereof or otherwise, shall not be deemed an amendment of this Agreement and may be done at any time and from time to time, as necessary by the General Partner without the Consent of the Limited Partners.

SECTION 14.2 MEETINGS OF THE PARTNERS

A. GENERAL. Meetings of the Partners may be called by the General Partner and shall be called upon the receipt by the General Partner of a written request by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners not less than seven (7) days nor more than thirty (30) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Whenever the vote or Consent of Partners is permitted or required under this Agreement, such vote or Consent may be given at a meeting of Partners or may be given in accordance with the procedure prescribed in Section 14.1.A above. Except as otherwise expressly provided in this Agreement, the Consent of holders of a majority of the Percentage Interests held by Limited Partners (including Limited Partnership Interests held by the General Partner) shall control.

B. ACTIONS WITHOUT A MEETING. Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the action so taken is signed by a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent may be in one instrument or in several instruments, and shall have the same force and effect as a vote of a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified.

C. PROXY. Each Limited Partner may authorize any Person or Persons to act for him by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Limited Partner executing it. Such revocation to be effective upon the Partnership's receipt of notice thereof in writing.

D. CONDUCT OF MEETING. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate.

ARTICLE XV
GENERAL PROVISIONS

SECTION 15.1 ADDRESSES AND NOTICE

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address set forth in Exhibit A hereto or such other address as the Partners shall notify the General Partner in writing.

SECTION 15.2 TITLES AND CAPTIONS

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

SECTION 15.3 PRONOUNS AND PLURALS

Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

SECTION 15.4 FURTHER ACTION

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

SECTION 15.5 BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

SECTION 15.6 CREDITORS

Other than as expressly set forth herein with regard to any Indemnitee, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

SECTION 15.7 WAIVER

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

SECTION 15.8 COUNTERPARTS

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

SECTION 15.9 APPLICABLE LAW

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

SECTION 15.10 INVALIDITY OF PROVISIONS

If any provision of this Agreement 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.

SECTION 15.11 POWER OF ATTORNEY

A. GENERAL. Each Limited Partner and each Assignee who accepts Partnership Units (or any rights, benefits or privileges associated therewith) is deemed to irrevocably constitute and appoint the General Partner, any Liquidator and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments or restatements thereof) that the General Partner or any Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property, (b) all instruments that the General Partner or any Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms, (c) all conveyances and other instruments or documents that the General Partner or any Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation, (d) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article XI, XII or XIII hereof or the Capital Contribution of any Partner and (e) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of Partnership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner or any Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate

or necessary, in the sole discretion of the General Partner or any Liquidator, to effectuate the terms or intent of this Agreement.

Nothing contained in this Section 15.11 shall be construed as authorizing the General Partner or any Liquidator to amend this Agreement except in accordance with Article XIV hereof or as may be otherwise expressly provided for in this Agreement.

B. IRREVOCABLE NATURE. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, in recognition of the fact that each of the Partners will be relying upon the power of the General Partner or any Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Units and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or any Liquidator, acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner or any Liquidator, taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within fifteen (15) days after receipt of the General Partner's or Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator, as the case may be, deems necessary to effectuate this Agreement and the purposes of the Partnership.

SECTION 15.12 ENTIRE AGREEMENT

This Agreement contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and supersedes any prior written oral understandings or agreements among them with respect thereto.

SECTION 15.13 NO RIGHTS AS STOCKHOLDERS

Nothing contained in this Agreement shall be construed as conferring upon the holders of the Partnership Units any rights whatsoever as stockholders of the General Partner Entity, including, without limitation, any right to receive dividends or other distributions made to stockholders of the General Partner Entity or to vote or to consent or receive notice as stockholders in respect to any meeting of stockholders for the election of directors of the General Partner Entity or any other matter.

SECTION 15.14 LIMITATION TO PRESERVE REIT STATUS

To the extent that any amount paid or credited to the General Partner or its officers, directors, employees or agents pursuant to Section 7.4 or Section 7.7 hereof would

constitute gross income to the General Partner Entity for purposes of Section 856(c)(2) or 856(c)(3) of the Code (a "General Partner Payment") then, notwithstanding any other provision of this Agreement, the amount of such General Partner Payments for any fiscal year shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) 4.20% of the General Partner Entity's total gross income (but not including the amount of any General Partner Payments) for the fiscal year which is described in subsections (A) though (H) of Section 856(c)(2) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(2) of the Code) derived by the General Partner Entity from sources other than those described in subsections (A) through (H) of Section 856(c)(2) of the Code (but not including the amount of any General Partner Payments); or

(ii) an amount equal to the excess, if any of (a) 25% of the General Partner Entity's total gross income (but not including the amount of any General Partner Payments) for the fiscal year which is described in subsections (A) through (I) of Section 856(c)(3) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(3) of the Code) derived by the General Partner Entity from sources other than those described in subsections (A) through (I) of Section 856(c)(3) of the Code (but not including the amount of any General Partner Payments);

PROVIDED, HOWEVER, that General Partner Payments in excess of the amounts set forth in subparagraphs (i) and (ii) above may be made if the General Partner Entity, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts would not adversely affect the General Partner Entity's ability to qualify as a REIT. To the extent General Partner Payments may not be made in a year due to the foregoing limitations, such General Partner Payments shall carry over and be treated as arising in the following year, PROVIDED, HOWEVER, that such amounts shall not carry over for more than five years, and if not paid within such five year period, shall expire; PROVIDED, FURTHER, that (i) as General Partner Payments are made, such payments shall be applied first to carryover amounts outstanding, if any, and (ii) with respect to carryover amounts for more than one Partnership Year, such payments shall be applied to the earliest Partnership Year first.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

SL GREEN REALTY CORP.

By:_____
Name:_____
Title:_____

LIMITED PARTNERS:

SL GREEN REALTY CORP.

By:_____
Name:_____
Title:_____

[ADD OTHER LIMITED PARTNERS]

EXHIBIT A
PARTNERS AND PARTNERSHIP INTERESTS

Name and Address of Partner	Class A Partnership Units	Class B Partnership Units	Agreed Initial Capital Account	Percentage Interest
GENERAL PARTNER:				
SL Green Realty Corp. 70 West 36th Street New York, New York 10018				
LIMITED PARTNERS:				
SL Green Realty Corp. 70 West 36th Street New York, New York 10018				
[List other Partners]				
TOTAL				

EXHIBIT B
CAPITAL ACCOUNT MAINTENANCE

1. CAPITAL ACCOUNTS OF THE PARTNERS

A. The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Regulations Section 1.704-l(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions and any other deemed contributions made by such Partner to the Partnership pursuant to this Agreement and (ii) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1 of the Agreement and EXHIBIT C hereof, and decreased by (x) the amount of cash or Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1 of the Agreement and EXHIBIT C hereof.

B. For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Partners' Capital Accounts, unless otherwise specified in this Agreement, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes determined in accordance with Section 703(a) of the Code (for this purpose all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(1) Except as otherwise provided in Regulations Section 1.704-l(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership, provided that the amounts of any adjustments to the adjusted bases of the assets of the Partnership made pursuant to Section 734 of the Code as a result of the distribution of property by the Partnership to a Partner (to the extent that such adjustments have not previously been reflected in the Partners' Capital Accounts) shall be reflected in the Capital Accounts of the Partners in the manner and subject to the limitations prescribed in Regulations Section 1.704-l(b)(2)(iv) (m)(4).

(2) The computation of all items of income, gain, and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(3) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(4) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year.

(5) In the event the Carrying Value of any Partnership Asset is adjusted pursuant to Section 1.D hereof, the amount of any such adjustment shall be taken into account as gain or loss from the disposition of such asset.

(6) Any items specially allocated under Section 2 of EXHIBIT C hereof shall not be taken into account.

C. Generally, a transferee (including any Assignee) of a Partnership Unit shall succeed to a pro rata portion of the Capital Account of the transferor, including where the transfer causes a termination of the Partnership under Section 708(b)(1)(B) of the Code, in which case the Capital Account of the transferee and the Capital Accounts of the other holders of Partnership Units in the terminated Partnership shall carry over to the new Partnership that is formed, for federal income tax purposes, as a result of the termination. In such event, the Carrying Values of the Partnership properties in the reconstituted Partnership shall remain the same as they were in the terminated Partnership and the Capital Accounts of such reconstituted Partnership shall be maintained in accordance with the principles of this EXHIBIT B.

D. (1) Consistent with the provisions of Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in Section 1.D(2), the Carrying Values of all Partnership assets shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the times of the adjustments provided in Section 1.D(2) hereof, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property and allocated pursuant to Section 6.1 of the Agreement.

(2) Such adjustments shall be made as of the following times: (a) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; and (c) immediately prior to the liquidation of the Partnership within the meaning of Regulations Section 1.704-l(b)(2)(ii)(g) (except for a liquidation resulting from the

termination of the Partnership under Section 708(b)(1)(B) of the Code), provided however that adjustments pursuant to clauses (a) and (b) above shall be made only if the General Partner determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

(3) In accordance with Regulations Section 1.704- l(b)(2)(iv)(e), the Carrying Value of Partnership assets distributed in kind (other than in connection with the termination of the Partnership under Section 708(b)(1)(B) of the Code) shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the time any such asset is distributed.

(4) In determining Unrealized Gain or Unrealized Loss for purposes of this EXHIBIT B, the aggregate cash amount and fair market value of all Partnership assets (including cash or cash equivalents) shall be determined by the General Partner using such reasonable method of valuation as it may adopt, or in the case of a liquidating distribution pursuant to Article XIII of the Agreement, shall be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt. The General Partner, or the Liquidator, as the case may be, shall allocate such aggregate fair market value among the assets of the Partnership in such manner as it determines in its sole and absolute discretion to arrive at a fair market value for individual properties.

E. The provisions of the Agreement (including this EXHIBIT B and the other Exhibits to the Agreement) relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-l(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, the General Partner, or the Limited Partners) are computed in order to comply with such Regulations, the General Partner may make such modification without regard to Article XIV of the Agreement, provided that it is not likely to have a material effect on the amounts distributable to any Person pursuant to Article XIII of the Agreement upon the dissolution of the Partnership. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

2. NO INTEREST

No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

3. NO WITHDRAWAL

No Partner shall be entitled to withdraw any part of its Capital Contribution or Capital Account or to receive any distribution from the Partnership, except as provided in Articles IV, V, VII and XIII of the Agreement.

EXHIBIT C
SPECIAL ALLOCATION RULES

1. SPECIAL ALLOCATION RULES.

Notwithstanding any other provision of the Agreement or this EXHIBIT C, the following special allocations shall be made in the following order:

A. MINIMUM GAIN CHARGEBACK. Notwithstanding the provisions of Section 6.1 of the Agreement or any other provisions of this EXHIBIT C, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6). This Section 1.A is intended to comply with the minimum gain chargeback requirements in Regulations Section 1.704-2(f) and, for purposes of this Section 1.A only, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of this Agreement with respect to such Partnership Year and without regard to any decrease in Partner Minimum Gain during such Partnership Year.

B. PARTNER MINIMUM GAIN CHARGEBACK. Notwithstanding any other provision of Section 6.1 of this Agreement or any other provisions of this EXHIBIT C (except Section 1.A hereof), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 1.B is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith. Solely for purposes of this Section 1.B, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of the Agreement or this Exhibit with respect to such Partnership Year, other than allocations pursuant to Section 1.A hereof.

C. QUALIFIED INCOME OFFSET. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), or 1.704-l(b)(2)(ii)(d)(6), and after giving effect to the allocations required under Sections 1.A and 1.B hereof with respect to such Partnership Year, such Partner

has an Adjusted Capital Account Deficit, items of Partnership income and gain (consisting of a pro rata portion of each item of Partnership income, including gross income and gain for the Partnership Year) shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible. This Section 1.C is intended to constitute a "qualified income offset" under Regulations Section 1.704-l(b)(2)(ii)(d) and shall be interpreted consistently therewith.

D. GROSS INCOME ALLOCATION. In the event that any Partner has an Adjusted Capital Account Deficit at the end of any Partnership Year (after taking into account allocations to be made under the preceding paragraphs hereof with respect to such Partnership Year), each such Partner shall be specially allocated items of Partnership income and gain (consisting of a pro rata portion of each item of Partnership income, including gross income and gain for the Partnership Year) in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit.

E. NONRECOURSE DEDUCTIONS. Nonrecourse Deductions for any Partnership Year shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio for such Partnership Year to the numerically closest ratio which would satisfy such requirements.

F. PARTNER NONRECOURSE DEDUCTIONS. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(b)(4) and 1.704-2(i).

G. CODE SECTION 754 ADJUSTMENTS. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-l(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

2. ALLOCATIONS FOR TAX PURPOSES

A. Except as otherwise provided in this Section 2, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this EXHIBIT C.

B. In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, and deduction shall be allocated for federal income tax purposes among the Partners as follows:

(1) (a) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners consistent with the principles of Section 704(c) of the Code to take into account the variation between the 704(c) Value of such property and its adjusted basis at the time of contribution (taking into account Section 2.C of this EXHIBIT C); and

(b) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this EXHIBIT C.

(2) (a) In the case of an Adjusted Property, such items shall

(i) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to EXHIBIT B;

(ii) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 2.B(1) of this EXHIBIT C; and

(b) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner its correlative item of "book" gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this EXHIBIT C.

C. To the extent Regulations promulgated pursuant to Section 704(c) of the Code permit a Partnership to utilize alternative methods to eliminate the disparities between the Carrying Value of property and its adjusted basis, the General Partner shall, subject to the following, have the authority to elect the method to be used by the Partnership and such election shall be binding on all Partners. With respect to the Contributed Properties transferred to the Partnership in connection with the Consolidation, the Partnership shall elect to use the "traditional method" set forth in Regulations Section 1.704-3(b).

EXHIBIT D
NOTICE OF REDEMPTION

The undersigned hereby irrevocably (i) tenders for redemption _____ Partnership Units in SL Green Operating Partnership, L.P. in accordance with the terms of the First Amended and Restated Agreement of Limited Partnership of SL Green Operating Partnership, L.P., as amended, and the Redemption Right referred to therein, (ii) surrenders such Partnership Units and all right, title and interest therein and (iii) directs that the Cash Amount or Shares Amount (as determined by the General Partner) deliverable upon exercise of the Redemption Right be delivered to the address specified below, and if Shares are to be delivered, such Shares be registered or placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has marketable and unencumbered title to such Partnership Units, free and clear of the rights of or interests of any other person or entity, (b) has the full right, power and authority to redeem and surrender such Partnership Units as provided herein and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consult or approve such redemption and surrender.

Dated:_____ Name of Limited Partner:_____

_____
(Signature of Limited Partner)

_____
(Street Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:_____

IF SHARES ARE TO BE ISSUED, ISSUE TO:

Name:

Please insert social security or identifying number:

EXHIBIT E
VALUE OF CONTRIBUTED PROPERTY

Underlying Property	704(c) Value	Agreed Value

RESTATED CERTIFICATE OF INCORPORATION

of

S.L. GREEN MANAGEMENT CORP.

Under Section 807 of the Business Corporation Law

THE UNDERSIGNED, being the President of S.L. GREEN MANAGEMENT CORP., pursuant to Section 807 of the Business Corporation Law of the State of New York, does hereby restate, certify and set forth:

(1) The name of the Corporation is S.L. Green Management Corp.

(2) The date of filing of the original Certificate of Incorporation with the Department of State was October 21, 1985.

(3) This Restated Certificate of Incorporation amends the original Certificate of Incorporation to effect changes authorized by Article 8 of the Business Corporation Law. This Restated Certificate of Incorporation amends specifically paragraphs Second, relating to the purpose of the Corporation, Third, relating to the aggregate number of shares which the Corporation shall have the authority to issue, the classes of shares issued by the Corporation, and the par value of the shares issued by the Corporation, Fifth, relating to the address of the designated agent, Sixth, relating to the designation of the registered agent, and Seventh, relating to the personal liability of directors to the Corporation and its shareholders, of the original Certificate of Incorporation.

The amendment to paragraph Third of the original Certificate of Incorporation provides for a change to the number of issued shares and the kind of shares issued. The total number of shares of stock that the Corporation had authority to issue under the original Certificate of Incorporation was two hundred (200) shares, without par value, all of one class. All two hundred (200) shares have been issued. The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing Restated Certificate of Incorporation is two thousand (2,000) shares, consisting of one thousand (1,000)

shares of Class A Voting Common Stock, par value $0.01 per share ("Voting Common Stock"), and one thousand (1,000) shares of Class B Non-Voting Common Stock, par value $0.01 per share ("Non-Voting Common Stock"). Each of the two hundred (200) shares, without par value, previously issued are being exchanged at a rate of five shares of Voting Common Stock, par value $0.01 per share, and five shares of Non-Voting Common Stock, par value $0.01 per share, for each share of outstanding Common Stock, without par value.

(4) The text of the original Certificate of Incorporation is hereby restated as amended to read as herein set forth in full.

FIRST: The name of the Corporation is S.L. Green Management Corp.

SECOND: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Business Corporation Law of the State of New York. The Corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

THIRD: The principal office of the Corporation is to be located in the County of New York, State of New York.

FOURTH: The total number of shares of capital stock of all classes which the Corporation shall have authority to issue is two thousand (2,000) shares consisting of the following: (i) one thousand (1,000) shares of Voting Common Stock, par value $0.01 per share ("Voting Common Stock"); and (ii) one thousand (1,000) shares of Non-Voting Common Stock, par value $0.01 per share ("Non-Voting Common Stock").

VOTING COMMON STOCK AND NON-VOTING COMMON STOCK. The powers, preferences and rights of, and the qualifications of, and limitations and restrictions upon, the Voting Common Stock and Non-Voting Common Stock shall be identical except (unless and to the extent otherwise made mandatory by law) as provided herein.

DIVIDEND RIGHTS. Holders of Non-Voting Common Stock shall be entitled to share ratably in 95% of all funds legally available for distribution by dividends declared by the Board of Directors out of funds legally available therefor ("Funds for Distribution"). Holders of the Voting Common Stock shall be entitled to share ratably in the remaining 5% of Funds for Distribution. All Funds

for Distribution remaining after payment of operating expenses that in the opinion of the Board of Directors of the Corporation are not required for working capital purposes shall be distributed to Stockholders on an annual basis.

RIGHTS UPON LIQUIDATION. In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, each holder of shares of Voting Common Stock and Non-Voting Common Stock (together with the holders of any other class of stock hereafter classified or reclassified having a preference on distributions in the liquidation, dissolution or winding up of the Corporation) shall be entitled (after payment or provision for payment of the debts and other liabilities of the Corporation and to the holders of any class of stock hereafter classified or reclassified having a preference on distributions in the liquidation, dissolution or winding up of the Corporation) to share ratably of the remaining net assets of the corporation in the following proportion: 95% to the holders of the Non-Voting Common Stock and 5% to the holders of Voting Common Stock.

VOTING RIGHTS.

(a) VOTING COMMON STOCK. Except as set forth herein or as otherwise required by law, each outstanding share of Voting Common Stock shall be entitled to vote on each matter on which the stockholders of the corporation shall be entitled to vote, and each holder of Voting Common Stock shall be entitled to one vote for each share of such stock held by such holder.

(b) NON-VOTING COMMON STOCK. Except as set forth herein or as otherwise required by law, each outstanding share of Non-Voting Common Stock shall not be entitled to vote on any matter on which the stockholders of the Corporation shall be entitled to vote and shares of Non-Voting Common Stock shall not be included in determining the number of shares voting or entitled to vote on any such matters.

PREEMPTIVE RIGHTS. No holder of any stock or any other securities of the Corporation, whether now or hereafter authorized, shall have any preemptive rights to subscribe for or purchase any stock or any other securities of the corporation other than such rights, if any, as the Board of Directors, in its sole discretion, may fix; and any stock or other securities which the Board of Directors may determine to offer for subscription may, within the Board of Directors' sole discretion, be offered to the holders of any

class, series or type of stock or other securities at the time outstanding to the exclusion of holders of any or all other classes, series or types of stock or other securities at the time outstanding.

FIFTH: The Secretary of State of the State of New York is designated as the agent of the Corporation upon whom process against the Corporation may be served. The post office address to which the Department of State of the State of New York shall mail a copy of any process against the Corporation served upon him is: C/O CT Corporation System, 1633 Broadway, New York, New York 10019.

SIXTH: The name and address of the registered agent which is to be the agent of the Corporation upon whom process against it may be served are CT Corporation System, 1633 Broadway, New York, New York 10019.

SEVENTH: No director of the Corporation shall be personally liable to the Corporation or its shareholders for damages for any breach of fiduciary duty in such capacity; PROVIDED, HOWEVER, that this provision shall not eliminate or limit the liability of any director if a judgment or other final adjudication adverse to such director establishes that such director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that such director personally gained in fact a financial profit or other advantage to which such director was not legally entitled or that such director's acts violated Section 719 of the Business Corporation Law of the State of New York. If the Business Corporation Law of the State of New York is hereafter amended to authorize corporate action further limiting or eliminating the personal liability of directors, then the liability of each director of the Corporation shall be limited or eliminated to the full extent permitted by the Business Corporation Law of the State of New York as so amended from time to time.

Neither the amendment nor repeal of this Section, nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Section, shall eliminate or reduce the effect of this Section in respect of any matter occurring, or any cause of action, suit or claim that, but for this Section, would accrue or arise, prior to such amendment, repeal or adoption of any inconsistent provision.

EIGHTH: INDEMNIFICATION. The Corporation shall indemnify any person who is or was a director or officer of the Corporation with respect to actions taken or omitted by such person in any capacity in which such person serves the Corporation, to the full extent authorized or permitted by law, as now or hereafter in

effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer, as the case may be, and shall inure to the benefit of such person's heirs, executors and personal and legal representatives; PROVIDED, HOWEVER, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any person in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized in advance, or unanimously consented to, by the Board of Directors of the Corporation.

Directors and officers of the Corporation shall have the right to be paid by the Corporation expenses incurred in defending or otherwise participating in any proceedings in advance of its final disposition.

INSURANCE. By action of the Board of Directors, notwithstanding any interest of the directors in the action, the Corporation may purchase and maintain insurance, in such amounts as the Board of Directors deems appropriate, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent (including trustee) of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation shall have the power to indemnify him against such liability under the provisions of this Section.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Restated Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of the Restated Certificate of Incorporation and all rights and powers conferred in this Restated Certificate of Incorporation on shareholders, directors and officers are subject to this reserved power.

TENTH: The restatement of the Certificate of Incorporation as hereinabove set forth has been duly authorized by the Board of Directors and approved by the stockholders of the Corporation by unanimous written consent as required by law.

(5) This restatement of the certificate of incorporation of S.L. GREEN MANAGEMENT CORP. was authorized by the Consent of the Sole Director, dated _____ ____, 1997.

IN WITNESS WHEREOF, the undersigned have executed, signed and verified this certificate this ____ day of _____, 1997.

S.L. GREEN MANAGEMENT CORP.

By:

Stephen L. Green
President

VERIFICATION

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

Stephen L. Green, being duly sworn, deposes and says that he is the person who signed the foregoing certificate; that he signed said restated certificate in the capacity set opposite or beneath his signature thereon; that he has read the foregoing certificate and knows the contents thereof; and that the statements contained therein are true to his own knowledge.

By:

Stephen L. Green
President

Sworn to before me
a Notary Public this ____ day
of _____ 1997

- ---
Notary Public

BY-LAWS

OF

S.L. GREEN MANAGEMENT CORP.

ARTICLE I

OFFICES

Section 1. The office of the corporation shall be located in the County of New York and State of New York.

Section 2. The corporation may also have offices at such other places both within and without the State of New York as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. An annual meeting of the shareholders shall be held on such date and at such time and place, either within or without the State of New York, as the Board of Directors shall designate by resolution, within thirteen months subsequent to the later of the date of incorporation or the last annual meeting of shareholders, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day designated in the manner provided herein for any annual meeting of the shareholders or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as convenient. If designation of the place of meeting is not made, the place of meeting shall be the registered office of the corporation in the State of New York.

Section 2. Written or printed notice of the annual meeting stating the place, date and hour of the meeting shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III

SPECIAL MEETING OF SHAREHOLDERS

Section 1. Special meetings of shareholders may be held at such time and place within or without the State of New York as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Restated Certificate of Incorporation, may be called by the President, the Board of Directors, or the holders of more than 50% of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, date and hour of the meeting and purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by first class mail, by, or at the direction of, the President, the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. The notice should also indicate that it is being issued by, or at the direction of, the person calling the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV

QUORUM AND VOTING OF STOCK

Section 1. The holders of one-third of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting

shall be the act of the shareholders, unless the vote of a greater or lesser number of shares of stock is required by law or the Restated Certificate of Incorporation.

Section 3. Each outstanding share of stock having voting power shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. The Board of Directors in advance of any shareholders' meeting may appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a shareholders' meeting may, and, on the request of any shareholder entitled to vote thereat, shall appoint one or more inspectors. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

Section 5. Whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon.

ARTICLE V

DIRECTORS

Section 1. The number of directors shall be not less than three nor more than nine. The first Board shall consist of four directors and thereafter the number of directors shall be determined within the foregoing limitations by a resolution adopted by a majority of the entire Board as then constituted, provided no decrease in the number of directors shall shorten the term of an incumbent director.

Directors shall be at least eighteen years of age and need not be residents of the State of New York nor shareholders of the corporation. The directors, other than the first Board of Directors, shall be elected at the annual meeting of the shareholders, except as hereinafter provided, and each director elected shall serve until the next succeeding annual meeting or until his successor shall have been elected and qualified. The first Board of Directors shall hold office until the first annual meeting of shareholders.

Section 2. Any or all of the directors may be removed, with or without cause, at any time by the vote of the shareholders at a special meeting called for that purpose.

Any director may be removed for cause by the action of the directors at a special meeting called for that purpose.

Section 3. Newly created directorships resulting from an increase in the Board of Directors and all vacancies occurring in the Board of Directors, including vacancies caused by removal without cause, may be filled by the affirmative vote of the remaining directors, though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders or until his successor shall have been elected and qualified.

Section 4. The business affairs of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Restated Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the shareholders.

Section 5. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside the State of New York, at such place or places as they may from time to time determine.

Section 6. The Board of Directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the Board of Directors, regular or special, may be held either within or without the State of New York.

Section 2. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a

quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the Board of Directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the Board.

Section 4. Special meetings of the Board of Directors may be called by the President on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two directors.

Section 5. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice at such meeting.

Section 6. One-third of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the Certificate of Incorporation. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the vote of a greater number is required by law or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless the Certificate of Incorporation provides otherwise, any action required or permitted to be taken at a meeting of the directors or a committee thereof may be taken without a meeting, if a consent in writing to the adoption of a resolution authorizing the action so taken shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors, by resolution adopted by a majority of the entire Board, may designate, from among its members, an Executive Committee and other committees, each consisting of three or more directors, and each of which, to the extent provided in the resolution, shall have all the authority of the Board, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors.

ARTICLE VIII

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram or facsimile transmission.

Section 2. Whenever any notice of a meeting is required to be given under the provisions of the statutes or under the provisions of the Certificate of Incorporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX

OFFICERS

Section 1. The officers of the corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors may also choose one or more Executive Vice Presidents, Vice Presidents, Assistant Secretaries and Assistant Treasurers.

Section 2. The Board of Directors at its first meeting after each annual meeting of shareholders shall choose a President from among the directors, and shall choose a Secretary and a Treasurer, neither of whom need be a member of the Board.

Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

Section 6. The officers of the corporation shall have such powers and duties in the management of the corporation as may be prescribed by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his duties.

ARTICLE X

CERTIFICATES FOR SHARES; UNCERTIFICATED SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the President, an Executive Vice President, or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the corporation and may be sealed with the seal of the corporation or a facsimile thereof or such shares may be represented solely by appropriate entry in the stock ledger of the corporation.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of issue.

LOST CERTIFICATES

Section 3. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFER OF SHARES

Section 4. Upon surrender to the corporation of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the Board of Directors may fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than fifty nor less than ten days before the date of any meeting nor more than fifty days prior to any other action. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided in this section such determination shall apply to any adjournment thereof, unless the Board fixes a new record date for the adjourned meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of New York.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or by a transfer agent, shall be produced at any meeting upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

ARTICLE XI

GENERAL PROVISIONS

DIVIDENDS

Section 1. Subject to the provisions of the Restated Certificate of Incorporation relating thereto, if any, dividends may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in shares of the capital stock or in the corporation's bonds or its property, including the shares or bonds of other corporations subject to any provisions of law and of the Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, New York". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XII

INDEMNIFICATION

Any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that he, his testator or intestate is or was a director, officer or employee of the corporation or serves or served any other corporation in any capacity at the request of the corporation shall be indemnified by the corporation, and the corporation may advance his related expenses, to the full extent permitted by law.

ARTICLE XIII

AMENDMENTS

These By-Laws may be amended or repealed or new By-Laws may be adopted by the affirmative vote of a majority of the Board of Directors at any regular or special meeting of the Board. If any By-Law regulating an impending election of directors is adopted, amended or repealed by the Board, there shall be set forth in the notice of the next meeting of shareholders for the election of directors the By-Law so adopted, amended or repealed, together with a precise statement of the changes made. By-Laws adopted by the Board of Directors may be amended or repealed by the shareholders.

Exhibit 10.3

RESTATED CERTIFICATE OF INCORPORATION

of

S.L. GREEN LEASING, INC.

Under Section 807 of the Business Corporation Law

THE UNDERSIGNED, being the President of S.L. GREEN LEASING, INC., pursuant to Section 807 of the Business Corporation Law of the State of New York, does hereby restate, certify and set forth:

(1) The name of the Corporation is S.L. Green Leasing, Inc. The name under which the corporation was formed is S.L. Green Realty, Inc.

(2) The date of filing of the original Certificate of Incorporation with the Department of State was April 10, 1987.

(3) This Restated Certificate of Incorporation amends the original Certificate of Incorporation to effect changes authorized by Article 8 of the Business Corporation Law. This Restated Certificate of Incorporation amends specifically paragraphs Second, relating to the purpose of the Corporation, Third, relating to the aggregate number of shares which the Corporation shall have the authority to issue, the classes of shares issued by the Corporation, and the par value of the shares issued by the Corporation, Fifth, relating to the address of the designated agent, Sixth, relating to the designation of the registered agent, and Seventh, relating to the personal liability of directors to the Corporation and its shareholders, of the original Certificate of Incorporation.

The amendment to paragraph Third of the original Certificate of Incorporation provides for a change to the number of issued shares and the kind of shares issued. The total number of shares of stock that the Corporation had authority to issue under the original Certificate of Incorporation was two hundred (200) shares, without par value, all of one class. All two hundred (200) shares have been issued. The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing Restated Certificate of Incorporation is two

thousand (2,000) shares, consisting of one thousand (1,000) shares of Class A Voting Common Stock, par value $0.01 per share ("Voting Common Stock"), and one thousand (1,000) shares of Class B Non-Voting Common Stock, par value $0.01 per share ("Non-Voting Common Stock"). Each of the two hundred (200) shares, without par value, previously issued are being exchanged at a rate of five shares of Voting Common Stock, par value $0.01 per share, and five shares of Non-Voting Common Stock, par value $0.01 per share, for each share of outstanding Common Stock, without par value.

(4) The text of the original Certificate of Incorporation is hereby restated as amended to read as herein set forth in full.

FIRST: The name of the Corporation is S.L. Green Leasing, Inc. The name under which the corporation was formed is S.L. Green Realty, Inc.

SECOND: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Business Corporation Law of the State of New York. The Corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

THIRD: The principal office of the Corporation is to be located in the County of New York, State of New York.

FOURTH: The total number of shares of capital stock of all classes which the Corporation shall have authority to issue is two thousand (2,000) shares consisting of the following: (i) one thousand (1,000) shares of Voting Common Stock, par value $0.01 per share ("Voting Common Stock"); and (ii) one thousand (1,000) shares of Non-Voting Common Stock, par value $0.01 per share ("Non-Voting Common Stock").

VOTING COMMON STOCK AND NON-VOTING COMMON STOCK. The powers, preferences and rights of, and the qualifications of, and limitations and restrictions upon, the Voting Common Stock and Non-Voting Common Stock shall be identical except (unless and to the extent otherwise made mandatory by law) as provided herein.

DIVIDEND RIGHTS. Holders of Non-Voting Common Stock shall be entitled to share ratably in 95% of all funds legally available for distribution by dividends declared by the Board of Directors out of funds legally available therefor ("Funds for Distribution"). Holders of the Voting

Common Stock shall be entitled to share ratably in the remaining 5% of Funds for Distribution. All Funds for Distribution remaining after payment of operating expenses that in the opinion of the Board of Directors of the Corporation are not required for working capital purposes shall be distributed to Stockholders on an annual basis.

RIGHTS UPON LIQUIDATION. In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, each holder of shares of Voting Common Stock and Non-Voting Common Stock (together with the holders of any other class of stock hereafter classified or reclassified having a preference on distributions in the liquidation, dissolution or winding up of the Corporation) shall be entitled (after payment or provision for payment of the debts and other liabilities of the Corporation and to the holders of any class of stock hereafter classified or reclassified having a preference on distributions in the liquidation, dissolution or winding up of the Corporation) to share ratably of the remaining net assets of the corporation in the following proportion: 95% to the holders of the Non-Voting Common Stock and 5% to the holders of Voting Common Stock.

VOTING RIGHTS.

(a) VOTING COMMON STOCK. Except as set forth herein or as otherwise required by law, each outstanding share of Voting Common Stock shall be entitled to vote on each matter on which the stockholders of the corporation shall be entitled to vote, and each holder of Voting Common Stock shall be entitled to one vote for each share of such stock held by such holder.

(b) NON-VOTING COMMON STOCK. Except as set forth herein or as otherwise required by law, each outstanding share of Non-Voting Common Stock shall not be entitled to vote on any matter on which the stockholders of the Corporation shall be entitled to vote and shares of Non-Voting Common Stock shall not be included in determining the number of shares voting or entitled to vote on any such matters.

PREEMPTIVE RIGHTS. No holder of any stock or any other securities of the Corporation, whether now or hereafter authorized, shall have any preemptive rights to subscribe for or purchase any stock or any other securities of the corporation other than such rights, if any, as the Board of Directors, in its sole discretion, may fix; and any stock or other securities which the Board of Directors may determine

to offer for subscription may, within the Board of Directors' sole discretion, be offered to the holders of any class, series or type of stock or other securities at the time outstanding to the exclusion of holders of any or all other classes, series or types of stock or other securities at the time outstanding.

FIFTH: The Secretary of State of the State of New York is designated as the agent of the Corporation upon whom process against the Corporation may be served. The post office address to which the Department of State of the State of New York shall mail a copy of any process against the Corporation served upon him is: C/O CT Corporation System, 1633 Broadway, New York, New York 10019.

SIXTH: The name and address of the registered agent which is to be the agent of the Corporation upon whom process against it may be served are CT Corporation System, 1633 Broadway, New York, New York 10019.

SEVENTH: No director of the Corporation shall be personally liable to the Corporation or its shareholders for damages for any breach of fiduciary duty in such capacity; PROVIDED, HOWEVER, that this provision shall not eliminate or limit the liability of any director if a judgment or other final adjudication adverse to such director establishes that such director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that such director personally gained in fact a financial profit or other advantage to which such director was not legally entitled or that such director's acts violated Section 719 of the Business Corporation Law of the State of New York. If the Business Corporation Law of the State of New York is hereafter amended to authorize corporate action further limiting or eliminating the personal liability of directors, then the liability of each director of the Corporation shall be limited or eliminated to the full extent permitted by the Business Corporation Law of the State of New York as so amended from time to time.

Neither the amendment nor repeal of this Section, nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Section, shall eliminate or reduce the effect of this Section in respect of any matter occurring, or any cause of action, suit or claim that, but for this Section, would accrue or arise, prior to such amendment, repeal or adoption of any inconsistent provision.

EIGHTH: INDEMNIFICATION. The Corporation shall indemnify any person who is or was a director or officer of the Corporation with respect to actions taken or omitted by such person in any

capacity in which such person serves the Corporation, to the full extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer, as the case may be, and shall inure to the benefit of such person's heirs, executors and personal and legal representatives; PROVIDED, HOWEVER, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any person in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized in advance, or unanimously consented to, by the Board of Directors of the Corporation.

Directors and officers of the Corporation shall have the right to be paid by the Corporation expenses incurred in defending or otherwise participating in any proceedings in advance of its final disposition.

INSURANCE. By action of the Board of Directors, notwithstanding any interest of the directors in the action, the Corporation may purchase and maintain insurance, in such amounts as the Board of Directors deems appropriate, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent (including trustee) of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation shall have the power to indemnify him against such liability under the provisions of this Section.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Restated Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of the Restated Certificate of Incorporation and all rights and powers conferred in this Restated Certificate of Incorporation on shareholders, directors and officers are subject to this reserved power.

TENTH: The restatement of the Certificate of Incorporation as hereinabove set forth has been duly authorized by the Board of Directors and approved by the stockholders of the Corporation by unanimous written consent as required by law.

(5) This restatement of the certificate of incorporation of S.L. GREEN LEASING, INC. was authorized by the Consent of the Sole Director, dated _____ ___ , 1997.

IN WITNESS WHEREOF, the undersigned have executed, signed and verified this certificate this _____ day of _____, 1997.

S.L. GREEN LEASING, INC.

By:

Stephen L. Green
President

VERIFICATION

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

Stephen L. Green, being duly sworn, deposes and says that he is the person who signed the foregoing certificate; that he signed said restated certificate in the capacity set opposite or beneath his signature thereon; that he has read the foregoing certificate and knows the contents thereof; and that the statements contained therein are true to his own knowledge.

By:

Stephen L. Green
President

Sworn to before me
a Notary Public this ____ day
of _____ 1997

- ---
Notary Public

BY-LAWS

OF

S.L. GREEN REALTY, INC.

ARTICLE I

OFFICES

Section 1. The office of the corporation shall be located in the County of New York and State of New York.

Section 2. The corporation may also have offices at such other places both within and without the State of New York as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. An annual meeting of the shareholders shall be held on such date and at such time and place, either within or without the State of New York, as the Board of Directors shall designate by resolution, within thirteen months subsequent to the later of the date of incorporation or the last annual meeting of shareholders, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day designated in the manner provided herein for any annual meeting of the shareholders or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as convenient. If designation of the place of meeting is not made, the place of meeting shall be the registered office of the corporation in the State of New York.

Section 2. Written or printed notice of the annual meeting stating the place, date and hour of the meeting shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer calling

the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III

SPECIAL MEETING OF SHAREHOLDERS

Section 1. Special meetings of shareholders may be held at such time and place within or without the State of New York as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Restated Certificate of Incorporation, may be called by the President, the Board of Directors, or the holders of more than 50% of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, date and hour of the meeting and purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by first class mail, by, or at the direction of, the President, the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. The notice should also indicate that it is being issued by, or at the direction of, the person calling the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV

QUORUM AND VOTING OF STOCK

Section 1. The holders of one-third of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Restated Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders, unless the vote of a greater or lesser number of shares of stock is required by law or the Restated Certificate of Incorporation.

Section 3. Each outstanding share of stock having voting power shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. The Board of Directors in advance of any shareholders' meeting may appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a shareholders' meeting may, and, on the request of any shareholder entitled to vote thereat, shall appoint one or more inspectors. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

Section 5. Whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon.

ARTICLE V

DIRECTORS

Section 1. The number of directors shall be not less than three nor more than nine. The first Board shall consist of four directors and thereafter the number of directors shall be determined within the foregoing limitations by a resolution adopted by a majority of the entire Board as then constituted, provided no decrease in the number of directors shall shorten the term of an incumbent director.

Directors shall be at least eighteen years of age and need not be residents of the State of New York nor shareholders of the corporation. The directors, other than the first Board of Directors, shall be elected at the annual meeting of the shareholders, except as hereinafter provided, and each director elected shall serve until the next succeeding annual meeting or until his successor shall have been elected and qualified. The

first Board of Directors shall hold office until the first annual meeting of shareholders.

Section 2. Any or all of the directors may be removed, with or without cause, at any time by the vote of the shareholders at a special meeting called for that purpose.

Any director may be removed for cause by the action of the directors at a special meeting called for that purpose.

Section 3. Newly created directorships resulting from an increase in the Board of Directors and all vacancies occurring in the Board of Directors, including vacancies caused by removal without cause, may be filled by the affirmative vote of the remaining directors, though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders or until his successor shall have been elected and qualified.

Section 4. The business affairs of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Restated Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the shareholders.

Section 5. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside the State of New York, at such place or places as they may from time to time determine.

Section 6. The Board of Directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the Board of Directors, regular or special, may be held either within or without the State of New York.

Section 2. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed

by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the Board of Directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the Board.

Section 4. Special meetings of the Board of Directors may be called by the President on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two directors.

Section 5. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice at such meeting.

Section 6. One-third of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the Restated Certificate of Incorporation. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the vote of a greater number is required by law or by the Restated Certificate of Incorporation. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless the Restated Certificate of Incorporation provides otherwise, any action required or permitted to be taken at a meeting of the directors or a committee thereof may be taken without a meeting, if a consent in writing to the adoption of a resolution authorizing the action so taken shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the Restated Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such

participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors, by resolution adopted by a majority of the entire Board, may designate, from among its members, an Executive Committee and other committees, each consisting of three or more directors, and each of which, to the extent provided in the resolution, shall have all the authority of the Board, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors.

ARTICLE VIII

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the Restated Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram or facsimile transmission.

Section 2. Whenever any notice of a meeting is required to be given under the provisions of the statutes or under the provisions of the Restated Certificate of Incorporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX

OFFICERS

Section 1. The officers of the corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors may also choose one or

more Executive Vice Presidents, Vice Presidents, Assistant Secretaries and Assistant Treasurers.

Section 2. The Board of Directors at its first meeting after each annual meeting of shareholders shall choose a President from among the directors, and shall choose a Secretary and a Treasurer, neither of whom need be a member of the Board.

Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

Section 6. The officers of the corporation shall have such powers and duties in the management of the corporation as may be prescribed by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his duties.

ARTICLE X

CERTIFICATES FOR SHARES; UNCERTIFICATED SHARES

Section 1. The shares of the corporation may be represented by certificates signed by the President, an Executive Vice President, or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the corporation and may be sealed with the seal of the corporation or a facsimile thereof or such shares may be represented solely by appropriate entry in the stock ledger of the corporation.

Section 2. If the shares of the corporation are represented by certificates, the signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by

a registrar other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of issue.

LOST CERTIFICATES

Section 3. If the shares of the corporation are represented by certificates, the Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFER OF SHARES

Section 4. If the shares of the corporation are represented by certificates, upon surrender to the corporation of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation. If the shares of the corporation are represented solely by appropriate entry in the stock ledger of the corporation, upon proper evidence of successor, assignment or authority to transfer, the transaction shall be recorded by appropriate entry in the stock ledger of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the Board of Directors may fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than fifty nor less than ten days before the date of any meeting nor more than fifty days prior to any other action. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided in this section

such determination shall apply to any adjournment thereof, unless the Board fixes a new record date for the adjourned meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of New York.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or by a transfer agent, shall be produced at any meeting upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

ARTICLE XI

GENERAL PROVISIONS

DIVIDENDS

Section 1. Subject to the provisions of the Restated Certificate of Incorporation relating thereto, if any, dividends may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in shares of the capital stock or in the corporation's bonds or its property, including the shares or bonds of other corporations subject to any provisions of law and of the Restated Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 5. The officers of the corporation are authorized to obtain a corporate seal of the corporation. If the officers of the corporation determine to obtain a corporation seal for the corporation the corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, New York". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XII

INDEMNIFICATION

Any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that he, his testator or intestate is or was a director, officer or employee of the corporation or serves or served any other corporation in any capacity at the request of the corporation shall be indemnified by the corporation, and the corporation may advance his related expenses, to the full extent permitted by law.

ARTICLE XIII

AMENDMENTS

These By-Laws may be amended or repealed or new By-Laws may be adopted by the affirmative vote of a majority of the Board of Directors at any regular or special meeting of the Board. If any By-Law regulating an impending election of directors is adopted, amended or repealed by the Board, there shall be set forth in the notice of the next meeting of shareholders for the election of directors the By-Law so adopted, amended or repealed, together with a precise statement of the changes made. By-Laws adopted by the Board of Directors may be amended or repealed by the shareholders.

Exhibit 10.4

RESTATED CERTIFICATE OF INCORPORATION

of

EMERALD CITY CONSTRUCTION CORP.

Under Section 807 of the Business Corporation Law

THE UNDERSIGNED, being the President of EMERALD CITY CONSTRUCTION CORP., pursuant to Section 807 of the Business Corporation Law of the State of New York, does hereby restate, certify and set forth:

(1) The name of the Corporation is Emerald City Construction Corp.

(2) The date of filing of the original Certificate of Incorporation with the Department of State was June 16, 1986.

(3) This Restated Certificate of Incorporation amends the original Certificate of Incorporation to effect changes authorized by Article 8 of the Business Corporation Law. This Restated Certificate of Incorporation amends specifically paragraphs Second, relating to the purpose of the Corporation, Third, relating to the aggregate number of shares which the Corporation shall have the authority to issue, the classes of shares issued by the Corporation, and the par value of the shares issued by the Corporation, Fifth, relating to the address of the designated agent, Sixth, relating to the designation of the registered agent, and Seventh, relating to the personal liability of directors to the Corporation and its shareholders, of the original Certificate of Incorporation.

The amendment to paragraph Third of the original Certificate of Incorporation provides for a change to the number of issued shares and the kind of shares issued. The total number of shares of stock that the Corporation had authority to issue under the original Certificate of Incorporation was two hundred (200) shares, without par value, all of one class. All two hundred (200) shares have been issued. The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing Restated Certificate of Incorporation is two thousand (2,000) shares, consisting of one thousand (1,000)

shares of Class A Voting Common Stock, par value $0.01 per share ("Voting Common Stock"), and one thousand (1,000) shares of Class B Non-Voting Common Stock, par value $0.01 per share ("Non-Voting Common Stock"). Each of the two hundred (200) shares, without par value, previously issued are being exchanged at a rate of five shares of Voting Common Stock, par value $0.01 per share, and five shares of Non-Voting Common Stock, par value $0.01 per share, for each share of outstanding Common Stock, without par value.

(4) The text of the original Certificate of Incorporation is hereby restated as amended to read as herein set forth in full.

FIRST: The name of the Corporation is Emerald City Construction Corp.

SECOND: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Business Corporation Law of the State of New York. The Corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

THIRD: The principal office of the Corporation is to be located in the County of New York, State of New York.

FOURTH: The total number of shares of capital stock of all classes which the Corporation shall have authority to issue is two thousand (2,000) shares consisting of the following: (i) one thousand (1,000) shares of Voting Common Stock, par value $0.01 per share ("Voting Common Stock"); and (ii) one thousand (1,000) shares of Non-Voting Common Stock, par value $0.01 per share ("Non-Voting Common Stock").

VOTING COMMON STOCK AND NON-VOTING COMMON STOCK. The powers, preferences and rights of, and the qualifications of, and limitations and restrictions upon, the Voting Common Stock and Non-Voting Common Stock shall be identical except (unless and to the extent otherwise made mandatory by law) as provided herein.

DIVIDEND RIGHTS. Holders of Non-Voting Common Stock shall be entitled to share ratably in 95% of all funds legally available for distribution by dividends declared by the Board of Directors out of funds legally available therefor ("Funds for Distribution"). Holders of the Voting Common Stock shall be entitled to share ratably in the remaining 5% of Funds for Distribution. All Funds for

Distribution remaining after payment of operating expenses that in the opinion of the Board of Directors of the Corporation are not required for working capital purposes shall be distributed to Stockholders on an annual basis.

RIGHTS UPON LIQUIDATION. In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, each holder of shares of Voting Common Stock and Non-Voting Common Stock (together with the holders of any other class of stock hereafter classified or reclassified having a preference on distributions in the liquidation, dissolution or winding up of the Corporation) shall be entitled (after payment or provision for payment of the debts and other liabilities of the Corporation and to the holders of any class of stock hereafter classified or reclassified having a preference on distributions in the liquidation, dissolution or winding up of the Corporation) to share ratably of the remaining net assets of the corporation in the following proportion: 95% to the holders of the Non-Voting Common Stock and 5% to the holders of Voting Common Stock.

VOTING RIGHTS.

(a) VOTING COMMON STOCK. Except as set forth herein or as otherwise required by law, each outstanding share of Voting Common Stock shall be entitled to vote on each matter on which the stockholders of the corporation shall be entitled to vote, and each holder of Voting Common Stock shall be entitled to one vote for each share of such stock held by such holder.

(b) NON-VOTING COMMON STOCK. Except as set forth herein or as otherwise required by law, each outstanding share of Non-Voting Common Stock shall not be entitled to vote on any matter on which the stockholders of the Corporation shall be entitled to vote and shares of Non-Voting Common Stock shall not be included in determining the number of shares voting or entitled to vote on any such matters.

PREEMPTIVE RIGHTS. No holder of any stock or any other securities of the Corporation, whether now or hereafter authorized, shall have any preemptive rights to subscribe for or purchase any stock or any other securities of the corporation other than such rights, if any, as the Board of Directors, in its sole discretion, may fix; and any stock or other securities which the Board of Directors may determine to offer for subscription may, within the Board of Directors' sole discretion, be offered to the holders of any

class, series or type of stock or other securities at the time outstanding to the exclusion of holders of any or all other classes, series or types of stock or other securities at the time outstanding.

FIFTH: The Secretary of State of the State of New York is designated as the agent of the Corporation upon whom process against the Corporation may be served. The post office address to which the Department of State of the State of New York shall mail a copy of any process against the Corporation served upon him is: C/O CT Corporation System, 1633 Broadway, New York, New York 10019.

SIXTH: The name and address of the registered agent which is to be the agent of the Corporation upon whom process against it may be served are CT Corporation System, 1633 Broadway, New York, New York 10019.

SEVENTH: No director of the Corporation shall be personally liable to the Corporation or its shareholders for damages for any breach of fiduciary duty in such capacity; PROVIDED, HOWEVER, that this provision shall not eliminate or limit the liability of any director if a judgment or other final adjudication adverse to such director establishes that such director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that such director personally gained in fact a financial profit or other advantage to which such director was not legally entitled or that such director's acts violated Section 719 of the Business Corporation Law of the State of New York. If the Business Corporation Law of the State of New York is hereafter amended to authorize corporate action further limiting or eliminating the personal liability of directors, then the liability of each director of the Corporation shall be limited or eliminated to the full extent permitted by the Business Corporation Law of the State of New York as so amended from time to time.

Neither the amendment nor repeal of this Section, nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Section, shall eliminate or reduce the effect of this Section in respect of any matter occurring, or any cause of action, suit or claim that, but for this Section, would accrue or arise, prior to such amendment, repeal or adoption of any inconsistent provision.

EIGHTH: INDEMNIFICATION. The Corporation shall indemnify any person who is or was a director or officer of the Corporation with respect to actions taken or omitted by such person in any capacity in which such person serves the Corporation, to the full extent authorized or permitted by law, as now or hereafter in

effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer, as the case may be, and shall inure to the benefit of such person's heirs, executors and personal and legal representatives; PROVIDED, HOWEVER, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any person in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized in advance, or unanimously consented to, by the Board of Directors of the Corporation.

Directors and officers of the Corporation shall have the right to be paid by the Corporation expenses incurred in defending or otherwise participating in any proceedings in advance of its final disposition.

INSURANCE. By action of the Board of Directors, notwithstanding any interest of the directors in the action, the Corporation may purchase and maintain insurance, in such amounts as the Board of Directors deems appropriate, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent (including trustee) of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation shall have the power to indemnify him against such liability under the provisions of this Section.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Restated Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of the Restated Certificate of Incorporation and all rights and powers conferred in this Restated Certificate of Incorporation on shareholders, directors and officers are subject to this reserved power.

TENTH: The restatement of the Certificate of Incorporation as hereinabove set forth has been duly authorized by the Board of Directors and approved by the stockholders of the Corporation by unanimous written consent as required by law.

(5) This restatement of the certificate of incorporation of EMERALD CITY CONSTRUCTION CORP. was authorized by the Consent of the Sole Director, dated _____ ___ , 1997.

IN WITNESS WHEREOF, the undersigned have executed, signed and verified this certificate this _____ day of _____, 1997.

EMERALD CITY CONSTRUCTION CORP.

By:

Stephen L. Green
President

VERIFICATION

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

Stephen L. Green, being duly sworn, deposes and says that he is the person who signed the foregoing certificate; that he signed said restated certificate in the capacity set opposite or beneath his signature thereon; that he has read the foregoing certificate and knows the contents thereof; and that the statements contained therein are true to his own knowledge.

By:

Stephen L. Green
President

Sworn to before me
a Notary Public this ____ day
of _____ 1997

- ---
Notary Public

BY-LAWS

OF

EMERALD CITY CONSTRUCION CORP.

ARTICLE I

OFFICES

Section 1. The office of the corporation shall be located in the County of New York and State of New York.

Section 2. The corporation may also have offices at such other places both within and without the State of New York as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. An annual meeting of the shareholders shall be held on such date and at such time and place, either within or without the State of New York, as the Board of Directors shall designate by resolution, within thirteen months subsequent to the later of the date of incorporation or the last annual meeting of shareholders, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day designated in the manner provided herein for any annual meeting of the shareholders or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as convenient. If designation of the place of meeting is not made, the place of meeting shall be the registered office of the corporation in the State of New York.

Section 2. Written or printed notice of the annual meeting stating the place, date and hour of the meeting shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer calling

the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III

SPECIAL MEETING OF SHAREHOLDERS

Section 1. Special meetings of shareholders may be held at such time and place within or without the State of New York as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Restated Certificate of Incorporation, may be called by the President, the Board of Directors, or the holders of more than 50% of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, date and hour of the meeting and purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by first class mail, by, or at the direction of, the President, the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. The notice should also indicate that it is being issued by, or at the direction of, the person calling the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV

QUORUM AND VOTING OF STOCK

Section 1. The holders of one-third of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Restated Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders, unless the vote of a greater or lesser number of shares of stock is required by law or the Restated Certificate of Incorporation.

Section 3. Each outstanding share of stock having voting power shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. The Board of Directors in advance of any shareholders' meeting may appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a shareholders' meeting may, and, on the request of any shareholder entitled to vote thereat, shall appoint one or more inspectors. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

Section 5. Whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon.

ARTICLE V

DIRECTORS

Section 1. The number of directors shall be not less than three nor more than nine. The first Board shall consist of four directors and thereafter the number of directors shall be determined within the foregoing limitations by a resolution adopted by a majority of the entire Board as then constituted, provided no decrease in the number of directors shall shorten the term of an incumbent director.

Directors shall be at least eighteen years of age and need not be residents of the State of New York nor shareholders of the corporation. The directors, other than the first Board of Directors, shall be elected at the annual meeting of the shareholders, except as hereinafter provided, and each director elected shall serve until the next succeeding annual meeting or until his successor shall have been elected and qualified. The

first Board of Directors shall hold office until the first annual meeting of shareholders.

Section 2. Any or all of the directors may be removed, with or without cause, at any time by the vote of the shareholders at a special meeting called for that purpose.

Any director may be removed for cause by the action of the directors at a special meeting called for that purpose.

Section 3. Newly created directorships resulting from an increase in the Board of Directors and all vacancies occurring in the Board of Directors, including vacancies caused by removal without cause, may be filled by the affirmative vote of the remaining directors, though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders or until his successor shall have been elected and qualified.

Section 4. The business affairs of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Restated Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the shareholders.

Section 5. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside the State of New York, at such place or places as they may from time to time determine.

Section 6. The Board of Directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the Board of Directors, regular or special, may be held either within or without the State of New York.

Section 2. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed

by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the Board of Directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the Board.

Section 4. Special meetings of the Board of Directors may be called by the President on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two directors.

Section 5. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice at such meeting.

Section 6. One-third of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the Restated Certificate of Incorporation. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the vote of a greater number is required by law or by the Restated Certificate of Incorporation. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless the Restated Certificate of Incorporation provides otherwise, any action required or permitted to be taken at a meeting of the directors or a committee thereof may be taken without a meeting, if a consent in writing to the adoption of a resolution authorizing the action so taken shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the Restated Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such

participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors, by resolution adopted by a majority of the entire Board, may designate, from among its members, an Executive Committee and other committees, each consisting of three or more directors, and each of which, to the extent provided in the resolution, shall have all the authority of the Board, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors.

ARTICLE VIII

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the Restated Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram or facsimile transmission.

Section 2. Whenever any notice of a meeting is required to be given under the provisions of the statutes or under the provisions of the Restated Certificate of Incorporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX

OFFICERS

Section 1. The officers of the corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors may also choose one or

more Executive Vice Presidents, Vice Presidents, Assistant Secretaries and Assistant Treasurers.

Section 2. The Board of Directors at its first meeting after each annual meeting of shareholders shall choose a President from among the directors, and shall choose a Secretary and a Treasurer, neither of whom need be a member of the Board.

Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

Section 6. The officers of the corporation shall have such powers and duties in the management of the corporation as may be prescribed by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his duties.

ARTICLE X

CERTIFICATES FOR SHARES; UNCERTIFICATED SHARES

Section 1. The shares of the corporation may be represented by certificates signed by the President, an Executive Vice President, or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the corporation and may be sealed with the seal of the corporation or a facsimile thereof or such shares may be represented solely by appropriate entry in the stock ledger of the corporation.

Section 2. If the shares of the corporation are represented by certificates, the signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by

a registrar other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of issue.

LOST CERTIFICATES

Section 3. If the shares of the corporation are represented by certificates, the Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFER OF SHARES

Section 4. If the shares of the corporation are represented by certificates, upon surrender to the corporation of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation. If the shares of the corporation are represented solely by appropriate entry in the stock ledger of the corporation, upon proper evidence of successor, assignment or authority to transfer, the transaction shall be recorded by appropriate entry in the stock ledger of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the Board of Directors may fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than fifty nor less than ten days before the date of any meeting nor more than fifty days prior to any other action. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided in this section

such determination shall apply to any adjournment thereof, unless the Board fixes a new record date for the adjourned meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of New York.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or by a transfer agent, shall be produced at any meeting upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

ARTICLE XI

GENERAL PROVISIONS

DIVIDENDS

Section 1. Subject to the provisions of the Restated Certificate of Incorporation relating thereto, if any, dividends may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in shares of the capital stock or in the corporation's bonds or its property, including the shares or bonds of other corporations subject to any provisions of law and of the Restated Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of

the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 5. The officers of the corporation are authorized to obtain a corporate seal of the corporation. If the officers of the corporation determine to obtain a corporation seal for the corporation the corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, New York". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XII

INDEMNIFICATION

Any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that he, his testator or intestate is or was a director, officer or employee of the corporation or serves or served any other corporation in any capacity at the request of the corporation shall be indemnified by the corporation, and the corporation may advance his related expenses, to the full extent permitted by law.

ARTICLE XIII

AMENDMENTS

These By-Laws may be amended or repealed or new By-Laws may be adopted by the affirmative vote of a majority of the Board of Directors at any regular or special meeting of the Board. If any By-Law regulating an impending election of directors is adopted, amended or repealed by the Board, there shall be set forth in the notice of the next meeting of shareholders for the election of directors the By-Law so adopted, amended or repealed, together with a precise statement of the changes made. By-Laws adopted by the Board of Directors may be amended or repealed by the shareholders.

Exhibit 10.5

EMPLOYMENT AND NONCOMPETITION AGREEMENT

This EMPLOYMENT AND NONCOMPETITION AGREEMENT ("Agreement") is made as of the ____ day of _____, 1997 between _____ ("Executive") and SL Green Realty Corp., a Maryland corporation with its principal place of business at 70 West 36th Street, New York, New York 10018 (the "Employer").

1. TERM. The term of this Agreement shall commence on the date first above written and, unless earlier terminated as provided in Section 6 below, shall terminate on the third anniversary of the closing of the initial public offering (the "IPO") of the Employer's Common Stock, $.01 par value per share (the "Original Term"); PROVIDED, HOWEVER, that Section 8 hereof shall survive the termination of this Agreement as provided therein. The Original Term may be extended for such period or periods, if any, as may be mutually agreed to by Executive and the Employer (each a "Renewal Term"). The period of Executive's employment hereunder consisting of the Original Term and all Renewal Terms, if any, is herein referred to as the "Employment Period".

2. EMPLOYMENT AND DUTIES.

(a) DUTIES. During the Employment Period, Executive shall be employed in the business of the Employer and its affiliates. Executive shall serve the Employer as a senior corporate executive with the title_____ of the Employer. Executive's duties and authority shall be as set forth in the By-laws of the Employer and as otherwise established from time to time by the Board of Directors of the Employer, and shall be commensurate with his titles and positions with the Employer.

(b) BEST EFFORTS. Executive agrees to his employment as described in this Section 2 and agrees to devote substantially all of his business time and efforts to the performance of his duties under this Agreement, except as otherwise approved by the Board of Directors of the Employer; PROVIDED, HOWEVER, that nothing herein shall be interpreted to preclude Executive from (i) participating as an officer or director of, or advisor to, any charitable or other tax exempt organization or otherwise engaging in charitable, fraternal or trade group activities, [(ii) acting as _____], or (iii) investing his assets as a passive investor in other entities or business ventures, provided that he performs no management or similar role with respect to such entities or ventures and such investment does not violate Section 8 hereof.

(c) TRAVEL. In performing his duties hereunder, Executive shall be available for all reasonable travel as the needs of the Employer's business may require. Executive shall be based in the metropolitan area of New York City (the "New York City metropolitan area").

3. COMPENSATION AND BENEFITS. In consideration of Executive's services hereunder, the Employer shall compensate Executive as provided in this Section 3.

(a) BASE SALARY. The Employer shall pay Executive an aggregate annual salary at the rate of $_____ per annum during the Employment Period ("Base Salary"), subject to applicable withholding. Base Salary shall be payable in accordance with the Employer's normal business practices, but in no event less frequently than monthly. Executive's Base Salary shall be reviewed no less frequently than annually by the Employer and may be increased, but not decreased, by the Employer during the Employment Period.

(b) INCENTIVE COMPENSATION. In addition to the Base Salary payable to Executive pursuant to Section 3(a), during the Employment Period, Executive shall be eligible to participate in any incentive compensation plans in effect with respect to senior executive officers of the Employer, subject to Executive's compliance with such criteria as the Employer's Board of Directors, in its sole discretion, may establish for Executive's participation in such plans from time to time. Any awards to Executive under such plans will be established by the Employer's Board of Directors, or a committee thereof, in its sole discretion.

(c) STOCK OPTIONS. During the Employment Period, Executive shall be eligible to participate in employee stock option plans established from time to time for the benefit of senior executive officers and other employees of the Employer in accordance with the terms and conditions of such plans. All decisions regarding awards to Executive under the Employer's stock option plans shall be made in the sole discretion of the Employer's Board of Directors, or a committee thereof.

(d) EXPENSES. Executive shall be reimbursed for all reasonable business related expenses incurred by Executive at the request of or on behalf of the Employer, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Employer.

(e) MEDICAL INSURANCE. During the Employment Period, Executive and Executive's immediate family shall be entitled to participate in such medical benefit plan as the Employer shall maintain from time to time for the benefit of senior executive officers of the Employer and their families, on the terms and subject to the conditions set forth in such plan. Nothing in this section shall limit the Employer's right to change, modify or terminate any benefit plan or program as it sees fit from time to time in the normal course of business.

(f) VACATIONS. Executive shall be entitled to reasonable paid vacations in accordance with the then regular procedures of the Employer governing senior executive officers.

(g) OTHER BENEFITS. During the Employment Period, the Employer shall provide to Executive such other benefits, including sick leave and the right to participate in such retirement or pension plans, as are made generally available to senior executive officers and employees of the Employer from time to time.

4. INDEMNIFICATION AND LIABILITY INSURANCE. The Employer agrees to indemnify Executive to the extent permitted by applicable law with respect to any actions commenced against Executive in his capacity as an officer or director, or former officer or director, of the Employer or any affiliate thereof for which he may serve in such capacity. The Employer also agrees to use its best efforts to secure and maintain officers and directors liability insurance providing coverage for Executive.

5. EMPLOYER'S POLICIES. Executive agrees to observe and comply with the rules and regulations of the Employer as adopted by its Board of Directors from time to time regarding the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Employer's Board of Directors.

6. TERMINATION. The Executive's employment hereunder may be terminated under the following circumstances:

(a) TERMINATION BY THE EMPLOYER.

(i) DEATH. The Executive's employment hereunder shall terminate upon his death.

(ii) DISABILITY. If, in the reasonable good faith determination of the Board of Directors, as a result of the Executive's incapacity due to physical or mental illness or disability, the Executive shall have been incapable of performing his duties hereunder even with a reasonable accommodation on a full-time basis for the entire period of three consecutive months or any 90 days in a 180-day period, and within 30 days after written Notice of Termination (as defined in Section 6(c)) is given he shall not have returned to the performance of his duties hereunder on a full-time basis, the Employer may terminate the Executive's employment hereunder.

(iii) CAUSE. The Employer may terminate the Executive's employment hereunder for Cause. For purposes of the Agreement, "Cause" shall mean that the Board of Directors of the Employer concludes, in good faith and after reasonable investigation, that: (i) the Executive engaged in conduct which is a felony under the laws of the United States or any state or political subdivision thereof; (ii) the Executive engaged in conduct constituting breach of fiduciary duty, gross negligence or willful misconduct relating to the Employer, fraud or dishonesty or willful or material misrepresentation relating to the business of the Employer; (iii) the Executive breached his obligations or covenants under Section

8 of this Agreement in any material respect; or (iv) the Executive failed to substantially perform his duties hereunder more than 15 days after receiving notice of such failure from the Employer, which notice specifically identifies the manner in which he has failed so to perform.

(iv) WITHOUT CAUSE. Executive's employment hereunder may be terminated by the Employer at any time with or without Cause (as defined in Section 6(a)(iii) above), by a majority vote of all of the members of the Board of Directors of the Employer upon written notice to Executive, subject only to the severance provisions specifically set forth Section 7.

(b) TERMINATION BY THE EXECUTIVE.

(i) DISABILITY. The Executive may terminate his employment hereunder for Disability within the meaning of Section 6(a)(ii) above.

(ii) WITH GOOD REASON. Executive's employment hereunder may be terminated by Executive With Good Reason effective immediately by written notice to the Board of Directors of the Employer. For purposes of this Agreement, "With Good Reason" shall mean: (i) a failure of the Board of Directors of the Employer to elect Executive to offices with the same or substantially the same duties and responsibilities as set forth in Section 2; (ii) a material failure by the Employer to comply with the provisions of Section 3 or a material breach by the Employer of any other provision of this Agreement which has not been cured within thirty (30) days after notice of noncompliance, (specifying the nature of the noncompliance) has been given by the Executive to the Employer; or (iii) a Force Out (as such term is defined in Section 6(d) below).

(c) NOTICE OF TERMINATION. Any termination of the Executive's employment by the Employer or by the Executive (other than termination pursuant to subsection (a)(1) hereof) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 11 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and, as applicable, shall set forth in reasonable detail the fact and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

(d) DEFINITIONS. The following terms shall be defined as set forth below.

(i) A "Change-in-Control" shall be deemed to have occurred after the effective date of the IPO if:

(A) any Person, together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934 (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 Employer representing 40% or more of either (A) the combined voting power of the Employer's then outstanding securities having the right to vote in an election of the Employer's Board of Directors ("Voting Securities") or (B) the then outstanding shares of all classes of stock of the Employer (in either such case other than as a result of the acquisition of securities directly from the Employer); or

(B) individuals who, as of the date of the closing of the IPO, constitute the Employer's Board of Directors (the "Incumbent Directors") 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 Employer's Board of Directors, provided that any person becoming a director of the Employer subsequent to the closing of the IPO whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors shall, for purposes of this Agreement, be considered an Incumbent Director; or

(C) the stockholders of the Employer shall approve (1) any consolidation or merger of the Employer or any subsidiary where the stockholders of the Employer, 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 Employer or (3) any plan or proposal for the liquidation or dissolution of the Employer;

Notwithstanding the foregoing, a "Change-in-Control" shall not be deemed to have occurred for purposes of the foregoing clause (A) solely as the result of an acquisition of securities by the Employer 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 Employer beneficially owned by any Person to 40% 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 40% 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 Employer or other Voting Securities (other than pursuant to a share split, stock dividend, or similar transaction), then a "Change-in-Control" shall be deemed to have occurred for purposes of the foregoing clause (A).

(ii) A "Force Out" shall be deemed to have occurred in the event of a Change-In-Control followed by:

(A) a change in duties, responsibilities, status or positions with the Employer, which, in Executive's reasonable judgment, does not represent a promotion from or maintaining of Executive's duties, responsibilities, status or positions as in effect immediately prior to the Change-In-Control, or any removal of Executive from or any failure to reappoint or reelect Executive to such positions, except in connection with the termination of Executive's employment for Cause, disability, retirement or death;

(B) a reduction by the Employer in Executive's Base Salary as in effect immediately prior to the Change-In-Control;

(C) the failure by the Employer to continue in effect any of the benefit plans in which Executive is participating at the time of the Change-In-Control of the Employer (unless Executive is permitted to participate in any substitute benefit plan with substantially the same terms and to the same extent and with the same rights as Executive had with respect to the benefit plan that is discontinued) other than as a result of the normal expiration of any such benefit plan in accordance with its terms as in effect at the time of the Change-In-Control, or the taking of any action, or the failure to act, by the Employer which would adversely affect Executive's continued participation in any of such benefit plans on at least as favorable a basis to Executive as was the case on the date of the Change-In-Control or which would materially reduce Executive's benefits in the future under any of such benefit plans or deprive Executive of any material benefits enjoyed by Executive at the time of the Change-In-Control; PROVIDED, HOWEVER, that any such action or inaction on the part of the Employer, including any modification, cancellation or termination of any benefits plan, undertaken in order to maintain such plan in compliance with any federal, state or local law or regulation governing benefits plans, including, but not limited to, the Employment Retirement Income Security Act of 1974, shall not constitute a Force Out for the purposes of this Agreement.

(D) the Employer's requiring Executive to be based in an office located beyond a reasonable commuting distance from Executive's residence immediately prior to the Change-In-Control, except for required

travel relating to the Employer's business to an extent substantially consistent with the business travel obligations which Executive undertook on behalf of the Employer prior to the Change-In-Control;

(E) the failure by the Employer to obtain from any successor to the Employer an agreement to be bound by this Agreement pursuant to Section 14 hereof; or

(iii) "Person" shall have the meaning used in Sections 13(d) and 14(d) of the Exchange Act; provided however, that the term "Person" shall not include (A) any current partner of SL Green Operating Partnership, L.P., any stockholder or employee of the Employer on the date hereof or any estate or member of the immediate family of such a partner, stockholder or employee, or (B) the Employer, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan of the Employer or any of its subsidiaries.

7. COMPENSATION UPON TERMINATION OR DURING DISABILITY.

(a) TERMINATION WITHOUT CAUSE OR WITH GOOD REASON. If (i) Executive is terminated without Cause pursuant to Section 6(a)(iv) above, or (ii) Executive shall terminate his employment hereunder with Good Reason pursuant to Section (6)(b)(ii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and Executive shall be entitled to the following benefits:

(i) The Employer shall continue to pay Executive's Base Salary for the remaining term of the Employment Period after the date of Executive's termination, at the rate in effect on the date of his termination and on the same periodic payment dates as payment would have been made to Executive had the Employment Period not been terminated;

(ii) For the remaining term of the Employment Period, Executive shall continue to receive all benefits described in Section 3 existing on the date of termination, subject to the terms and conditions upon which such benefits may be offered. For purposes of the application of such benefits, Executive shall be treated as if he had remained in the employ of the Employer with a Base Salary at the rate in effect on the date of termination;

(iii) For purposes of any stock option plan of the Employer, Executive shall be treated as if he had remained in the employ of the Employer for the remaining term of the Employment Period after the date of Executive's termination so that Executive may exercise any exercisable options and Executive's other rights shall continue to vest during the remaining term of the

Employment Period with respect to any options previously granted under such plans except as otherwise provided in such plan;

(iv) Nothing herein shall be deemed to obligate Executive to seek other employment in the event of any such termination and any amounts earned or benefits received from such other employment will not serve to reduce in any way the amounts and benefits payable in accordance herewith.

(b) TERMINATION FOR CAUSE OR WITHOUT GOOD REASON. If (i) Executive is terminated for Cause pursuant to Section 6(a)(iii) above, or (ii) Executive shall voluntarily terminate his employment hereunder without Good Reason pursuant to Section 6(b)(iii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and Executive shall be entitled to receive only his Base Salary at the rate then in effect until the Termination Date and any outstanding stock options held by Executive shall expire in accordance with the terms of the stock option plan or option agreement under which the stock options were granted.

(c) TERMINATION BY REASON OF DEATH. If Executive's employment terminates due to his death, the Employer shall pay Executive's Base Salary for a period of six months from the date of his death, or such longer period as the Employer's Board of Directors may determine, to Executive's estate or to a beneficiary designated by Executive in writing prior to his death. Any unexercised or unvested stock options shall remain exercisable or vest upon Executive's death only to the extent provided in the applicable option plan and option agreements.

(d) TERMINATION BY REASON OF DISABILITY. In the event that Executive's employment terminates due to his disability as defined in Section 6(a)(ii) above, Executive shall be entitled to be paid his Base Salary until the later of such time when (i) the period of disability or illness (whether or not the same disability or illness) shall exceed 180 consecutive days during the Employment Period and (ii) Executive becomes eligible to receive benefits under a comprehensive disability insurance policy obtained by the Employer (the "Disability Period"). Following the expiration of the Disability Period, the Employer may terminate this Agreement upon written notice of such termination. Any unexercised or unvested stock options shall remain exercisable or vest upon such termination only to the extent provided in the applicable option plan and option agreements.

(e) ARBITRATION IN THE EVENT OF A DISPUTE REGARDING THE NATURE OF TERMINATION. In the event that the Executive's employment is terminated by the Employer for Cause or by Executive for Good Reason, and either party contends that such Cause or Good Reason did not exist, the parties agree to submit such claim to arbitration before the American Arbitration Association ("AAA"), and Executive hereby agrees to submit to any such dispute to arbitration pursuant to the terms of this Section 7(e). In such a

proceeding, the only issue before the arbitrator will be whether Executive's employment was in fact terminated for Cause or for Good Reason, as the case may be. If the arbitrator determines that Executive's employment was terminated by the Employer without Cause or was terminated by Executive for Good Reason, the only remedy that the arbitrator may award is an amount equal to the severance payments specified in Section 7, the costs of arbitration, and Executive's attorneys' fees. If the arbitrator finds that Executive's employment was terminated by the Employer for Cause or by the Executive without Good Reason, the arbitrator will be without authority to award Executive anything, and the parties will each be responsible for their own attorneys' fees, and the costs of arbitration will be paid 50% by Executive and 50% by the Employer.

8. CONFIDENTIALITY; PROHIBITED ACTIVITIES. The Executive and the Employer recognize that due to the nature of his employment and relationship with the Employer, the Executive has access to and develops confidential business information, proprietary information, and trade secrets relating to the business and operations of the Employer. The Executive acknowledges that such information is valuable to the business of the Employer, and that disclosure to, or use for the benefit of, any person or entity other than the Employer, would cause irreparable damage to the Employer. The Executive further acknowledges that his duties for the Employer include the duty to develop and maintain client, customer, employee, and other business relationships on behalf of the Employer; and that access to and development of those close business relationships for the Employer render his services special, unique and extraordinary. In recognition that the good will and business relationships described herein are valuable to the Employer, and that loss of or damage to those relationships would destroy or diminish the value of the Employer, the Executive agrees as follows:

(a) CONFIDENTIALITY. During the term of this Agreement (including any renewals), and at all times thereafter, the Executive shall maintain the confidentiality of all confidential or proprietary information of the Employer ("Confidential Information"), and, except in furtherance of the business of the Employer, he shall not directly or indirectly disclose any such information to any person or entity; nor shall he use Confidential Information for any purpose except for the benefit of the Employer. For purposes of the Agreement, "Confidential Information" includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of the Employer; marketing plans, projections, presentations or strategies of the Employer; financial and budget information of the Employer; new personnel acquisition plans; and all other business related information which has not been publicly disclosed by the Employer. This restriction shall apply regardless of whether such Confidential Information is in written, graphic, recorded, photographic, data or any machine readable form or is orally conveyed to, or memorized by, the Executive. The Executive further agrees that, during the Employment Period and at all times thereafter, he shall keep confidential and shall not release, use or disclose without prior written permission of the Employer, all Confidential Information developed by him on behalf of the Employer or provided to him by the Employer, excepting only such information as was already known

to him prior to the commencement of his employment by the Employer or such information as is already known to the public.

(b) PROHIBITED ACTIVITIES. Because Executive's services to the Employer are essential and because Executive has access to the Employer's Confidential Information, Executive covenants and agrees that (i) during the Employment Period and (ii) in the event that this Agreement is terminated by the Employer for Cause or by Executive other than for Good Reason, during the Noncompetition Period, Executive will not, without the prior written consent of the Board of Directors of the Employer which shall include the unanimous consent of the Directors who are not officers of the Employer, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity):

(i) engage, participate or assist, as an owner, partner, employee, consultant, director, officer, trustee or agent, in any business that engages or attempts to engage in, directly or indirectly, the acquisition, development, construction, operation, management or leasing of any office real estate property anywhere in the New York City metropolitan area;

(ii) seek, solicit, or engage in any attempt to establish for himself or for any other person or entity, a business relationship with any person or entity who was a client or customer of the Employer, or who was solicited to become a client or customer of the Employer, during the Employment Period ("Employer Clients");

(iii) engage in any activity to interfere with, disrupt or damage the business of the Employer, or its relationships with any Employer Client, employee, supplier or other business relationship;

(iv) engage in business with, or provide advice or services to, any Employer Client solicited by the Executive in breach of Section 8 of this Agreement (whether or not such services are compensated);

(v) receive, or cause any other person or entity to receive, any compensation, consideration, or income, in any form, from any Employer Client solicited by him in breach of Section 8 of this Agreement; or

(vi) solicit, encourage, or engage in any activity to induce any Employee of the Employer to terminate employment with the Employer, or to become employed by, or to enter into a business relationship with, any other person or entity. For purposes of this subsection, the term Employee means any individual who is an employee of or consultant to the Employer (or any affiliate) during the six-month period prior to Executive's last day of employment.

(c) NONCOMPETITION PERIOD. For purposes of this Section 8, the Noncompetition Period shall mean the period commencing on the date of termination of Executive's employment under this Agreement and ending on the later of (i) the third anniversary of the IPO closing date or (ii) the first anniversary of the date of termination of Executive's employment under this Agreement.

(d) OPTION PROPERTY. Notwithstanding anything contained herein to the contrary, Executive is not prohibited by this Section 8 from [(i) maintaining his investment in any Option Property (as such term is defined in the Employer's final prospectus relating to the IPO) or in any asset listed in the Employer's final prospectus relating to the IPO under the caption "The Properties - Assets Not Being Transferred to the Company" or] (ii) from making investments in any entity that engages, directly or indirectly, in the acquisition, development, construction, operation, management or leasing of office real estate properties, regardless of where they are located, if the shares or other ownership interests of such entity are publicly traded and Executive's aggregate investment in such entity constitutes less than one percent (1%) of the equity ownership of such entity.

(e) EMPLOYER PROPERTY. The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Employer are the sole property of the Employer ("Employer Property"). During his employment, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of the Employer, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of the Employer, except in furtherance of his duties under the Agreement. When the Executive terminates his employment with the Employer, or upon request of the Employer at any time, the Executive shall promptly deliver to the Employer all originals and copies of Employer Property in his possession or control and shall not retain any originals or copies in any form.

(f) NO DISPARAGEMENT. Following termination of the Executive's employment for any reason, the Executive shall not disclose or cause to be disclosed any negative, adverse or derogatory comments or information about (i) the Employer and its parent, affiliates or subsidiaries, if any; (ii) any product or service provided by the Employer and its parent, affiliates or subsidiaries, if any; or (iii) the Employer's and its parent's, affiliates' or subsidiaries' prospects for the future.

(g) REMEDIES. The Executive declares that the foregoing limitations in Sections 8(a) through 8(f) above are reasonable and necessary for the adequate protection of the business and the goodwill of the Employer. If any restriction contained in this Section 8 shall be deemed to be invalid, illegal or unenforceable by reason of the extent, duration or scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, scope, or other provisions hereof to make

the restriction consistent with applicable law, and in its reduced form such restriction shall then be enforceable in the manner contemplated hereby. In the event that the Executive breaches any of the promises contained in this Section 8, the Executive acknowledges that the Employer's remedy at law for damages will be inadequate and that the Employer will be entitled to specific performance, a temporary restraining order or preliminary injunction to prevent the Executive's prospective or continuing breach and to maintain the status quo. The existence of this right to injunctive relief, or other equitable relief, or the Employer's exercise of any of these rights, shall not limit any other rights or remedies the Employer may have in law or in equity including, without limitation, the right to arbitration contained in Section 7(e) hereof and the right to compensatory, punitive and monetary damages. In the event that a final non-appealable judgment is entered in favor of one of the parties, that party shall be reimbursed by the other party for all costs and attorneys' fees incurred by such party in such action. Executive hereby agrees to waive his right to a jury trial with respect to any action commenced to enforce the terms of this Agreement.

(h) TRANSITION. Regardless of the reason for his departure from the Employer, the Executive agrees that: (i) he shall assist the Employer in maintaining the business of the clients and customers with whom the Executive has a relationship; and (ii) he shall take all steps reasonably requested by the Employer to effect a successful transition of those relationships to the person or persons designated by the Employer.

(i) SURVIVAL. The provisions of this Section 8 shall survive termination of the Executive's employment. The covenants contained in Section 8 shall be construed as independent of any of other provisions contained in this Agreement and shall be enforceable regardless of whether the Executive has a claim against the Employer under the Agreement or otherwise.

9. COOPERATION. The Executive agrees to give prompt written notice to the Employer of any claim or injury relating to the Employer, and to fully cooperate in good faith and to the best of his ability with the Employer in connection with all pending, potential or future claims, investigations or actions which directly or indirectly relate to any transaction, event or activity about which the Executive may have knowledge because of his employment with the Employer. Such cooperation shall include all assistance that the Employer, its counsel, or its representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness.

10. CONFLICTING AGREEMENTS. Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

11. NOTICES. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand and or sent by prepaid telex, cable or other electronic devices or sent, postage prepaid, by registered or certified mail or telecopy or overnight courier service and shall be deemed given when so delivered by hand, telexed, cabled or telecopied, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

(a) if to the Executive:

_____
[Address]
[Address]

(b) if to the Employer:

SL Green Realty Corp.
70 West 36th Street
New York, New York 10018

or such other address as either party may from time to time specify by written notice to the other party hereto.

12. AMENDMENTS. No amendment, modification or waiver in respect of this Agreement shall be effective unless it shall be in writing and signed by the party against whom such amendment, modification or waiver is sought.

13. SEVERABILITY. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other persons or circumstances.

14. SUCCESSORS. Neither this Agreement nor any rights hereunder may be assigned or hypothecated by the Executive. This Agreement may be assigned by the Employer and shall be binding upon, and inure to the benefit of, the Employer's successors and assigns.

15. COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party.

16. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be

performed entirely within such State, without regard to the conflicts of law principles of such State.

17. CHOICE OF VENUE. Executive agrees to submit to the jurisdiction of the United States District Court for the Southern District of New York or the Supreme Court of the State of New York, New York County, for the purpose of any action to enforce any of the terms of this Agreement.

18. ENTIRE AGREEMENT. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. The parties hereto shall not be liable or bound to any other party in any manner by any representations, warranties or covenants relating to such subject matter except as specifically set forth herein.

19. PARAGRAPH HEADINGS. Paragraph headings used in this Agreement are included for convenience of reference only and will not affect the meaning of any provision of this agreement.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

SL GREEN REALTY CORP.

By:_____
Name:
Title:

_____
[Employee]

Exhibit 10.6

EMPLOYMENT AND NONCOMPETITION AGREEMENT

This EMPLOYMENT AND NONCOMPETITION AGREEMENT ("Agreement") is made as of the 8th day of July, 1997 between David Nettina ("Executive") and SL Green Realty Corp., a Maryland corporation with its principal place of business at 70 West 36th Street, New York, New York 10018 (the "Employer").

1. TERM. The term of this Agreement shall commence on the date first above written and, unless earlier terminated as provided in Section 3(f)(ii)(A) and Section 6 below, shall terminate on the third anniversary of the date of this Agreement (the "Original Term"); PROVIDED, HOWEVER, that Section 8 hereof shall survive the termination of this Agreement as provided therein. The Original Term may be extended for such period or periods, if any, as may be mutually agreed to by Executive and the Employer (each a "Renewal Term"). If the Employer intends not to extend the Original Term, the Employer will give Executive at least six (6) months written notice of such intention. The period of Executive's employment hereunder consisting of the Original Term and all Renewal Terms, if any, is herein referred to as the "Employment Period".

2. EMPLOYMENT AND DUTIES.

(a) DUTIES. During the Employment Period, Executive shall be employed in the business of the Employer and its affiliates. Executive shall serve the Employer as a senior corporate executive with the titles of Executive Vice President and Chief Operating Officer of the Employer. Executive will report directly to Stephen L. Green, the Chief Executive Officer of the Employer. Executive shall also serve as Chief Financial Officer of the Employer for so long as the Employer desires and at the sole discretion of the Employer. Any other person appointed as Chief Financial Officer during the period of Executive's employment will report directly to Executive. Executive's duties and authority shall be as set forth in the By-laws of the Employer and as otherwise established from time to time by the Board of Directors of the Employer, but in all events such duties shall be commensurate with his titles and positions with the Employer. In addition, within two years of the date first above written, Executive shall be considered for the office of President of the Employer and for a seat on the Employer's Board of Directors. Any such appointment shall be made at the sole discretion of the Board of Directors.

(b) BEST EFFORTS. Executive agrees to his employment as described in this Section 2 and agrees to devote substantially all of his business time and efforts to the performance of his duties under this Agreement, except as otherwise approved by the Board of Directors of the Employer; PROVIDED, HOWEVER, that nothing herein shall be interpreted to preclude Executive from (i) participating as an officer or director of, or

advisor to, any charitable or other tax exempt organization or otherwise engaging in charitable, fraternal or trade group activities, or (ii) investing his assets as a passive investor in other entities or business ventures, provided that he performs no management or similar role with respect to such entities or ventures and such investment does not violate Section 8 hereof.

(c) TRAVEL. In performing his duties hereunder, Executive shall be available for all reasonable travel as the needs of the Employer's business may require. Executive shall be based in the metropolitan area of New York City (the "New York City metropolitan area").

3. COMPENSATION AND BENEFITS. In consideration of Executive's services hereunder, the Employer shall compensate Executive as provided in this Section 3.

(a) BASE SALARY. The Employer shall pay Executive an aggregate minimum annual salary at the rate of $200,000 per annum during the period commencing upon Executive's reporting for work at the Employer through the end of the Employment Period ("Base Salary"), subject to applicable withholding. Base Salary shall be payable monthly in accordance with the Employer's normal business practices.

(b) BONUSES. The Employer shall pay Executive a minimum yearly bonus of $100,000, subject to applicable withholdings, payable respectively on the first, second and third anniversaries of the date of this Agreement (respectively, the "First Anniversary", the "Second Anniversary" and the "Third Anniversary").

(c) STOCK LOAN. Upon completion of the initial public offering ("IPO") of the Employer's Common Stock, par value $.01 per share, Employer agrees to provide to Executive a loan to purchase Common Stock in the principal amount of $300,000 in accordance with the terms set forth in Exhibit A hereto.

(d) INCENTIVE COMPENSATION. In addition to the Base Salary payable to Executive pursuant to Section 3(a), during the Employment Period, Executive shall be eligible to participate in any incentive compensation plans in effect with respect to senior executive officers of the Employer, subject to Executive's compliance with such criteria as the Employer's Board of Directors, in its sole discretion, may establish for Executive's participation in such plans from time to time, which criteria will be at least

as favorable as those criteria applicable to all other executive officers of the Employer except Stephen L. Green and Nancy A. Peck. Any awards to Executive under such plans will be established by the Employer's Board of Directors, or a committee thereof, in its sole discretion.

(e) STOCK OPTIONS. During the Employment Period, in the sole discretion of the Employer's Board of Directors or a committee thereof, Executive shall be eligible to participate in the Employer's stock option and incentive plan (the "Plan"), which authorizes the grant of stock options, stock awards and the making of loans to acquire stock, pursuant to criteria at least as favorable as those criteria applicable to all other executive officers of the Employer except Stephen L. Green and Nancy A. Peck. It is the intention of the Employer, within eighteen (18) months of the closing of the IPO, to design and implement performance based compensation standards that will permit the Employer to award to Executive, in the sole discretion of the Employer's Board of Directors or a committee thereof, a material equity position in the Employer. Notwithstanding the foregoing, it is specifically agreed that upon the closing of the IPO, Executive shall receive options to purchase the greater of (i) 50,000 shares of the Employer's Common Stock; or (ii) the greatest number of shares encompassed by any stock option award made to any executive officer of the Employer other than Stephen L. Green or Nancy Peck on or prior to the completion of the IPO (the "Options"). The exercise price per share of the Options shall be equal to the IPO price. The Options shall have a term of ten years, and shall be exercisable for one third of the shares encompassed by the Options on each of the first, second and third anniversaries of the date of completion of the IPO respectively. The Options shall be exercisable only in accordance with the terms and conditions of the Plan and in accordance with applicable federal, state and local laws and regulations.

(f) EQUITY AWARDS.

(i) If the IPO is completed on or prior to the First Anniversary, Executive will be awarded $200,000 worth of restricted shares of the Common Stock of the Employer on each of the First Anniversary, the Second Anniversary and the Third Anniversary. For the purposes of any such awards, the shares awarded shall be valued as of the date of the IPO.

(ii) If the IPO is not completed on or prior to the First Anniversary, Executive shall have the option to:

(A) resign, and, in addition to the payments provided for in Section 6 of this Agreement, receive a lump-sum cash payment of $500,000 in complete satisfaction of the terms of this Agreement; or

(B) remain in the employment of the Employer under the terms of this Agreement and on each of the First Anniversary, Second Anniversary and Third Anniversary be awarded an equity interest in existing property partnerships or service corporations through which Stephen L. Green presently conducts the commercial real estate business of SL Green Real Estate, having an aggregate value of not less than $200,000, as valued by such appraisal process as may be mutually and reasonably agreed upon by Executive and the Employer. In the event that the IPO is completed prior to the Second Anniversary or the Third Anniversary, in lieu of the awards provided for in this Section 3(e)(ii)(B), Executive shall receive $200,000 worth of restricted shares of common stock of the Employer on either or each of the Second Anniversary and the Third Anniversary, as the case may be. For the purposes of any such awards, the shares awarded shall be valued as of the date of the IPO.

(g) EXPENSES. Executive shall be reimbursed for all reasonable business related expenses incurred by Executive at the request of or on behalf of the Employer, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Employer.

(h) RELOCATION EXPENSES. The Employer will reimburse the Executive on terms mutually and reasonably agreed upon by Executive and the Employer for the customary and reasonable costs Executive incurs in relocating and moving his household goods and belongings from Manlius, New York to the New York City metropolitan area. Such costs shall include (i) customary and reasonable moving and packing expenses incurred by Executive in moving such household goods and belongings, (ii) customary and reasonable real estate brokerage costs and closing costs incurred by Executive upon the sale of his home in Manlius, New York, (iii) customary and reasonable closing costs (including a maximum of one "point" on any related mortgage loan) incurred by Executive upon purchase or lease of a residence in the New York City metropolitan area, (iv) customary and reasonable rental costs (including any customary and reasonable rental agent's commission) incurred by Executive in connection with the temporary rental of a furnished one bedroom apartment in the New York City metropolitan area for the period from the beginning of Executive's employment through the month in which Executive takes possession of a permanent residence in such area, but in no event for more than six months, (v) reimbursement of costs actually incurred by Executive for the purchase and use of (a) up to a total of four round-trip coach class airline tickets between Syracuse, New York and New York City for Executive's wife and (b) up to four round-trip coach class airline tickets per month between New York City and Syracuse, New York for Executive, both during the period from the beginning of Executive's employment through Executive's taking possession of a permanent residence in the New York City metropolitan area, and (vi) if the Internal Revenue Service or any state or

local taxing authorities takes the position that the relocation expenses reimbursed pursuant to this Section 3(h) results in the receipt of taxable income to Executive, an amount equal to the aggregate Federal, state, and local income and employment taxes imposed on Executive as a direct result of such reimbursement.

(i) OTHER EXPENSES. (i) The Employer will reimburse the Executive $500 for the costs incurred by Executive in connection with Executive's cancelled vacation plans during August 1997 and, (ii) if any medical insurance expense pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 is incurred by Executive solely as a result of a delay of more than 60 days in Executive's eligibility for coverage under Employer's medical plan, such insurance expense shall be reimbursed by Employer to Executive.

(j) MEDICAL INSURANCE. During the Employment Period, Executive and Executive's immediate family shall be entitled to participate in such medical benefit plan as the Employer shall maintain from time to time for the benefit of senior executive officers of the Employer and their families, on the terms and subject to the conditions set forth in such plan. Nothing in this section shall limit the Employer's right to change, modify or terminate any benefit plan or program as it sees fit from time to time in the normal course of business.

(k) VACATIONS. Executive shall be entitled to reasonable paid vacations in accordance with the then regular procedures of the Employer governing senior executive officers.

(l) OTHER BENEFITS. During the Employment Period, the Employer shall provide to Executive such other benefits, including sick leave and the right to participate in such retirement or pension plans, as are made generally available to senior executive officers and employees of the Employer from time to time.

4. INDEMNIFICATION AND LIABILITY INSURANCE. The Employer agrees to indemnify Executive to the extent permitted by applicable law from and against any and all losses, damages, claims, liabilities and expenses for which such indemnified party has not otherwise been reimbursed (including the costs and expenses of legal counsel retained by the Employer to defend the Executive and judgments, fines and amounts paid in settlement actually and reasonably incurred by or imposed on such indemnified party) with respect to any actions commenced against Executive in his capacity as an officer or director, or former officer or director, of the Employer or any affiliate thereof for which he may serve in such capacity. The Employer also agrees to use its best efforts to secure and maintain officers and directors liability insurance providing coverage for Executive.

(a) INDEMNIFICATION BY EXECUTIVE. Executive agrees to indemnify the Employer and its affiliates and their respective directors, officers and employees from and against any and all losses, damages, claims, liabilities and expenses for which such indemnified party has not otherwise been reimbursed (including the costs and expenses of legal counsel retained by Executive to defend the Employer and its affiliates and their respective directors, officers and employees, and judgments, fines and amounts paid in settlement actually and reasonably incurred by or imposed on any indemnified party) in connection with any action, suit or proceeding resulting from breach of any other contract or agreement to which Executive may be a party, or any restrictive covenant by which Executive may be bound, and Executive hereby warrants that his execution of this Agreement, and performance of duties hereunder, does not constitute the breach of any other contract or agreement to which Executive may be a party, and does not constitute the breach of any restrictive covenant by which Executive may be bound.

5. EMPLOYER'S POLICIES. Executive agrees to observe and comply with the reasonable rules and regulations of the Employer as adopted by its Board of Directors from time to time regarding the performance of his duties and to carry out and perform orders, directions and policies communicated to him from time to time by the Employer's Board of Directors.

6. TERMINATION. The Executive's employment hereunder may be terminated under the following circumstances:

(a) TERMINATION BY THE EMPLOYER.

(i) DEATH. The Executive's employment hereunder shall terminate upon his death.

(ii) DISABILITY. If, in the reasonable good faith determination of the Board of Directors, as a result of the Executive's incapacity due to physical or mental illness or disability, the Executive shall have been incapable of performing his duties hereunder even with a reasonable accommodation on a full-time basis for the entire period of three consecutive months or any 90 days in a 180-day period, and within 30 days after written Notice of Termination (as defined in Section 6(c)) is given he shall not have returned to the performance of his duties hereunder on a full-time basis, the Employer may terminate the Executive's employment hereunder.

(iii) CAUSE. The Employer may terminate the Executive's employment hereunder for Cause. For purposes of the Agreement, "Cause" shall mean that the Board of Directors of the Employer concludes, in good faith and after reasonable investigation, that: (i) the Executive engaged in conduct which is a felony under the laws of the United States or any state or political subdivision

thereof; (ii) the Executive engaged in conduct constituting breach of fiduciary duty, gross negligence or willful misconduct relating to the Employer, fraud or dishonesty or willful or material misrepresentation relating to the business of the Employer; or (iii) the Executive breached his obligations or covenants under Section 8 of this Agreement in any material respect.

(iv) WITHOUT CAUSE. Executive's employment hereunder may be terminated by the Employer at any time with or without Cause (as defined in Section 6(a)(iii) above), by a majority vote of all of the members of the Board of Directors of the Employer upon written notice to Executive, subject only to the severance provisions specifically set forth Section 7.

(b) TERMINATION BY THE EXECUTIVE.

(i) DISABILITY. The Executive may terminate his employment hereunder for Disability within the meaning of Section 6(a)(ii) above.

(ii) WITH GOOD REASON. Executive's employment hereunder may be terminated by Executive With Good Reason effective immediately by written notice to the Board of Directors of the Employer. For purposes of this Agreement, "With Good Reason" shall mean: (i) a failure of the Board of Directors of the Employer to elect Executive to offices with the same or substantially the same duties and responsibilities as set forth in Section 2 or to continue Executive's reporting relationship as set forth in Section 2; (ii) a material failure by the Employer to comply with the provisions of Section 3 or a material breach by the Employer of any other provision of this Agreement which has not been cured within 30 days after notice of noncompliance, (specifying the nature of the noncompliance) has been given by the Executive to the Employer; or (iii) a Change-in-Control (as such term is defined in Section 6(d) below).

(c) NOTICE OF TERMINATION. Any termination of the Executive's employment by the Employer or by the Executive (other than termination pursuant to subsection (a)(i) hereof) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 10 of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and, as applicable, shall set forth in reasonable detail the fact and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

(d) DEFINITIONS. The following terms shall be defined as set forth below.

(i) A "Change-in-Control" shall be deemed to have occurred after the effective date of the IPO if:

(A) any Person, together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Securities Exchange Act of 1934 (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 Employer representing 40% or more of either (A) the combined voting power of the Employer's then outstanding securities having the right to vote in an election of the Employer's Board of Directors ("Voting Securities") or (B) the then outstanding shares of all classes of stock of the Employer (in either such case other than as a result of the acquisition of securities directly from the Employer); or

(B) individuals who, as of the date of the closing of the IPO, constitute the Employer's Board of Directors (the "Incumbent Directors") 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 Employer's Board of Directors, provided that any person becoming a director of the Employer subsequent to the closing of the IPO whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors shall, for purposes of this Agreement, be considered an Incumbent Director; or

(C) the stockholders of the Employer shall approve (1) any consolidation or merger of the Employer or any subsidiary where the stockholders of the Employer, 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 Employer or (3) any plan or proposal for the liquidation or dissolution of the Employer;

Notwithstanding the foregoing, a "Change-in-Control" shall not be deemed to have occurred for purposes of the foregoing clause (A) solely as the result of an acquisition of securities by the Employer 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 Employer beneficially owned by any Person to 40% 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 40% 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 Employer or other Voting Securities (other than pursuant to a share split, stock dividend, or similar transaction), then a "Change-in-Control" shall be deemed to have occurred for purposes of the foregoing clause (A). In addition, notwithstanding the foregoing, a "Change-in-Control" shall not be deemed to have occurred if Stephen L. Green continues to serve as Chief Executive Officer or the equivalent of the surviving entity of any event listed in the foregoing clauses (A), (B) or (C) and no Force Out (as defined below) has occurred with respect to the Executive.

(ii) A "Force Out" shall be deemed to have occurred in the event of a Change-In-Control followed by:

(A) a change in duties, responsibilities, status or positions with the Employer, which, in Executive's reasonable judgment, does not represent a promotion from or maintaining of Executive's duties, responsibilities, status or positions as in effect immediately prior to the Change-In-Control, or any removal of Executive from or any failure to reappoint or reelect Executive to such positions, except in connection with the termination of Executive's employment for Cause, disability, retirement or death;

(B) a reduction by the Employer in Executive's Base Salary as in effect immediately prior to the Change-In-Control;

(C) the failure by the Employer to continue in effect any of the benefit plans in which Executive is participating at the time of the Change-In-Control of the Employer (unless Executive is permitted to participate in any substitute benefit plan with substantially the same terms and to the same extent and with the same rights as Executive had with respect to the benefit plan that is discontinued) other than as a result of the normal expiration of any such benefit plan in accordance with its terms as in effect at the time of the Change-In-Control, or the taking of any action, or the failure to act, by the Employer which would adversely affect Executive's continued participation in any of such benefit plans on at least as favorable a basis to Executive as was the case on the date of the Change-In-Control or which would materially reduce Executive's benefits in the future under any of such benefit plans or deprive Executive of any material benefits enjoyed by Executive at the time of the

Change-In-Control; PROVIDED, HOWEVER, that any such action or inaction on the part of the Employer, including any modification, cancellation or termination of any benefits plan, undertaken in order to maintain such plan in compliance with any federal, state or local law or regulation governing benefits plans, including, but not limited to, the Employment Retirement Income Security Act of 1974, shall not constitute a Force Out for the purposes of this Agreement.

(D) the Employer's requiring Executive to be based in an office located beyond a reasonable commuting distance from Executive's residence immediately prior to the Change-In-Control, except for required travel relating to the Employer's business to an extent substantially consistent with the business travel obligations which Executive undertook on behalf of the Employer prior to the Change-In-Control;

(E) the failure by the Employer to obtain from any successor to the Employer an agreement to be bound by this Agreement pursuant to Section 13 hereof; or

(iii) "Person" shall have the meaning used in Sections 13(d) and 14(d) of the Exchange Act; provided however, that the term "Person" shall not include (A) Stephen L. Green or Nancy A. Peck, or (B) the Employer, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan of the Employer or any of its subsidiaries.

7. COMPENSATION UPON TERMINATION OR DURING DISABILITY.

(a) TERMINATION WITHOUT CAUSE OR WITH GOOD REASON. If (i) Executive is terminated without Cause pursuant to Section 6(a)(iv) above, or (ii) Executive shall terminate his employment hereunder with Good Reason pursuant to Section (6)(b)(ii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and Executive shall be entitled to the following benefits:

(i) The Employer shall continue to pay Executive's Base Salary for the remaining term of the Employment Period after the date of Executive's termination, or for one year, whichever period is longer, at the rate in effect on the date of his termination and on the same periodic payment dates as payment would have been made to Executive had the Employment Period not been terminated;

(ii) For the remaining term of the Employment Period, or for one year, whichever period is longer, Executive shall continue to receive all benefits described in Section 3 existing on the date of termination, including, but not limited to, any bonuses or equity awards described in Section 3 of this Agreement, subject to the terms and conditions upon which such benefits may be offered. For purposes of the application of such benefits, Executive shall be treated as if he had remained in the employ of the Employer with a Base Salary at the rate in effect on the date of termination;

(iii) For purposes of any stock option plan of the Employer, if any, Executive shall be treated as if he had remained in the employ of the Employer for the remaining term of the Employment Period after the date of Executive's termination, or for one year, whichever period is longer, so that Executive may exercise any exercisable options and Executive's other rights shall continue to vest during the remaining term of the Employment Period with respect to any options previously granted under such plans except as otherwise provided in such plans;

(iv) If Executive obtains other employment, or receives any compensation, income or benefits from services rendered to any person or entity during the remaining term of Employment Period after the date of Executive's termination, the payments and benefits due under Section 7(a) will be reduced by the amount of such compensation, income, or benefits, except that in no event shall the payment and benefits due under Section 7(a) be reduced to less than the amount of such payments and benefits that would have been received by Executive over a one year period. Executive shall give prompt notice to the Employer of any such employment undertaken or services rendered by him, which notice shall include a description of the compensation, income or benefits he will receive, and the date of receipt. Executive shall also give prompt notice to the Employer of any changes in such employment or income.

(b) TERMINATION FOR CAUSE OR WITHOUT GOOD REASON. If (i) Executive is terminated for Cause pursuant to Section 6(a)(iii) above, or (ii) Executive shall voluntarily terminate his employment hereunder without Good Reason pursuant to Section 6(b)(ii) above, then the Employment Period shall terminate as of the effective date set forth in the written notice of such termination (the "Termination Date") and, subject to the terms of Section 3(f)(ii)(A) above, Executive shall be entitled to receive only his Base Salary at the rate then in effect until the Termination Date and any outstanding stock options held by Executive shall expire in accordance with the terms of the stock option plan or option agreement under which the stock options were granted.

(c) TERMINATION BY REASON OF DEATH. If Executive's employment terminates due to his death, the Employer shall pay Executive's Base Salary plus any applicable pro rata portion of the yearly bonus described in Section 3(b) above for a period of six months from the date of his death, or such longer period as the Employer's Board of Directors may determine, to Executive's estate or to a beneficiary designated by Executive in writing prior to his death. Any unexercised or unvested stock options shall remain exercisable or vest upon Executive's death only to the extent provided in the applicable option plan and option agreements.

(d) TERMINATION BY REASON OF DISABILITY. In the event that Executive's employment terminates due to his disability as defined in Section 6(a)(ii) above, Executive shall be entitled to be paid his Base Salary plus any applicable pro rata portion of the yearly bonus described in Section 3(b) above for a period of three months from the date of such termination, or such longer period as the Employer's Board of Directors may determine. Any unexercised or unvested stock options shall remain exercisable or vest upon such termination only to the extent provided in the applicable option plan and option agreements.

(e) ARBITRATION IN THE EVENT OF A DISPUTE REGARDING THE NATURE OF TERMINATION. In the event that the Executive's employment is terminated by the Employer for Cause or by Executive for Good Reason, and either party contends that such Cause or Good Reason did not exist, the parties agree to submit such claim to arbitration before the American Arbitration Association ("AAA"), and Executive hereby agrees to submit to any such dispute to arbitration pursuant to the terms of this Section 7(e). In such a proceeding, the only issue before the arbitrator will be whether Executive's employment was in fact terminated for Cause or for Good Reason, as the case may be. If the arbitrator determines that Executive's employment was terminated by the Employer without Cause or was terminated by Executive for Good Reason, the only remedy that the arbitrator may award is an amount equal to the severance payments specified in Section 7, the costs of arbitration, and Executive's attorneys' fees. If the arbitrator finds that Executive's employment was terminated by the Employer for Cause or by the Executive without Good Reason, the arbitrator will be without authority to award Executive anything, and the parties will each be responsible for their own attorneys' fees, and the costs of arbitration will be paid 50% by Executive and 50% by the Employer.

8. CONFIDENTIALITY; PROHIBITED ACTIVITIES. The Executive and the Employer recognize that due to the nature of his employment and relationship with the Employer, the Executive has access to and develops confidential business information, proprietary information, and trade secrets relating to the business and operations of the Employer. The Executive acknowledges that such information is valuable to the business of the Employer, and that disclosure to, or use for the benefit of, any person or entity other than the Employer, would cause irreparable damage to the Employer. The Executive further acknowledges that his duties for the Employer include

the duty to develop and maintain client, customer, employee, and other business relationships on behalf of the Employer; and that access to and development of those close business relationships for the Employer render his services special, unique and extraordinary. In recognition that the good will and business relationships described herein are valuable to the Employer, and that loss of or damage to those relationships would destroy or diminish the value of the Employer, the Executive agrees as follows:

(a) CONFIDENTIALITY. During the term of this Agreement (including any renewals), and at all times thereafter, the Executive shall maintain the confidentiality of all confidential or proprietary information of the Employer ("Confidential Information"), and, except in furtherance of the business of the Employer or as specifically required by law or by court order, he shall not directly or indirectly disclose any such information to any person or entity; nor shall he use Confidential Information for any purpose except for the benefit of the Employer. For purposes of the Agreement, "Confidential Information" includes, without limitation: client or customer lists, identities, contacts, business and financial information; investment strategies; pricing information or policies, fees or commission arrangements of the Employer; marketing plans, projections, presentations or strategies of the Employer; financial and budget information of the Employer; new personnel acquisition plans; and all other business related information which has not been publicly disclosed by the Employer. This restriction shall apply regardless of whether such Confidential Information is in written, graphic, recorded, photographic, data or any machine readable form or is orally conveyed to, or memorized by, the Executive. The Executive further agrees that, during the Employment Period and at all times thereafter, he shall keep confidential and shall not release, use or disclose without prior written permission of the Employer, all Confidential Information developed by him on behalf of the Employer or provided to him by the Employer, excepting only such information as was already known to him prior to the commencement of his employment by the Employer or such information as is already known to the public.

(b) PROHIBITED ACTIVITIES. Because Executive's services to the Employer are essential and because Executive has access to the Employer's Confidential Information, Executive covenants and agrees that (i) during the Employment Period and (ii) in the event that this Agreement is terminated by the Employer for Cause or by Executive other than for Good Reason, Executive will not, without the prior written consent of the Board of Directors of the Employer which shall include the unanimous consent of the Directors who are not officers of the Employer, directly or indirectly (individually, or through or on behalf of another entity as owner, partner, agent, employee, consultant, or in any other capacity), during the Noncompetition Period:

(i) engage, participate or assist, as an owner, partner, employee, consultant, director, officer, trustee or agent, in any business that engages or attempts to engage in, directly or indirectly, the acquisition, development,

construction, operation, management or leasing of any office real estate property anywhere in the New York City metropolitan area;

(ii) seek, solicit, or engage in any attempt to establish for himself or for any other person or entity, a business relationship with any person or entity who was a client or customer of the Employer, or who was solicited to become a client or customer of the Employer, during the Employment Period ("Employer Clients") (for purposes of this Section 8(b)(ii) only, the term "Employer Clients" shall not include tenants in properties owned or managed by the Employer, unless such Employer Clients are otherwise clients or customers of the Employer; all other uses of the term "Employer Clients" herein shall include such tenants);

(iii) engage in any activity to interfere with, disrupt or damage the business of the Employer, or its relationships with any Employer Client, employee, supplier or other business relationship;

(iv) engage in business with, or provide advice or services to, any Employer Client solicited by the Executive in breach of Section 8 of this Agreement (whether or not such services are compensated);

(v) receive, or cause any other person or entity to receive, any compensation, consideration, or income, in any form, from any Employer Client solicited by him in breach of Section 8 of this Agreement; or

(vi) solicit, encourage, or engage in any activity to induce any Employee of the Employer to terminate employment with the Employer, or to become employed by, or to enter into a business relationship with, any other person or entity. For purposes of this subsection, the term Employee means any individual who is an employee of or consultant to the Employer (or any affiliate) during the six-month period prior to Executive's last day of employment.

(c) NONCOMPETITION PERIOD. For purposes of this Section 8, the Noncompetition Period shall mean the period commencing on the date of termination of Executive's employment under this Agreement and ending on the later of (i) the Third Anniversary or (ii) the first anniversary of the date of termination of Executive's employment under this Agreement.

(d) PASSIVE INVESTMENTS. Notwithstanding anything contained herein to the contrary, Executive is not prohibited by this Section 8 from making investments in any entity that engages, directly or indirectly, in the acquisition, development, construction, operation, management or leasing of office real estate properties, regardless of where they are located, if the shares or other ownership interests of such entity are publicly

traded and Executive's aggregate investment in such entity constitutes less than one percent (1%) of the equity ownership of such entity.

(e) EMPLOYER PROPERTY. The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Employer are the sole property of the Employer ("Employer Property"). During his employment, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of the Employer, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of the Employer, except in furtherance of his duties under the Agreement. When the Executive terminates his employment with the Employer, or upon request of the Employer at any time, the Executive shall promptly deliver to the Employer all originals and copies of Employer Property in his possession or control and shall not retain any originals or copies in any form.

(f) NO DISPARAGEMENT. Following termination of the Executive's employment for any reason, the Executive shall not disclose or cause to be disclosed any negative, adverse or derogatory comments or information about (i) the Employer and its parent, affiliates or subsidiaries, if any; (ii) any product or service provided by the Employer and its parent, affiliates or subsidiaries, if any; or (iii) the Employer's and its parent's, affiliates' or subsidiaries' prospects for the future. Following termination of the Executive's employment for any reason other than for Cause, the Employer shall not disclose or cause to be disclosed any negative, adverse or derogatory comments or information about the Executive.

(g) REMEDIES. The Executive declares that the foregoing limitations in Sections 8(a) through 8(f) above are reasonable and necessary for the adequate protection of the business and the goodwill of the Employer. If any restriction contained in this Section 8 shall be deemed to be invalid, illegal or unenforceable by reason of the extent, duration or scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, scope, or other provisions hereof to make the restriction consistent with applicable law, and in its reduced form such restriction shall then be enforceable in the manner contemplated hereby. In the event that the Executive breaches any of the promises contained in this Section 8, the Executive acknowledges that the Employer's remedy at law for damages will be inadequate and that the Employer will be entitled to specific performance, a temporary restraining order or preliminary injunction to prevent the Executive's prospective or continuing breach and to maintain the status quo. The existence of this right to injunctive relief, or other equitable relief, or the Employer's exercise of any of these rights, shall not limit any other rights or remedies the Employer may have in law or in equity including, without limitation, the right to arbitration contained in Section 7(e) hereof and the right to

compensatory and monetary damages. In the event that a final non-appealable judgment is entered in favor of one of the parties, that party shall be reimbursed by the other party for all costs and attorneys' fees incurred by such party in such action. Executive hereby agrees to waive his right to a jury trial with respect to any action commenced to enforce the terms of this Agreement.

(h) TRANSITION. Regardless of the reason for his departure from the Employer, the Executive agrees that: (i) he shall assist the Employer in maintaining the business of the clients and customers with whom the Executive has a relationship; and (ii) he shall take all steps reasonably requested by the Employer to effect a successful transition of those relationships to the person or persons designated by the Employer.

(i) COOPERATION WITH RESPECT TO LITIGATION. During the Employment Period and at all times thereafter, Executive agrees to give prompt written notice to the Employer of any claim or injury relating to the Employer and to cooperate fully, in good faith and to the best of his ability with the Employer in connection with any and all pending, potential or future claims, investigations or actions which directly or indirectly relate to any action, event or activity about which Executive may have knowledge in connection with or as a result of his employment by the Employer hereunder. Such cooperation will include all assistance that the Employer, its counsel or its representatives may reasonably request, including reviewing documents, meeting with counsel, providing factual information and material, and appearing or testifying as a witness; PROVIDED, HOWEVER, that the Employer will reimburse Executive for all reasonable travel expenses, including lodging and meals, incurred by him in fulfilling his obligations under this Section 8(i) and, except as may be required by law or by court order, should Executive then be employed by an entity other than the Employer, such cooperation will not unreasonably interfere with Executive's then current employment.

(j) SURVIVAL. The provisions of this Section 8 shall survive termination of the Executive's employment. The covenants contained in Section 8 shall be construed as independent of any of other provisions contained in this Agreement and shall be enforceable regardless of whether the Executive has a claim against the Employer under the Agreement or otherwise.

9. CONFLICTING AGREEMENTS. Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which he is a party or is bound, and that he is not now subject to any covenants against competition or similar covenants which would affect the performance of his obligations hereunder.

10. NOTICES. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand and or sent by prepaid telex, cable

or other electronic devices or sent, postage prepaid, by registered or certified mail or telecopy or overnight courier service and shall be deemed given when so delivered by hand, telexed, cabled or telecopied, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

(a) if to the Executive:

David Nettina
8045 Merrimac Drive
Manlius, New York 13104

(b) if to the Employer:

SL Green Realty Corp.
70 West 36th Street
New York, New York 10018

or such other address as either party may from time to time specify by written notice to the other party hereto.

11. AMENDMENTS. No amendment, modification or waiver in respect of this Agreement shall be effective unless it shall be in writing and signed by the party against whom such amendment, modification or waiver is sought.

12. SEVERABILITY. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other persons or circumstances.

13. SUCCESSORS. Neither this Agreement nor any rights hereunder may be assigned or hypothecated by the Executive. This Agreement may be assigned by the Employer and shall be binding upon, and inure to the benefit of, the Employer's successors and assigns.

14. COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party.

15. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be

performed entirely within such State, without regard to the conflicts of law principles of such State.

16. CHOICE OF VENUE. Executive agrees to submit to the jurisdiction of the United States District Court for the Southern District of New York or the Supreme Court of the State of New York, New York County, for the purpose of any action to enforce any of the terms of this Agreement.

17. ENTIRE AGREEMENT. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter. The parties hereto shall not be liable or bound to any other party in any manner by any representations, warranties or covenants relating to such subject matter except as specifically set forth herein.

18. PARAGRAPH HEADINGS. Paragraph headings used in this Agreement are included for convenience of reference only and will not affect the meaning of any provision of this agreement.

IN WITNESS WHEREOF, this Agreement is entered into as of the date and year first above written.

SL GREEN REALTY CORP.

By: /s/ Stephen L. Green

Name: Stephen L. Green
Title: President

/s/ David Nettina

David Nettina

TERMS SHEET
STOCK LOAN TO DAVID J. NETTINA

Borrower:	David J. Nettina, pursuant to terms of Employment Agreement.
Amount:	$300,000.
Term:	Three years.
Interest Rate:	The Federal mid-term "Applicable Federal Rate" as in effect from time to time.
Purpose:	Acquisition of Company Common Stock pursuant to Company Stock Option Plan.
Security:	Pledge of acquired shares.
Funding Date:	One year from date employment agreement is executed.
Per Share Acquisition Price:	The price per share of Common Stock on the New York Stock Exchange on the date of funding.
Repayment:	One-third of Stock Loan (together with accrued interest on the Stock Loan) will be forgiven each year during the term of the Stock Loan, provided Borrower is then employed by the Company. In the event of a Change of Control of the Company, or the Borrower's death or permanent disability or termination of his employment by the Company without cause, the outstanding principal amounts of the Stock Loan will be forgiven in full. In the event Borrower leaves the employ of the Company or is terminated with cause, the outstanding amount of the Stock Loan will be immediately due and payable. The outstanding amount shall be equal to the amount then due and owing, pro rated for the number of months elapsed for the year in which termination occurs.

SL GREEN REALTY CORP.
1997 STOCK OPTION AND INCENTIVE PLAN

ARTICLE 1. GENERAL

1.1. PURPOSE. The purpose of the SL Green Realty Corp. 1997 Stock Option and Incentive Plan (the "Plan") is to provide for certain officers, directors and key employees, as defined in Section 1.3, of SL Green Realty Corp. (the "Company") and certain of its Affiliates (as defined below) an equity-based incentive to maintain and enhance the performance and profitability of the Company. It is the further purpose of this Plan to permit the granting of awards that will constitute performance based compensation for certain executive officers, as described in Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated thereunder.

1.2. ADMINISTRATION.

(a)The Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"), which Committee shall consist of two or more directors, or by the Board. It is intended that the directors appointed to serve on the Committee shall be "non-employee directors" (within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934 (the "Act")) and "outside directors" (within the meaning of Code Section 162(m)); however, the mere fact that a Committee member shall fail to qualify under either of these requirements shall not invalidate any award made by the Committee which award is otherwise validly made under the Plan. The members of the Committee shall be appointed by, and may be changed at any time and from time to time in the discretion of, the Board.

(b)The Committee shall have the authority (i) to exercise all of the powers granted to it under the Plan, (ii) to construe, interpret and implement the Plan and any Plan agreements executed pursuant to the Plan, (iii) to prescribe, amend and rescind rules relating to the Plan, (iv) to make any determination necessary or advisable in administering the Plan, and (v) to correct any defect, supply any omission and reconcile any inconsistency in the Plan.

(c)The determination of the Committee on all matters relating to the Plan or any Plan agreement shall be conclusive.

(d)No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any award hereunder.

(e)The Board may, in its sole discretion, at any time and from time to time, resolve to administer the Plan, in which case, the term Committee as used herein shall be deemed to mean the Board.

1.3. PERSONS ELIGIBLE FOR AWARDS. Awards under the Plan may be made to such officers, directors and key employees ("key personnel") of the Company or its Affiliates as the Committee shall from time to time in its sole discretion select. No member of the Board who is not an officer or employee of the Company or an Affiliate (an "Independent Director") shall be eligible to receive any

Awards under the Plan, except for non-qualified stock options granted automatically under the provisions of Article 5 of the Plan.

1.4. TYPES OF AWARDS UNDER PLAN.

(a)Awards may be made under the Plan in the form of (i) stock options ("options"), (ii) restricted stock awards, and (iii) unrestricted stock awards in lieu of cash compensation, all as more fully set forth in Articles 2 and 3.

(b)Options granted under the Plan may be either (i) "nonqualified" stock options ("NQSOs") or (ii) options intended to qualify for incentive stock option treatment described in Code Section 422 ("ISOs").

(c)All options when granted are intended to be NQSOs, unless the applicable Plan agreement explicitly states that the option is intended to be an ISO. If an option is intended to be an ISO, and if for any reason such option (or any portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such option (or portion) shall be regarded as a NQSO appropriately granted under the Plan provided that such option (or portion) otherwise meets the Plan's requirements relating to NQSOs.

1.5. SHARES AVAILABLE FOR AWARDS.

(a)Subject to Section 4.5 (relating to adjustments upon changes in capitalization), as of any date the total number of shares of Common Stock with respect to which awards may be granted under the Plan shall equal the remainder (if any) of 1,100,000 shares of Common Stock, minus the sum of (i) the number of shares of Common Stock subject to outstanding awards, (ii) the number of shares of Common Stock in respect of which options have been exercised, or grants of restricted or unrestricted Common Stock have been made pursuant to the Plan, and (iii) the number of shares of Common Stock issued subject to forfeiture restrictions which have lapsed.

In accordance with (and without limitation upon) the preceding sentence, awards may be granted in respect of the following shares of Common Stock: shares covered by previously granted awards that have expired, terminated or been cancelled or forfeited for any reason whatsoever (other than by reason of exercise or vesting).

(b)In any year, a person eligible for awards under the Plan may not be granted options under the Plan covering a total of more than 100,000 shares of Common Stock.

(c)Shares of Common Stock that shall be subject to issuance pursuant to the Plan shall be authorized and unissued or treasury shares of Common Stock, or shares of Common Stock purchased on the open market or from shareholders of the Company for such purpose.

1.6. DEFINITIONS OF CERTAIN TERMS.

(a)The term "Affiliate" as used herein means SL Green Operating Partnership, L.P., S.L. Green Management Corp., S.L. Green Realty, Inc., Emerald City Construction Corp. and S.L. Green Management LLC, and any person or entity as subsequently approved by the Board which, at the time of reference, directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company.

(b)The term "Cause" shall mean a finding by the Committee that the recipient of an award under the Plan has (i) engaged in conduct which is a felony under the laws of the United States or any state or political subdivision thereof; (ii) engaged in conduct constituting breach of fiduciary duty, gross negligence or willful misconduct relating to the Company, fraud or dishonesty or willful or material misrepresentation relating to the business of the Company, or (iii) failed to substantially perform his duties to the Company more than 15 days after receiving notice of such failure from the Company, which notice specifically identifies the manner in which he has failed so to perform.

(c)The term "Common Stock" as used herein means the shares of common stock of the Company as constituted on the effective date of the Plan, and any other shares into which such common stock shall thereafter be changed by reason of a recapitalization, merger, consolidation, split-up, combination, exchange of shares or the like.

(d)The "fair market value" (or "FMV") as of any date and in respect of any share of Common Stock shall be:

(i) if the Common Stock is listed for trading on the New York Stock Exchange, the closing price, regular way, of the Common Stock as reported on the New York Stock Exchange Composite Tape, or if no such reported sale of the Common Stock shall have occurred on such date, on the next preceding date on which there was such a reported sale; or

(ii) the Common Stock is not so listed but is listed on another national securities exchange or authorized for quotation on the National Association of Securities Dealers Inc.'s NASDAQ National Market System ("NASDAQ/NMS"), the closing price, regular way, of the Common Stock on such exchange or NASDAQ/NMS, as the case may be, on which the largest number of shares of Common Stock have been traded in the aggregate on the preceding twenty trading days, or if no such reported sale of the Stock shall have occurred on such date on such exchange or NASDAQ/NMS, as the case may be, on the preceding date on which there was such a reported sale on such exchange or NASDAQ/NMS, as the case may be; or

(iii) if the Stock is not listed for trading on a national securities exchange or authorized for quotation on NASDAQ/NMS, the average of the closing bid and asked prices as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or, if no such prices shall have been so reported for such date, on the next preceding date for which such prices were so reported.

1.7. AGREEMENTS EVIDENCING AWARDS.

(a)Options and restricted stock awards granted under the Plan shall be evidenced by written agreements. Any such written agreements shall (i) contain such provisions not inconsistent with the terms of the Plan as the Committee may in its sole discretion deem necessary or desirable and (ii) be referred to herein as "Plan Agreements."

(b)Each Plan Agreement shall set forth the number of shares of Common Stock subject to the award granted thereby.

(c)Each Plan Agreement with respect to the granting of an option shall set forth the amount (the "option exercise price") payable by the grantee to the Company in connection with the exercise of the

option evidenced thereby. The option exercise price per share shall not be less than 100% of the fair market value of a share of Common Stock on the date the option is granted.

ARTICLE 2. STOCK OPTIONS

2.1. OPTION AWARDS.

(a) GRANT OF STOCK OPTIONS. The Committee may grant options to purchase shares of Common Stock in such amounts and subject to such terms and conditions as the Committee shall from time to time in its sole discretion determine, subject to the terms of the Plan.

(b)DIVIDEND EQUIVALENT RIGHTS. To the extent expressly provided by the Committee at the time of the grant, each NQSO granted under this Section 2.1 shall also generate Dividend Equivalent Rights ("DERs"), which shall entitle the grantee to receive an additional share of Common Stock for each DER received upon the exercise of the NQSO, at no additional cost, based on the formula set forth herein. As of the last business day of each calendar quarter, the amount of dividends paid by the Company on each share of Common Stock with respect to that quarter shall be divided by the FMV per share to determine the actual number of DERs accruing on each share subject to the NQSO. Such amount of DERs shall be multiplied by the number of shares covered by the NQSO to determine the number of DERs which accrued during such quarter.

FOR EXAMPLE. Assume that a grantee holds a NQSO to purchase 600 shares of Common Stock. Further assume that the dividend per share for the first quarter was $0.10, and that the FMV per share on the last business day of the quarter was $20. Therefore, .005 DER would accrue per share for that quarter and such grantee would receive three DERs for that quarter (600 X .005). For purposes of determining how many DERs would accrue during the second quarter, the NQSO would be considered to be for 603 shares of Common Stock.

2.2. EXERCISABILITY OF OPTIONS. Subject to the other provisions of the Plan:

(a)EXERCISABILITY DETERMINED BY PLAN AGREEMENT. Each Plan agreement shall set forth the period during which and the conditions subject to which the option shall be exercisable (including, but not limited to vesting of such options), as determined by the Committee in its discretion.

(b)PARTIAL EXERCISE PERMITTED. Unless the applicable Plan agreement otherwise provides, an option granted under the Plan may be exercised from time to time as to all or part of the full number of shares for which such option is then exercisable, in which event the DERs, if any, relating to the portion of the option being exercised shall also be exercised.

(c)NOTICE OF EXERCISE; EXERCISE DATE.

(i)An option shall be exercisable by the filing of a written notice of exercise with the Company, on such form and in such manner as the Committee shall in its sole discretion prescribe, and by payment in accordance with Section 2.4.

(ii)Unless the applicable Plan agreement otherwise provides, or the Committee in its sole discretion otherwise determines, the date of exercise of an option shall be the date the Company receives such written notice of exercise and payment.

2.3. LIMITATION ON EXERCISE. Notwithstanding any other provision of the Plan, no Plan agreement shall permit an ISO to be exercisable more than 10 years after the date of grant.

2.4. PAYMENT OF OPTION PRICE.

(a)TENDER DUE UPON NOTICE OF EXERCISE. Unless the applicable Plan agreement otherwise provides or the Committee in its sole discretion otherwise determines, any written notice of exercise of an option shall be accompanied by payment of the full purchase price for the shares being purchased.

(b)MANNER OF PAYMENT. Payment of the option exercise price shall be made in any combination of the following:

(i) by certified or official bank check payable to the Company (or the equivalent thereof acceptable to the Committee);

(ii) by personal check (subject to collection), which may in the Committee's discretion be deemed conditional;

(iii)with the consent of the Committee in its sole discretion, by delivery of previously acquired shares of Common Stock owned by the grantee for at least six months having a fair market value (determined as of the option exercise date) equal to the portion of the option exercise price being paid thereby, provided that the Committee may require the grantee to furnish an opinion of counsel acceptable to the Committee to the effect that such delivery would not result in the grantee incurring any liability under Section 16(b) of the Act and does not require any Consent (as defined in Section 4.2); and

(iv) with the consent of the Committee in its sole discretion, by the full recourse promissory note and agreement of the grantee providing for payment with interest on the unpaid balance accruing at a rate not less than that needed to avoid the imputation of income under Code Section 7872 and upon such terms and conditions (including the security, if any, therefor) as the Committee may determine.

(c)CASHLESS EXERCISE. Payment in accordance with Section 2.4(b) may be deemed to be satisfied, if and to the extent provided in the applicable Plan agreement, by delivery to the Company of an assignment of a sufficient amount of the proceeds from the sale of Common Stock acquired upon exercise to pay for all of the Common Stock acquired upon exercise and an authorization to the broker or selling agent to pay that amount to the Company, which sale shall be made at the grantee's direction at the time of exercise, provided that the Committee may require the grantee to furnish an opinion of counsel acceptable to the Committee to the effect that such delivery would not result in the grantee incurring any liability under Section 16 of the Act and does not require any Consent (as defined in Section 4.2).

(d)ISSUANCE OF SHARES. As soon as practicable after receipt of full payment, the Company shall, subject to the provisions of Section 4.2, deliver to the grantee one or more certificates for the shares of Common Stock so purchased, which certificates may bear such legends as the Company may deem appropriate concerning restrictions on the disposition of the shares in accordance with applicable securities laws, rules and regulations or otherwise.

2.5.DEFAULT RULES CONCERNING TERMINATION OF EMPLOYMENT.

Subject to the other provisions of the Plan and unless the applicable Plan agreement otherwise provides:

(a)GENERAL RULE. All options granted to a grantee shall terminate upon the grantee's termination of employment for any reason except to the extent post-employment exercise of the option is permitted in accordance with this Section 2.5.

(b)TERMINATION FOR CAUSE. All unexercised or unvested options granted to a grantee shall terminate and expire on the day a grantee's employment is terminated for Cause.

(c)REGULAR TERMINATION; LEAVE OF ABSENCE. If the grantee's employment terminates for any reason other than as provided in subsection (b), (d) or (f) of this Section 2.5, any awards granted to such grantee which were exercisable immediately prior to such termination of employment may be exercised, and any awards subject to vesting may continue to vest, until the earlier of either: (i) 90 days after the grantee's termination of employment and (ii) the date on which such options terminate or expire in accordance with the provisions of the Plan (other than this Section 2.5) and the Plan agreement; provided that the Committee may, in its sole discretion, determine such other period for exercise in the case of a grantee whose employment terminates solely because the grantee's employer ceases to be an Affiliate or the grantee transfers employment with the Company's consent to a purchaser of a business disposed of by the Company. The Committee may, in its sole discretion, determine (i) whether any leave of absence (including short-term or long-term disability or medical leave) shall constitute a termination of employment for purposes of the Plan and (ii) the effect, if any, of any such leave on outstanding awards under the Plan.

(d)RETIREMENT. If a grantee's employment terminates by reason of retirement (I.E., THE VOLUNTARY TERMINATION OF EMPLOYEE BY A GRANTEE AFTER ATTAINING THE AGE OF 55), the options exercisable by the grantee immediately prior to the grantee's retirement shall be exercisable by the grantee until the earlier of (i) 12 months after the grantee's retirement and (ii) the date on which such options terminate or expire in accordance with the provisions of the Plan (other than this Section 2.5) and the Plan agreement.

(e)DEATH AFTER TERMINATION. If a grantee's employment terminates in the manner described in subsections (c) or (d) of this Section 2.5 and the grantee dies within the period for exercise provided for therein, the options exercisable by the grantee immediately prior to the grantee's death shall be exercisable by the personal representative of the grantee's estate or by the person to whom such options pass under the grantee's will (or, if applicable, pursuant to the laws of descent and distribution) until the earlier of (i) 12 months after the grantee's death and (ii) the date on which such options terminate or expire in accordance with the provisions of subsections (c) or (d) of this Section 2.5.

(f)DEATH BEFORE TERMINATION. If a grantee dies while employed by the Company or any Affiliate, all options granted to the grantee but not exercised before the death of the grantee, whether or not exercisable by the grantee before the grantee's death, shall immediately become and be exercisable by the personal representative of the grantee's estate or by the person to whom such options pass under the grantee's will (or, if applicable, pursuant to the laws of descent and distribution) until the earlier of (i) 12 months after the grantee's death and (ii) the date on which such options terminate or expire in accordance with the provisions of the Plan (other than this Section 2.5) and the Plan agreement.

2.6. SPECIAL ISO REQUIREMENTS. In order for a grantee to receive special tax treatment with respect to stock acquired under an option intended to be an ISO, the grantee of such option must be, at

all times during the period beginning on the date of grant and ending on the day three months before the date of exercise of such option, an employee of the Company or any of the Company's parent or subsidiary corporations (within the meaning of Code Section 424), or of a corporation or a parent or subsidiary corporation of such corporation issuing or assuming a stock option in a transaction to which Code Section 424(a) applies. If an option granted under the Plan is intended to be an ISO, and if the grantee, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the grantee's employer corporation or of its parent or subsidiary corporation, then (i) the option exercise price per share shall in no event be less than 110% of the fair market value of the Common Stock on the date of such grant and (ii) such option shall not be exercisable after the expiration of five years after the date such option is granted.

ARTICLE 3. RESTRICTED STOCK AND UNRESTRICTED STOCK AWARDS

3.1. RESTRICTED STOCK AWARDS.

(a)GRANT OF AWARDS. The Committee may grant restricted stock awards, alone or in tandem with other awards, under the Plan in such amounts and subject to such terms and conditions as the Committee shall from time to time in its sole discretion determine; provided, however, that the grant of any such restricted stock awards may be made only in lieu of cash compensation and bonuses. The vesting of a restricted stock award granted under the Plan may be conditioned upon the completion of a specified period of employment with the Company or any Affiliate, upon the attainment of specified performance goals, and/or upon such other criteria as the Committee may determine in its sole discretion.

(b)PAYMENT. Each Plan agreement with respect to a restricted stock award shall set forth the amount (if any) to be paid by the grantee with respect to such award. If a grantee makes any payment for a restricted stock award which does not vest, appropriate payment may be made to the grantee following the forfeiture of such award on such terms and conditions as the Committee may determine. The Committee shall have the authority to make or authorize loans to finance, or to otherwise accommodate the financing of, the acquisition or exercise of a restricted stock award.

(c)FORFEITURE UPON TERMINATION OF EMPLOYMENT. Unless the applicable Plan agreement otherwise provides or the Committee otherwise determines, (i) if a grantee's employment terminates for any reason (including death) before all of his restricted stock awards have vested, such awards shall terminate and expire upon such termination of employment, and (ii) in the event any condition to the vesting of restricted stock awards is not satisfied within the period of time permitted therefor, such unvested shares shall be returned to the Company.

(d)ISSUANCE OF SHARES. The Committee may provide that one or more certificates representing restricted stock awards shall be registered in the grantee's name and bear an appropriate legend specifying that such shares are not transferable and are subject to the terms and conditions of the Plan and the applicable Plan agreement, or that such certificate or certificates shall be held in escrow by the Company on behalf of the grantee until such shares vest or are forfeited, all on such terms and conditions as the Committee may determine. Unless the applicable Plan agreement otherwise provides, no share of restricted stock may be assigned, transferred, otherwise encumbered or disposed of by the grantee until such share has vested in accordance with the terms of such award. Subject to the provisions of Section 4.2, as soon as practicable after any restricted stock award shall vest, the Company shall issue or reissue to the grantee (or to the grantee's designated beneficiary in the event of the grantee's death) one or more certificates for the Common Stock represented by such restricted stock award.

(e)GRANTEES' RIGHTS REGARDING RESTRICTED STOCK. Unless the applicable Plan agreement otherwise provides: (i) a grantee may vote and receive dividends on restricted stock awarded under the Plan; and (ii) any stock received as a distribution with respect to a restricted stock award shall be subject to the same restrictions as such restricted stock.

3.2. UNRESTRICTED SHARES. The Committee may issue stock under the Plan, alone or in tandem with other awards, in such amounts and subject to such terms and conditions as the Committee shall from time to time in its sole discretion determine; provided, however, that the grant of any such unrestricted stock awards may be made only in lieu of cash compensation and bonuses.

ARTICLE 4. MISCELLANEOUS

4.1. AMENDMENT OF THE PLAN; MODIFICATION OF AWARDS.

(a)PLAN AMENDMENTS. The Board may, without stockholder approval, at any time and from time to time suspend, discontinue or amend the Plan in any respect whatsoever, except that no such amendment shall impair any rights under any award theretofore made under the Plan without the consent of the grantee of such award and except that stockholder approval of any amendment shall be obtained to the extent required by applicable law.

(b)AWARD MODIFICATIONS. Subject to the terms and conditions of the Plan (including Section 4.1(a)), the Committee may amend outstanding Plan agreements with such grantee, including, without limitation, any amendment which would (i) accelerate the time or times at which an award may vest or become exercisable and/or (ii) extend the scheduled termination or expiration date of the award, provided, however, that no modification having a material adverse effect upon the interest of a grantee in an award shall be made without the consent of such grantee.

4.2. RESTRICTIONS.

(a)CONSENT REQUIREMENTS. If the Committee shall at any time determine that any Consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any award under the Plan, the acquisition, issuance or purchase of shares or other rights hereunder or the taking of any other action hereunder (each such action being hereinafter referred to as a "Plan Action"), then such Plan Action shall not be taken, in whole or in part, unless and until such Consent shall have been effected or obtained to the full satisfaction of the Committee. Without limiting the generality of the foregoing, the Committee shall be entitled to determine not to make any payment whatsoever until Consent has been given if (i) the Committee may make any payment under the Plan in cash, Common Stock or both, and (ii) the Committee determines that Consent is necessary or desirable as a condition of, or in connection with, payment in any one or more of such forms.

(b)CONSENT DEFINED. The term "Consent" as used herein with respect to any Plan Action means (i) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or other self-regulatory organization or under any federal, state or local law, rule or regulation, (ii) the expiration, elimination or satisfaction of any prohibitions, restrictions or limitations under any federal, state or local law, rule or regulation or the rules of any securities exchange or other self-regulatory organization, (iii) any and all written agreements and representations by the grantee with respect to the disposition of shares, or with respect to any other matter, which the Committee shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an

exemption from the requirement that any such listing, qualification or registration be made, and (iv) any and all consents, clearances and approvals in respect of a Plan Action by any governmental or other regulatory bodies or any parties to any loan agreements or other contractual obligations of the Company or any Affiliate.

4.3. NONTRANSFERABILITY. No award granted to any grantee under the Plan or under any Plan agreement shall be assignable or transferable by the grantee other than by will or by the laws of descent and distribution. During the lifetime of the grantee, all rights with respect to any award granted to the grantee under the Plan or under any Plan agreement shall be exercisable only by the grantee.

4.4. WITHHOLDING TAXES.

(a)Whenever under the Plan shares of Common Stock are to be delivered pursuant to an award, the Committee may require as a condition of delivery that the grantee remit an amount sufficient to satisfy all federal, state and other governmental withholding tax requirements related thereto. Whenever cash is to be paid under the Plan, the Company may, as a condition of its payment, deduct therefrom, or from any salary or other payments due to the grantee, an amount sufficient to satisfy all federal, state and other governmental withholding tax requirements related thereto or to the delivery of any shares of Common Stock under the Plan.

(b)Without limiting the generality of the foregoing, the Committee may permit any such delivery to be made by withholding shares of Common Stock from the shares otherwise issuable pursuant to the award giving rise to the tax withholding obligation (in which event the date of delivery shall be deemed the date such award was exercised).

4.5. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION. If and to the extent specified by the Committee, the number of shares of Common Stock which may be issued pursuant to awards under the Plan, the maximum number of options which may be granted to any one person in any year, the number of shares of Common Stock subject to awards, the option exercise price of options theretofore granted under the Plan, and the amount payable by a grantee in respect of an award, shall be appropriately adjusted (as the Committee may determine) for any change in the number of issued shares of Common Stock resulting from the subdivision or combination of shares of Common Stock or other capital adjustments, or the payment of a stock dividend after the effective date of the Plan, or other change in such shares of Common Stock effected without receipt of consideration by the Company; provided that any awards covering fractional shares of Common Stock resulting from any such adjustment shall be eliminated and provided further, that each ISO granted under the Plan shall not be adjusted in a manner that causes such option to fail to continue to qualify as an ISO within the meaning of Code Section 422. Adjustments under this Section shall be made by the Committee, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

4.6. RIGHT OF DISCHARGE RESERVED. Nothing in the Plan or in any Plan agreement shall confer upon any person the right to continue in the employment of the Company or an Affiliate or affect any right which the Company or an Affiliate may have to terminate the employment of such person.

4.7. NO RIGHTS AS A STOCKHOLDER. No grantee or other person shall have any of the rights of a stockholder of the Company with respect to shares subject to an award until the issuance of a stock certificate to him for such shares. Except as otherwise provided in Section 4.5, no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash,

securities or other property) for which the record date is prior to the date such stock certificate is issued. In the case of a grantee of an award which has not yet vested, the grantee shall have the rights of a stockholder of the Company if and only to the extent provided in the applicable Plan agreement.

4.8. NATURE OF PAYMENTS.

(a)Any and all awards or payments hereunder shall be granted, issued, delivered or paid, as the case may be, in consideration of services performed for the Company or for its Affiliates by the grantee.

(b)No such awards and payments shall be considered special incentive payments to the grantee or, unless otherwise determined by the Committee, be taken into account in computing the grantee's salary or compensation for the purposes of determining any benefits under (i) any pension, retirement, life insurance or other benefit plan of the Company or any Affiliate or (ii) any agreement between the Company or any Affiliate and the grantee.

(c)By accepting an award under the Plan, the grantee shall thereby waive any claim to continued exercisability or vesting of an award or to damages or severance entitlement related to non-continuation of the award beyond the period provided herein or in the applicable Plan agreement, notwithstanding any contrary provision in any written employment contract with the grantee, whether any such contract is executed before or after the grant date of the award.

4.9. NON-UNIFORM DETERMINATIONS. The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, awards under the Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make non-uniform and selective determinations, and to enter into non-uniform and selective Plan agreements, as to (a) the persons to receive awards under the Plan, (b) the terms and provisions of awards under the Plan, and (c) the treatment of leaves of absence pursuant to Section 2.7(c).

4.10. OTHER PAYMENTS OR AWARDS. Nothing contained in the Plan shall be deemed in any way to limit or restrict the Company, any Affiliate or the Committee from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

4.11. REORGANIZATION.

(a)In the event that the Company is merged or consolidated with another corporation and, whether or not the Company shall be the surviving corporation, there shall be any change in the shares of Common Stock by reason of such merger or consolidation, or in the event that all or substantially all of the assets of the Company are acquired by another person, or in the event of a reorganization or liquidation of the Company (each such event being hereinafter referred to as a "Reorganization Event") or in the event that the Board shall propose that the Company enter into a Reorganization Event, then the Committee may in its discretion, by written notice to a grantee, provide that his options will be terminated unless exercised within 30 days (or such longer period as the Committee shall determine in its sole discretion) after the date of such notice; provided that if, and to the extent that, the Committee takes such action with respect to the grantee's options not yet exercisable, the Committee shall also accelerate the dates upon which such options shall be exercisable. The Committee also may in its discretion by written notice to a grantee provide that all or some of the restrictions on any of the grantee's

awards may lapse in the event of a Reorganization Event upon such terms and conditions as the Committee may determine.

(b)Whenever deemed appropriate by the Committee, the actions referred to in Section 4.11(a) may be made conditional upon the consummation of the applicable Reorganization Event.

4.12. SECTION HEADINGS. The section headings contained herein are for the purposes of convenience only and are not intended to define or limit the contents of said sections.

4.13. EFFECTIVE DATE AND TERM OF PLAN.

(a)The Plan shall be deemed adopted and become effective upon the approval thereof by the shareholders of the Company.

(b)The Plan shall terminate 10 years after the earlier of the date on which it becomes effective or is approved by shareholders, and no awards shall thereafter be made under the Plan. Notwithstanding the foregoing, all awards made under the Plan prior to such termination date shall remain in effect until such awards have been satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable Plan agreement.

4.14. GOVERNING LAW. The Plan shall be governed by the laws of the State of New York applicable to agreements made and to be performed entirely within such state.

ARTICLE 5. STOCK OPTIONS GRANTED TO INDEPENDENT DIRECTORS

5.1. AUTOMATIC GRANT OF OPTIONS. Each Independent Director appointed or elected for the first time shall automatically be granted a NQSO to purchase 6,000 shares of Common Stock on his date of appointment or election which NQSO shall vest on the one year anniversary of grant. The exercise price per share for the Common Stock covered by a NQSO granted pursuant to this Section 5.1 shall be equal to the FMV of the Common Stock on the date the NQSO is granted or, if granted in connection with the initial public offering of the Company's Common Stock (the "IPO"), the initial public offering price set forth on the cover page of the prospectus relating to the IPO.

5.2. EXERCISE; TERMINATION; NON-TRANSFERABILITY

(a) All NQSOs granted under this Article 5 shall be immediately exercisable. No NQSO issued under this Article 5 shall be exercisable after the expiration of ten years from the date upon which such NQSO is granted.

(b) The rights of an Independent Director in a NQSO granted under this Article 5 shall terminate twelve months after such Director ceases to be a Director of the Company or the specified expiration date, if earlier; provided, however, that such rights shall terminate immediately on the date on which an Independent Director ceases to be a Director by reason of termination of his directorship on account of any act of (i) fraud or intentional misrepresentation or (ii) embezzlement, misappropriation or conversion of assets or opportunities of the Company or any Affiliate.

(c) No NQSO granted under this Article 5 shall be transferable by the grantee otherwise than by will or by the laws of descent and distribution, and such grantee shall be exercisable during the

grantee's lifetime only by the grantee. Any NQSO granted to an Independent Director and outstanding on the date of his death may be exercised by the legal representative or legatee of the grantee for the period of twelve months from the date of death or until the expiration of the stated term of the option, if earlier.

(d) NQSOs granted under this Article 5 may be exercised only by written notice to the Company specifying the number of shares to be purchased. Payment of the full purchase price of the shares to be purchased may be made by certified or official bank check payable to the Company. A grantee shall have the rights of a stockholder only as to shares acquired upon the exercise of a NQSO and not as to unexercised NQSOs.

5.3. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION. The number of shares of Common Stock subject to awards and the option exercise price of NQSOs theretofore granted under this Article 5, and the amount payable by a grantee in respect of an award, shall be appropriately adjusted for any change in the number of issued shares of Common Stock resulting from the subdivision or combination of shares of Common Stock or other capital adjustments, or the payment of a stock dividend after the effective date of the Plan, or other change in such shares of Common Stock effected without receipt of consideration by the Company; provided that any awards covering fractional shares of Common Stock resulting from any such adjustment shall be eliminated.

5.4 LIMITED TO INDEPENDENT DIRECTORS. The provisions of this Article 5 shall apply only to NQSOs granted or to be granted to Independent Directors, shall be interpreted as if this Article 5 constituted a separate plan of the Company and shall not be deemed to modify, limit or otherwise apply to any other provision of this Plan or to any NQSO issued under this Plan to a participant who is not an Independent Director of the Company. To the extent inconsistent with the provisions of any other Section of this Plan, the provisions of this Article 5 shall govern the rights and obligations of the Company and Independent Directors respecting NQSOs granted or to be granted to Independent Directors.

EXHIBIT 10.9

SUPPLEMENTAL REPRESENTATIONS AND WARRANTIES AGREEMENT

THIS SUPPLEMENTAL REPRESENTATIONS AND WARRANTIES AGREEMENT (this "Agreement") is made and entered into as of _____, 1997 by and among Stephen L. Green, Hippomenes Associates, LLC, 64-36 Realty Associates, 673 First Associates L.P., Green 6th Avenue Associates, L.P., [S.L. Green Realty, Inc.], S.L. Green Properties, Inc. and EBG Midtown South Corp. (the "Indemnitors"), SL Green Operating Partnership, L.P., a Delaware limited partnership (the "Operating Partnership") and SL Green Realty Corp., a Maryland corporation (the "Company").

WHEREAS, in connection with an initial public offering of shares of common stock of the Company (the "Offering"), the closing of which is occurring on the date hereof, (a) direct or indirect interests in certain properties owned by the Indemnitors or entities of which the Indemnitors or affiliates of the Indemnitors are general partners or managing members (the "General Partners") are being contributed to the Operating Partnership pursuant to the omnibus contribution agreement (the "Omnibus Contribution Agreement"), the Contract of Sale regarding 470 Park Avenue South and the Contract of Sale regarding 29 West 35th Street (together with the Omnibus Contribution Agreement, the "Contribution Agreements"), (b) non-voting stock representing 95% of the economic interest in each of the construction, management and leasing businesses (collectively, the "Service Businesses"), respectively, of Emerald City Construction Corp., a New York corporation, S.L. Green Management Corp., a New York corporation and S.L. Green Realty, Inc., a New York corporation (collectively, the "Service Companies") are being contributed to the Operating Partnership pursuant to the Omnibus Contribution Agreement, and (c) the Indemnitors own units of partnership interest ("Units") in the Operating Partnership (all of the foregoing being collectively referred to herein as the "Transactions"); and

WHEREAS, in order to induce the Company to consummate the Offering and to cause the foregoing transfers to occur, the Indemnitors have agreed to make the representations and warranties

contained in this Agreement for the benefit of the Company and the Operating Partnership on the condition that the liability of the Indemnitors hereunder be limited as provided in Section 4 hereof.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

1. Representations and Warranties with Respect to the Properties and the Entities. The Indemnitors hereby represent and warrant to the Company and the Operating Partnership, with respect to (i) each of the properties listed on Exhibit "A" (the "Properties"), and (ii) each of the partnerships and limited liability companies that currently own the Properties (the "Entities") which are listed on Exhibit "B-1" , as follows:

1.1. Organization, Power and Authority, and Qualification. Each Entity is duly formed and organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each Entity has the requisite power and authority to carry on its business as it is now being conducted. The general partner or managing member of each Entity has made available to the Operating Partnership complete and correct copies of such Entity's organizational documents, with all amendments as in effect on the date of this Agreement (the "Entity Agreements"). Each Entity is qualified to do business and is in good standing in each jurisdiction where the character of its property owned or leased or the nature of its activities make such qualification necessary, except where the failure to be so qualified and in good standing would not have a material adverse effect on the business or financial condition of such Entity.

Except as set forth on Schedule 1.1, none of the execution and delivery of the Omnibus Contribution Agreement by the Contributors (as defined therein), the consummation by the Contributors of the contribution of the Interests (as that term is defined in the Omnibus Contribution Agreement) or compliance by the Contributors with any of the provisions of the Omnibus Contribution Agreement will (i) conflict with or result in any breach of any provisions of any of the Entity Agreements; (ii) result in a violation or breach of, or constitute (with or without due notice

or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which any Entity is a party or by which any Entity may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to any Partnership or its property; except in the case of clauses (ii) or (iii) above, for violations, breaches or defaults that would not in the aggregate have a material adverse effect on the business or financial condition of any Entity and that will not impair the effectiveness of the contributions pursuant to the Omnibus Contribution Agreement and, except in the case of clauses (i), (ii) and (iii) above, for which waivers or consents have been obtained on or prior to the date hereof.

1.2. Compliance with Entity Agreements and Contracts. None of the Entities are (i) in violation of its Entity Agreements or (ii) to the knowledge of the Contributor, in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease, partnership agreement, joint venture or other instrument or agreement to which the Entity is a party or by which the Entity or its assets are or may be bound, except for a default which would not have a material adverse effect on the business or financial condition of the Entity.

1.3. Title. Each Entity owns marketable, legal and beneficial title to the Property owned by it subject to the leases described on Schedule 1.4 (the "Leases") and the matters set forth on Schedule 1.3 (the "Permitted Exceptions").

1.4. Leases. With respect to each Property, the Leases, are the only leases, licenses, tenancies, possession agreements and occupancy agreements affecting that Property on the date hereof in which that Entity holds the lessor's, licensor's or grantor's interest thereunder and there are no other leases, licenses, tenancies, possession agreements or occupancy agreements affecting the Property (other than subleases, licenses, tenancies or other possession or occupancy agreements which may have been entered into by the tenants, or their predecessors in interest, under such Leases); a true and complete copy of all such Leases have been made available to the Operating Partnership; such Leases,

are in full force and, except as indicated otherwise on Schedule 1.4, the Entities, as lessor under such Leases, has not received any notice that it is in default of any of its obligations under such Leases beyond any applicable grace period which has not been cured; fixed rent and additional rent are being billed to the tenants in accordance with the schedule set forth on Schedule 1.4; no tenant is entitled to "free" rent, rent concessions, rebates, rent abatements, set-offs, or offsets against rent except as set forth in the Lease with such tenant and no tenant claims a right to any of the foregoing, except as set forth on Schedule 1.4; except as set forth on Schedule 1.4, the Entities has received no written notice that any tenant contests its pro rata shares of tax increases as required by its Lease or that any tenant contests its pr rata shares of tax increases as required by its Lease or that any tenant contests any rent, escalation or other charges billed to it; no assignment of the Entities' rights under any Lease is in effect on the date hereof other than collateral assignments to secure mortgage indebtedness; and, except as set forth on Schedule 1.4, with respect to any Leases entered into by the Entities, no brokerage commissions will be due upon the failure of any tenant to exercise any cancellation right granted in its Lease or upon any extension or renewal of such Leases.

1.5. Tax Bills. The copies of the real property tax bills for each Property for the current tax year which have been furnished to the Operating Partnership are true and correct copies of all of the tax bills for such tax year actually received by the Entities or the Entities' agents for the Property.

1.6. Employees and Contracts. There are no (a) employees of any Entity, nor (b) service or maintenance contracts affecting any Property which are not cancelable upon thirty (30) days notice or less or which are for a contract amount greater than $50,000 per annum, except as shown on Schedule 1.6; all persons who regularly perform services at any Property are employees of the Service Companies, or other independent contractors; true and correct copies of the service, supply, utility or maintenance agreements relating to any Property (the "Service Contracts") have been delivered to the Operating Partnership and the same are in full force and effect and have not been modified or amended.

1.7. Governmental Proceedings. There is no governmental action or governmental proceeding (zoning or

otherwise) or governmental investigation pending or threatened in writing against or relating to any Property or the transactions contemplated by this Agreement other than tax certiorari proceedings which have been commenced by an Entity.

1.8. No Agreements. Except as set forth in the partnership or operating agreements of the Entities or as set forth on Schedule 1.8, other than the Leases, no Property is subject to any outstanding agreement of sale or lease, option to purchase or other right of any third party to acquire any interest therein.

1.9. Litigation. Except as set forth in Section 1.7 or on Schedule 1.9 and except for actions covered (less any deductibles thereunder) by the policies of insurance described in Section 1.18, there is no litigation or proceedings pending against any Entity or with respect to any Entity or any Entity's interest therein (including, but not limited to, landlord-tenant proceedings). Neither any Entity nor any Property is subject to any order, judgment, injunction or decree of any court, tribunal or other governmental, regulatory or other authority or body, that individually or collectively would have a material adverse effect on the business or financial condition of the Entity or the business, financial or other condition of the Property.

1.10. Violations. To the knowledge of the Contributors, the only violations of law or municipal ordinances, orders or requirements noted in or issued by the department of buildings, fire, labor, health or other Federal, State, County, City, Town or other departments and governmental agencies having jurisdiction against or affecting any Property ("Violations") against or affecting any Property on the date hereof are set forth on Schedule 1.10.

1.11. Hazardous Substances. To the knowledge of the Contributors, no Hazardous Substances (hereinafter defined) exist or have been disposed of in, on or under any Property other than (i) as described in the reports listed on Schedule 1.11 hereof, or (ii) Hazardous Substances the presence of which is not prohibited by any applicable law, or which have been addressed in accordance with applicable law, (iii) Hazardous Substances which are commonly used by owners in the day to day operation and maintenance of office buildings and by tenants in the day to day conduct of their businesses. As used herein, "Hazardous

Substances" shall mean any toxic, radioactive or otherwise hazardous material, substance or waste the presence, use or handling of which is prohibited, limited or regulated by any applicable Federal, New York State or New York City law rule, ordinance or regulation.

1.12. Capital Improvements; Condition of Property. To the knowledge of the Contributors, there is no material defect in the condition of any Property, the improvements thereon, the structural elements thereof, or the mechanical systems therein, nor any material damage from uninsured casualty or other cause, nor any soil condition of any such Property that will not support all of the improvements thereon without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations, except for (i) any such defect, damage or condition that has been corrected or will be corrected in the ordinary course of the business of such Property as part of its scheduled annual maintenance and improvements program and (ii) as described in the reports listed on Schedule 1.12 hereof.

1.13. Debt. As of the date hereof, each Property is subject to mortgage debt (the "Mortgage Debt") in the approximate outstanding principal balance set forth on Schedule 1.13. To the knowledge of the Contributors, except as set forth on Schedule 1.13, there exists no default with respect to any Mortgage Debt that has not been cured. No Entity has received any notice of such a default.

1.14. Financial Statements. The combined financial statements included in the Registration Statement or Form S-11 of the Company with respect to certain of the Entities (the "Financial Statements") have been prepared from the books and records of such Entities in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods specified. The balance sheets in the Financial Statements fairly present the financial condition of such Entities as of the dates shown, and the income statements in the Financial Statements fairly present the results of operations for the periods indicated.

1.15. Financial Condition. Since the date of the Financial Statements and except as set forth on Schedule 1.15, there has been no material adverse change in the business or financial condition of any Entity or any Property.

1.16. Permits. To the knowledge of the Contributors, each Entity has all permits as are necessary for the ownership, use and operation of the Property, except for such permits for which the failure to possess would not have a material adverse effect on the business or financial condition of the Entities and except for such permits as are required to be obtained by tenants pursuant to the terms of the Leases. To the knowledge of the Contributors, each Entity is not in violation of any permit in any material respect.

1.17. Taxes. (a) all taxes or information returns required to be filed on or before the date hereof by or on behalf of the partnerships have been filed through the date hereof in accordance with all applicable laws; (b) there is no action, suit or proceeding pending against, or with respect to, any Entity or any Property for any tax, nor has any claim for additional tax been asserted by any authority; and (c) except as set forth on Schedule 1.17, all taxes (including any related penalties, interest and additional amounts) imposed upon any Entity and required to be reflected upon a return required to be filed (without regard to any applicable extensions) on or before the date hereof have been paid or will be paid on or before the date hereof.

1.18. Insurance. Each Entity currently has in place public liability, casualty and other insurance coverage with respect to its Property in customary amounts for projects similar to the Properties in the markets in which such Properties are located, and in all cases in compliance with the Mortgage Debt. Each of such policies is in full force and effect, and all premiums due and payable thereunder have been fully paid when due. No notice of cancellation has been received or to the knowledge of the Contributors threatened with respect thereto.

2. Representations and Warranties with Respect to the Service Businesses. The Indemnitors hereby represent and warrant to the Company and the Operating Partnership with respect to the Service Businesses, as follows:

2.1. Title to Transferred Assets. To the knowledge of the Indemnitors, the applicable Indemnitor has good and valid title to the Service Businesses. To the knowledge of the Indemnitors, the Service Businesses are not subject to any imperfections in title, liens, encumbrances, pledges, claims,

chargers, options, defects, preferential purchase rights, or other encumbrances (collectively referred to herein as "Liens") except for liens which are not material in character, amount, or extent and do not materially detract from the value or interfere with the operation of the Service Businesses ("Permitted Liens").

2.2. Management Agreements, etc. Annexed hereto as Schedule 2.2 are the only agreements pursuant to which the Service Companies provide management and/or leasing services with respect to any property (the "Management Agreements"). Each of the Management Agreements is valid and binding on the applicable Service Company and is in full force and effect in all material respects. Except as set forth in Schedule 2.2, neither the Service Companies nor, to the knowledge of the applicable Service Company, any other party thereto has breached or defaulted under the terms of any of the Management Agreements, except for such breaches or defaults that would not have a material adverse effect on the Transactions or the Service Businesses. A true and correct copy of each of the Management Agreements has been delivered to or made available to the Operating Partnership.

2.3. Permits. To the knowledge of the applicable Service Company, each Service Company has all permits as are necessary for the ownership, use and operation of its Service Business, except for such permits for which the failure to possess would not have a material adverse effect on such Service Business. To the knowledge of the applicable Service Company, such Service Company is not in violation of any such permit in any material respect.

2.4. Litigation. Except as set forth in Schedule 2.4 hereto, there are no claims, actions, suits, proceedings or investigations pending or, to the knowledge of the applicable Service Company, threatened against such Service Company, or any properties or rights of such Service Company, before any court or administrative, governmental or regulatory authority or body, domestic or foreign, that would have a material adverse effect on the Service Businesses. Neither the Service Companies nor the Service Businesses are subject to any order, judgment, injunction or decree of any court, tribunal or other governmental authority (other than generally applicable laws, rules and regulations) that would have a material adverse effect on the Service Businesses.

2.5. Compliance with Laws. [Except as set forth in Schedule 2.5 hereto,] the Service Companies have not received any written or other actual notice from any governmental authority having jurisdiction over the Service Companies of any violation of any applicable regulation or ordinance, or of andy employment or other regulatory law, order, regulation or requirement relating to the Service Businesses that remains uncured, and, to the knowledge of the applicable Service Company, there are no such violations that, individually or in the aggregate, would have a material adverse effect on the Service Businesses.

2.6. Insurance. The Service Companies have insurance coverage with respect to the Service Businesses as is appropriate to the nature of the business. Each of such policies is in full force and effect, and all premiums due and payable thereunder have been fully paid when due.

3. Additional Representations and Warranties with Respect to the Indemnitors. The Indemnitors hereby represent and warrant to the Company and the Operating Partnership, as follows:

3.1. Authority Relative to this Agreement. All action of the Indemnitors necessary to authorize the execution, delivery and performance of this Agreement by the Indemnitors has been taken, and no other proceedings on the part of the Indemnitors are necessary to authorize the execution and delivery by the Indemnitors of this Agreement and the consummation by the Indemnitors of the transactions hereunder.

Neither the execution and delivery of this Agreement by the Indemnitors nor compliance by the Indemnitors with any of the provisions of this Agreement will (i) result in a violation or breach of, or constitute with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which an Indemnitor is a party or by which an Indemnitor may be bound, or (ii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to an Indemnitor, except for violations, breaches or defaults that would not in the aggregate have a material adverse effect on the business or financial condition of the Indemnitors or the obligations of the Indemnitors hereunder

and, except for which waivers or consents have been obtained on or prior to the date hereof.

3.2. Binding Obligations. This Agreement has been duly and validly executed and delivered by the Indemnitors and constitutes a valid and binding agreement of the Indemnitors, enforceable against the Indemnitors in accordance with its terms, except as such enforcement may be subject to bankruptcy, conservatorship, receivership, insolvency, moratorium or similar laws affecting creditors' rights generally and to general principles of equity.

4. Indemnity; Limitations on Liability. Subject to the terms hereof, the Indemnitors hereby agree to indemnify and hold harmless the Company and the Operating Partnership from any damage, expense, loss, cost, claim or liability (each a "Claim") suffered or incurred by the Company or the Operating Partnership as a result of any inaccuracy in any representation or warranty contained in Sections 1, 2 and 3 herein. Notwithstanding anything to the contrary contained herein, (a) the liability of the Indemnitors shall hereunder be joint and several and (b) the maximum liability of the Indemnitors collectively shall not exceed $20,000,000 and shall be satisfied exclusively from, and recourse of the Company and the Operating Partnership shall be limited exclusively to, the rights of the Indemnitors to the Units pledged by the Indemnitors pursuant to a Pledge Agreement (the "Pledge Agreement") in the form of Exhibit A attached hereto. The Indemnitors shall not have any personal liability to the Company or the Operating Partnership under the terms of this Agreement and the Indemnitors shall not have any liability resulting from any Claims or other assertion of liability under this Agreement unless and until such damages shall exceed in the aggregate $250,000. The liability of the Indemnitors hereunder is expressly limited to the actual out-of-pocket expenses, damages, losses, costs or liabilities suffered or incurred by the Company or the Operating Partnership (after application of any insurance proceeds (including, without limitation, reasonable attorney's fees and expenses and other costs incurred in defending any claims) as a result of a breach by an Indemnitor of any of the representations and warranties set forth in Sections 1, 2 or 3 hereof and with respect to which a claim is made in accordance with Section 5 hereof, and the Indemnitors shall not be liable to the Company or the Operating Partnership under this Agreement for any indirect, special, consequential, loss of

profits, loss of value or other similar speculative damages asserted or claimed by the Company or the Operating Partnership.

5. Survival. It is the express intention and agreement of the parties hereto that the representations and warranties of the Indemnitors set forth in this Agreement. Shall survive the consummation of the Transactions for the period ending one (1) year from the date hereof and shall expire and be terminated and extinguished forever at such time, except with respect to claims asserted against the Indemnitors in good faith pursuant hereto by written notice from the Company, the Operating Partnership or the Services Company to the indemnitor at any time within the one (1) year period following the date hereof. Any written notice given within such one (1) year period must set forth the nature and details of the claim with specificity in order to constitute a valid notice pursuant to the preceding sentence.

6. Pledge of Units by Indemnitors. As security for the full and timely performance of their obligations hereunder, the Indemnitors shall execute and deliver the Pledge Agreement and make the deliveries and perform the obligations required thereunder.

7. Miscellaneous.

7.1. Notices. All notices, demands, requests or other communications which may be or are required to be given or made by the Indemnitors or by the Company or the Operating Partnership pursuant to this Agreement shall be in writing and shall be hand delivered or transmitted by certified mail, express overnight mail or delivery service, telegram, telex or facsimile transmission to the parties at the following addresses:

If to an Indemnitor: c/o SL Green Realty Corp.
70 West 36th Street
New York, NY 10018

With a copy to:	Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel 153 East 53rd Street New York, New York 10022 Attn: Robert J. Ivanhoe, Esq.
If to the Operating Partnership or the Company, to:	SL Green Operating Partnership, L.P. 70 West 36th Street New York, NY 10018
With a copy to:	Brown & Wood LLP One World Trade Center New York, New York 10048-5300 Attn: Douglas A. Sgarro, Esq.

or such other address as the addressee may indicate by written notice to the other parties.

Each notice, demand, request or communication which shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is deliver ed to the addressee (with the delivery receipt, the affidavit of a messenger or (with respect to a telex) the answer back being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

7.2. Benefit and Assignment. No party hereto shall assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of the Indemnitors (if the assignor is the Operating Partnership, the Company or the Service Companies) or the Operating Partnership, the Company and the Service Companies (if the assignor is the Indemnitors), which consent shall not be unreasonably withheld; and any purported assignment contrary to the terms hereof shall be null, void and of no force and effect.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors

and assigns as permitted hereunder. No person or entity other than the parties hereto is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder.

7.3. Entire Agreement; Amendment. This Agreement, the Pledge Agreement and the Schedules hereto contain s the final and entire agreement between the parties hereto with respect to the subject matter hereof and is intended to be an integration of all prior negotiations and understandings. The parties of this Agreement shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, relating to the subject matter hereof not contained or referred to herein or therein. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

7.4. No Waiver. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

7.5. Governing Law. This Agreement, the rights and obligations of the parties hereto and any claims or disputes relating thereto shall be governed by and construed under the laws of the State of New York (but not including the choice of law rules thereof).

7.6. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement, or caused this Agreement to be duly executed and delivered on its behalf as of the date first above written.

_____
STEPHEN L. GREEN

HIPPOMENES ASSOCIATES, LLC

By: _____

64-36 REALTY ASSOCIATES

By: _____

673 FIRST ASSOCIATES L.P.

By: _____

GREEN 6TH AVENUE ASSOCIATES, L.P.

By: _____

[S.L. GREEN REALTY, INC.]

By: _____

S.L. GREEN PROPERTIES, INC.

By: _____

EBG MIDTOWN SOUTH CORP.

By: _____

SL GREEN OPERATING PARTNERSHIP, L.P.

By: _____

SL GREEN REALTY CORP.

By: _____

Exhibit 10.11

Unit/Cash Contract

CONTRACT OF SALE

BETWEEN

SL GREEN OPERATING PARTNERSHIP, L.P.
(In Formation)

AND

29/35 REALTY ASSOCIATES, L.P.

Dated as of June 5, 1997

TABLE OF CONTENTS

CONTRACT OF SALE

This Contract of Sale (the "CONTRACT") is executed as of the 5th day of June, 1997 by SL Green Operating Partnership, L.P. (the "OPERATING PARTNERSHIP"), a Delaware limited partnership in formation, and 29/35 Realty Associates, L.P., a New York limited partnership (the "SELLER").

WHEREAS, in connection with the consolidation of its commercial real estate business, S.L. Green Realty, Inc. intends to form a Maryland corporation (the "REIT") that will be the sole general partner and a limited partner of the Operating Partnership and to effect an initial public offering (the "IPO") of the REIT's shares of common stock ("COMMON STOCK");

WHEREAS, it is intended that, upon consummation of the IPO, the Operating Partnership will acquire interests in certain office properties including, without limitation, 29 West 35th Street, New York, New York (which is the Land and Building defined below), as well as interests in the property construction, management and leasing businesses currently conducted by Emerald City Construction Corp., a New York corporation, SL Green Management Corp., a New York corporation and S.L. Green Realty, Inc., a New York corporation;

WHEREAS, it is further understood that the Operating Partnership may acquire interests in additional office properties located in New York, New York;

WHEREAS, the Operating Partnership desires to acquire from the Seller and the Seller (upon the receipt of the Consideration) desires to convey to the Operating Partnership under the terms and conditions set forth herein, (a) the parcel of land more particularly described on EXHIBIT A (the "LAND"); (b) all buildings and improvements situated on the Land (collectively, the "BUILDING"); (c) all right, title and interest of Seller, if any, in and to any strips and gores of land adjoining the Land and the land lying in the bed of any street or highway in front of or adjoining the Land to the center line thereof, to any unpaid insurance proceeds (as may be contemplated under Section 1.4 below) and to any unpaid award for any taking by condemnation or any damage to the Land by reason of a change of grade of any street or highway hereafter occurring; (d) the appurtenances and all the estate and rights of Seller in and to the Land and Building; and (e) all right, title and interest of Seller, if any, in and to the fixtures, equipment and other personal property attached or appurtenant to, or used in connection with, the Building (the "PERSONAL PROPERTY"); (f) Seller's interest in all leases, licenses and other agreements covering space in the Building and further described on EXHIBIT B (collectively, the "LEASES") and the interest of the landlord under the Leases

arising from and after the Final Closing, together with the security deposit made to the landlord by the tenant or other occupants thereunder to the extent remaining at the time of Final Closing; and (g) Seller's interest in all other assignable service, maintenance and other agreements and all other assignable permits necessary for the operation of the Building (collectively, the "PREMISES"). The Premises are located at or known as 29 West 35th Street, New York, New York;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Operating Partnership and the Seller agree as follows:

ARTICLE I. CONTRIBUTION TERMS AND CLOSING PROCEDURES

1.1 ACQUISITION OF INTERESTS. At the Final Closing (as defined below), Seller shall, subject to Section 1.4 hereof, transfer, assign, and convey to the Operating Partnership and the Operating Partnership shall acquire and accept from Seller, all right, title and interest of Seller in the Premises, free and clear of all Encumbrances (as defined below) except Permitted Encumbrances (as defined below), and the Operating Partnership shall pay or deliver, as applicable, to Seller the Consideration (as defined below), both in accordance with and subject to this Contract and all pertinent provisions hereof.

1.2 TERM OF AGREEMENT. If the IPO Closing (as defined below) and/or the Final Closing (as defined below) do not occur by March 31, 1998 (the "TERMINATION DATE"), time being of the essence, this Contract shall be deemed terminated and shall be of no further force and effect and neither the Operating Partnership nor the Seller shall have any further obligations hereunder except as specifically set forth herein, and except, further, if the IPO Closing occurs by March 31, 1998 but, through no default of the Seller hereunder, the Final Closing does not occur, Seller shall have the right to specifically enforce this Contract.

1.3 CONSIDERATION. The full consideration for the Premises (the "CONSIDERATION") shall be payable as set forth in EXHIBIT C, subject to the terms and provisions of Article IV hereof providing for adjustments to the Consideration based on closing adjustments. As used herein, the term "UNITS" means units of limited partnership interest in the Operating Partnership.

1.4 CLOSING; CONDITION TO OBLIGATIONS. In connection with its acquisition of the Premises, the Operating Partnership will notify the Seller of a closing date, which date will be no earlier than five (5) business days after such notification and no later than March 10, 1998 (fifteen (15) business days prior to

the Termination Date), for the initial closing (the "INITIAL CLOSING") of the acquisition contemplated by this Contract. At or before the Initial Closing, which shall be held at the offices of Brown & Wood LLP, One World Trade Center, New York, New York 10048 or such other place located in New York City as is determined by the Operating Partnership in its sole discretion at a time specified by the Operating Partnership in its sole discretion, the Operating Partnership and the Seller will execute all closing documents (the "CLOSING DOCUMENTS") required by this Agreement in accordance with Section 1.5 hereof and deposit the same in escrow with Brown & Wood LLP, New York, New York, as escrow agent of the Operating Partnership (the "CLOSING AGENT"), the terms of such escrow to be reasonably satisfactory to the Seller and the Operating Partnership.

The transactions contemplated by this Contract and by the Closing Documents executed and deposited in connection with such transactions will be consummated at the Final Closing (as defined below) only if the closing of the IPO (the "IPO CLOSING") is consummated by the earlier of (a) fifteen (15) business days after the date of the Initial Closing and (b) the Termination Date. If the IPO Closing occurs by such date:

(a) The Operating Partnership shall, contemporaneously with the IPO Closing, (x) cause to be delivered to the Closing Agent (i) an assumption (the "ASSUMPTION AGREEMENT") of the Existing Mortgage (as defined in EXHIBIT C hereof) and (ii) a certificate of the General Partner of the Operating Partnership certifying that the Seller has been or will be, effective upon the Final Closing (as hereinafter defined), admitted as a limited partner of the Operating Partnership and that the Operating Partnership's books and records indicate or will indicate that the Seller is the holder of the number of Units which are called for pursuant to the Consideration as adjusted pursuant to the provisions hereof, including, without limitation, Article IV hereof and (y) pay to the Seller the cash portion of the Consideration, as adjusted pursuant to the provisions hereof, set forth in clause (b) of EXHIBIT C;

(b) upon receipt of the Consideration set forth in subclause (x) of clause (a) above and confirmation by the Closing Agent that the cash portion of the Consideration set forth in subclause (y) of clause (a) above has been wired to the Seller, the Closing Agent will

release the Closing Documents to the Operating Partnership and/or the Seller as contemplated by the escrow agreement with the Closing Agent and/or this Contract and deliver to the Seller the Assumption Agreement and, if requested by the Seller, a copy of such General Partner's certificate referred to is subclause (x) of clause (a) above; and

(c) the transactions described or otherwise contemplated herein or in the Closing Documents will thereupon be deemed to have been consummated simultaneously with the IPO Closing (such consummation, the "FINAL CLOSING").

Notwithstanding the above, in the event that the Seller specifies, in the documents to be delivered pursuant to Section 1.5(b) hereof, a breach of or other exception with respect to Article 2 hereof or has otherwise materially breached this Contract, the Operating Partnership may, in its sole discretion and as for its sole right, remedy and privilege in such circumstance, elect either to waive such breach or other exception and complete the acquisition of the Premises or not to complete the acquisition of the Premises, in which latter case the Operating Partnership shall, in lieu of the delivery pursuant to clause (a) above, notify the Closing Agent of such election and direct the Closing Agent to return the Closing Documents and Ancillary Agreements (as defined below) to the Seller and thereafter no party shall have any further liability hereunder.

The risk of loss to the Building and Personal Property prior to the Final Closing shall be borne by the Seller. If, prior to the Final Closing, a material portion of the Building and Personal Property shall be destroyed or damaged by fire or other casualty, then this Contract may, at the option of the Operating Partnership, to be exercised within 15 days after any such occurrence, be terminated. If, after the occurrence of any such casualty, this Contract is not so terminated, the Operating Partnership shall, subject to the provisions of this Contract, (a) purchase the Premises and (b) direct the Seller to pay or cause to be paid to the Operating Partnership (subject to the rights of the holder of the Existing Mortgage) any sums collected under any policies of insurance because of damage due to such casualty not utilized in restoring and or repairing the damage caused by any such occurrence and otherwise assign, without recourse, to the Operating Partnership all rights to collect such sums as may then be uncollected; provided, however, that the Seller shall not adjust or settle any insurance claim without the Operating Partnership's prior consent, not to be unreasonably withheld or delayed. As used herein "a material portion of the

Building and Personal Property" shall mean that (a) the cost of repair or restoration to the Building or Personal Property is reasonably estimated by the Operating Partnership to be in excess of five hundred thousand dollars ($500,000) or (b) more than twenty-five percent of the Building and the Personal Property, collectively, is damaged or destroyed

If the IPO Closing does not occur by the earlier of (a) fifteen (15) business days after the date of the Initial Closing and (b) the Termination Date, then, except as set forth in Section 1.8 hereof, neither party shall have any obligations under the Closing Documents or under any agreements or instruments executed in connection with the transactions contemplated hereunder or thereunder (such other agreements or instruments, collectively, "ANCILLARY AGREEMENTS"), this Contract, the Closing Documents and the Ancillary Agreements shall be deemed null and void AB INITIO and the Closing Agent will be, and is hereby, directed to (a) destroy the Closing Documents and any Ancillary Agreement it holds, (b) give notice to the Seller of such destruction and (c) return to the Operating Partnership the Consideration, if any, delivered by the Operating Partnership to the Closing Agent.

1.5 DOCUMENTS TO BE DELIVERED AT CLOSING BY THE SELLER. At the Initial Closing, the Seller shall execute, acknowledge where deemed desirable or necessary by the Operating Partnership, and deliver to the Closing Agent, in addition to any other documents mentioned elsewhere herein, the following:

(a) statutory form of bargain and sale deed without covenants against grantor's acts (the "ASSIGNMENT") which shall convey good and marketable title in and to the Land and Building free and clear of all Encumbrances, except, where applicable, for the Permitted Encumbrances (acceptance of the Assignment by the Operating Partnership shall be deemed full performance and compliance by the Seller of its obligations under this Contract and thereafter the Seller shall have no further liability or obligations hereunder except to the extent otherwise expressly provided);

(b) a reaffirmation of warranties which shall either (i) reaffirm the accuracy of all representations and warranties and the satisfaction of all covenants made by the Seller in Article II hereof or (ii) if such reaffirmation cannot be made, identify those representations, warranties and covenants of Article II hereof (other than Section 2.5 hereof) with respect to which circumstances have changed, represent that the Seller has used all reasonable efforts within its control to prevent and remedy such breach (it being understood, however, that Seller will not be required to spend any money or institute any proceedings in such regard), and reaffirm the accuracy of all

other representations and warranties and the satisfaction of all other covenants made by the Seller in Article II hereof;

(c)any other documents reasonably requested by the Operating Partnership or reasonably necessary to effectuate the transactions contemplated hereby;

(d) the consent from the holder of the Existing Mortgage to the sale contemplated herein and the assumption of the Existing Mortgage by the Operating Partnership a copy of which is attached hereto as Exhibit G;

(e) an affirmation that the amendment to the Seller's agreement of limited partnership in the form attached hereto as Exhibit F has been executed together with a photocopy of such executed amendment);

(f) a schedule of all cash security deposits and a check or credit to the Operating Partnership in the amount of such security deposits, including any interest thereon (less any sums to be retained by Seller pursuant to Section 4.4 hereof), held by the Seller on the date of the Final Closing under the Leases or, if held by a commercial bank, savings bank or other institution, an assignment to the Operating Partnership and written instructions to the holder of such deposits to transfer the same to the Operating Partnership, and appropriate instruments of transfer or assignment with respect to any Lease security deposits which are other than cash;

(g) if requested by the Operating Partnership, a schedule setting forth all arrears in rents and all prepayments of rents;

(h) if requested by the Operating Partnership, an original of all service maintenance and other agreements to be transferred to the Operating Partnership;

(i) an assignment to the Operating Partnership of all of the interest of the Seller in the Leases and in those service, maintenance and other agreements to be transferred to the Operating Partnership in the form set forth as Exhibit H attached hereto;

(j) if requested by the Operating Partnership, an original of all Leases;

(k) if requested by the Operating Partnership, to the extent they are then in Seller's possession and not posted at the Building, certificates, licenses, permits, authorizations and approvals issued for or with respect to the Premises by governmental and quasi-governmental authorities having jurisdiction over the Premises;

(l) all applicable real property transfer tax returns executed by Seller (which shall be countersigned, if required, by the Operating Partnership;

(m) if requested by the Operating Partnership, to the extent they are then in Seller's possession, copies of all Building and tenant files and records;

(n) if requested by the Operating Partnership, an original letter, executed by the Seller or by its agent, advising the tenants of the sale of the Building to the Operating Partnership and directing that rents and other payments thereafter be sent to the Operating Partnership or as the Operating Partnership may direct;

(o) an affidavit to the Operating Partnership signed by the Seller under penalties of perjury, which contains: (a) the Seller's name; (b) Seller's U.S. Taxpayer Identification Number; (c) the Seller's business address; (d) a statement that the Seller is not a "foreign person" within the meaning of Internal Revenue Code Sections 1445 and 7701, that is, the Seller is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined under the Internal Revenue Code and regulations promulgated thereunder;

(p) if requested by the Operating Partnership, a closing statement setting forth all prorations, credits and adjustments required hereunder;

(q) if requested by the Operating Partnership, notices from the Seller to each of the parties under the service, maintenance and other agreements which are being sold to the Operating Partnership notifying them of the sale of the Premises to the Operating Partnership;

(r) an assignment of all Seller's right, title and interest in escrow deposits for real estate taxes, insurance premiums and other amounts, if any, then held by the holder of the Existing Mortgage; and

(s) if requested by the Operating Partnership, notice(s) to the holder of the Existing Mortgage, executed by the Seller or by its agent, advising of the sale of the Premises to the Operating Partnership and directing that future bills and other correspondence should thereafter be sent to the Operating Partnership or as the Operating Partnership may direct.

1.6 CESSATION OF IPO. If at any time the Operating Partnership or the underwriter or underwriters determine in good faith to abandon the formation of the REIT or the IPO or that the IPO Closing will not occur on or prior to the Termination Date

(the date of such determination being referred to as the "CESSATION DATE"), the Operating Partnership will so advise the Seller in writing and thereupon each party hereto will be relieved of all obligations under this Contract, all Ancillary Agreements, and all Closing Documents (except for obligations arising under Sections 1.7, 2.5 and 3.2 hereof).

1.7 CLOSING COSTS. The Operating Partnership agrees to pay (and to hold the Seller harmless therefrom) all of the closing costs, other than the Seller's legal and advisory fees, arising from the transfer of the Premises pursuant to the provisions of this Contract including, without limitation any applicable transfer, gains and sales taxes and any transfer fee due in connection with the assumption of the Existing Mortgage by the Operating Partnership.

1.8 DEFAULT. (a) If, after notifying the Seller of a date for the Initial Closing, the Operating Partnership fails to close (including a failure due to the IPO Closing not occurring), then the Operating Partnership will pay to the Seller the sum of $100.00 as liquidated and agreed-upon damages. It would be difficult, if not impossible, to ascertain the actual measure of the Seller's damages in the event of the Operating Partnership's default and the parties agree that $100.00 is a fair reflection of the Seller's damages in the event of the Operating Partnership's default; provided, however, if, after notifying the Seller of a date for the Initial Closing, (i) the Operating Partnership fails to close and (ii) the IPO Closing does occur and (iii) the Seller has not defaulted with respect to its obligations under this Contract, the Seller shall be entitled to its right to specific performance, including payment of the Consideration, but not to any monetary damages except as specifically set forth in this Section 1.8(a).

(b) If the Seller defaults with respect to its obligations under this Contract, the Operating Partnership shall be entitled to exercise against the Seller any and all remedies provided at law or in equity (except as otherwise provided in this Contract), including but not limited to, the right to specific performance; provided, however, if the Seller is unable to perform its obligations under this Contract and such inability to perform did not result from an act or failure to act of the Seller which occurred after the date hereof, this Contract shall be terminated and neither the Seller nor the Operating Partnership shall have any obligations under this Contract (except for obligations arising under Section 1.7, 2.5 and 3.2 hereof). In any event, the Seller shall not be required to spend any money or institute any proceedings in order to perform hereunder, except under circumstances where the Seller wilfully, intentionally or negligently restricted its ability to perform hereunder.

1.9 FURTHER ASSURANCES. The Seller will, from time to time, execute and deliver to the Operating Partnership all such other and further instruments and documents and take or cause to be taken all such other and further action as the Operating Partnership may reasonably request in order to effect the transactions contemplated by this Contract, including instruments or documents deemed necessary or desirable by the Operating Partnership to effect and evidence the conveyance of the Premises in accordance with the terms of this Contract. The provisions of this Section 1.9 shall survive the Final Closing for the period of three (3) months.

1.10 AFFIRMATION OF THE OPERATING PARTNERSHIP REPRESENTATIONS. At the Initial Closing, the Operating Partnership shall execute and deliver to the Closing Agent a reaffirmation of warranties which shall either (i) reaffirm the accuracy of all representations and warranties made by the Operating Partnership in Article III hereof or (ii) if such reaffirmation cannot be made, identify those representations and warranties of Article III hereof (other than Section 3.2 hereof) with respect to which circumstances have changed, represent that the Operating Partnership has used all reasonable efforts within its control to prevent and remedy such breach, and reaffirm the accuracy of all other representations and warranties made by the Operating Partnership in Article III hereof; provided, however, that the Operating Partnership may forego deliverance of the items set forth in clauses (i) and (ii) above, in which event, all of the representations and warranties of the Operating Partnership contained in Article III hereof shall be deemed reaffirmed as of the date of the Initial Closing.

1.11 DOCUMENTS TO BE DELIVERED AT CLOSING BY THE OPERATING PARTNERSHIP. At the Initial Closing, Operating Partnership shall execute, acknowledge where deemed desirable or necessary by the Seller, in addition to any other documents mentioned elsewhere herein an assumption (with indemnity) of (a) the Leases and all obligations thereunder first occurring after the date of the IPO Closing together with the security deposits held in connection therewith and (b) all service, maintenance and other agreements and permits which constitute part of the Premises, in each case only to the extent actually transferred to the Operating Partnership in connection with the sale of the Premises.

ARTICLE II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER

As a material inducement to the Operating Partnership to enter into this Contract and to consummate the transactions contemplated hereby, the Seller hereby makes to the Operating Partnership each of the representations and warranties set forth in this Article II, which representations and warranties (unless otherwise noted) are true as of the date hereof. As a condition to the Operating Partnership's obligation to complete the acquisition of the Premises, such representations and warranties must continue to be true as of the date of the Initial Closing and as of the date of the Final Closing; provided, however, in the event that such representation and warranties were true when initially made but are not true as of the date of the Initial Closing and as of the date of the Final Closing, and Seller has complied with the provisions of Section 1.5(b)(ii) hereof, no default shall exist hereunder, but the Operating Partnership may, in its sole and absolute discretion, and as its sole remedy under such circumstances, terminate this Contract in which event each party hereto will be relieved of all obligations under this Contract, all Ancillary Agreements and all Closing Documents (except obligations arising under Sections 1.7, 2.5 or 3.2 hereof).

2.1 TITLE TO INTERESTS. The Seller owns the Premises beneficially and of record, and to its knowledge free and clear of any claim, lien, pledge, voting agreement, option, charge, security interest, mortgage, deed of trust, encumbrance, rights of assignment, purchase rights or other rights of any nature whatsoever (collectively, "ENCUMBRANCES"), except as disclosed as exceptions in a title report for the Premises, dated on or after April 4, 1997, and as set forth on EXHIBIT D attached hereto (any such encumbrance, a "PERMITTED ENCUMBRANCE"), and has full power and authority to convey the Premises to the Operating Partnership free and clear of any Encumbrance except the Permitted Encumbrances. While this Contract is in effect in accordance with the provisions hereof, Seller will not consent to join in or in any way effect the transfer of the Premises prior to the Final Closing. At the Final Closing, if so requested, the managing general partner of the Seller on its own behalf, but not on the behalf of or for the account of the Seller, will execute all documents reasonably necessary to enable a title insurance company (acceptable to the Operating Partnership, in its sole discretion) to issue to the Operating Partnership (at the Operating Partnership's expense) an ALTA Form B (1987 or later) Owner's Policy and such endorsements as the Operating Partnership may reasonably request, insuring fee simple title subject only to Permitted Encumbrances to all real property and improvements comprising all or any part of the Premises to the Operating Partnership.

2.2 AUTHORITY. The Seller has full right, authority, power and capacity: (a) to enter into this Contract and each agreement, document and instrument to be executed and delivered by or on behalf of the Seller pursuant to this Contract; (b) to carry out the transactions contemplated hereby and thereby; and (c) to transfer, convey, assign and deliver all of the Seller's, right, title and interest in the Premises to the Operating Partnership upon delivery to the Seller of the Consideration therefor in accordance with this Contract.

2.3 LITIGATION. To the best knowledge of the Seller, there is no litigation or proceeding (except tax certiori proceedings), either judicial or administrative, pending or, overtly threatened, affecting all or any portion of the Premises or the Seller's ability to consummate the transactions contemplated hereby. The Seller knows of no outstanding order, writ, injunction or decree of any court, government, governmental entity or authority or arbitration against or affecting all or any portion of the Premises or the Seller, which in any such case would impair the Seller's ability to enter into and perform all of its obligations under this Contract.

2.4 NO OTHER AGREEMENTS TO SELL. The Seller has not made any agreement with, and until such time, if any, as this Contract is terminated, will not enter into any agreement with, and has no obligation (absolute or contingent) to, any person or firm other than the Operating Partnership to sell, transfer or in any way encumber (except for Permitted Encumbrances) the Premises or to sell the Premises; provided, however, that the foregoing shall not preclude the Seller from entering into and or extending, amending or modifying space leases for portions of the Building in accordance with the provisions of Section 2.9 hereof.

2.5 NO BROKERS. The Seller has not entered into, and covenants that it will not enter into, any agreement, arrangement or understanding with any person or firm which will result in the obligation of the Operating Partnership to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby and the Seller shall indemnify and hold harmless the Operating Partnership for all costs and expenses incurred by the Operating Partnership as a result of a breach of this representation. The provisions of this Section 2.5 shall survive termination of this Contract.

2.6 INVESTMENT REPRESENTATIONS AND WARRANTIES. (a) Pursuant to and subject to the Seller's Limited Partnership Agreement, as amended, it is contemplated that the Units to be issued to the Seller at the Closing are to be distributed to S.L. Green Properties, Inc. and the limited partners are to receive, as a distribution, the Consideration set forth in clause (b) of Exhibit C, as adjusted pursuant to the provisions of this Contract, including, without limitation, the provisions of

Article IV hereof. Upon the issuance of Units to the Seller pursuant to this Contract, and so long as the Seller holds any such Units, the Seller shall be subject to, and shall (in the capacity as a holder of such Units) be bound by, the terms and provisions of the agreement of limited partnership of the Operating Partnership (in substantially the form attached hereto as EXHIBIT E) (the "PARTNERSHIP AGREEMENT"), including the terms of the power of attorney contained in Section 15.11 thereof, as the Partnership Agreement may be amended from time in accordance with its terms; provided, however, that, anything in this Contract, in the Partnership Agreement or in any other agreement to the contrary notwithstanding, Seller may distribute any or all Units issued to it pursuant to this Contract to S.L. Green Properties, Inc. or any affiliate thereof.

(b) Seller warrants that it satisfies the definition of "accredited investor" specified in Rule 501(a)(3) under the Securities Act of 1933, as amended.

2.7 FIRPTA REPRESENTATION. The Seller is not a "foreign person" within the meaning of Section 1145 of the Internal Revenue Code of 1986, as amended.

2.8 COVENANT TO REMEDY BREACHES. Subject, nevertheless, to the understanding that the Seller will not have to spend money or institute litigation as herein otherwise provided, the Seller covenants to use all reasonable efforts within its control (a) to prevent the breach of any representation or warranty of the Seller hereunder, (b) to satisfy all covenants of the Seller hereunder and (c) to promptly use reasonable efforts to cure any breach of a representation, warranty or covenant of the Seller hereunder upon its learning of same.

2.9 OPERATION OF PREMISES. The Seller shall operate the Premises from the date hereof through and including the Final Closing in a manner consistent with that in which the Seller operates the Premises as of the date hereof and shall maintain or cause to be maintained all existing insurance carried by the Seller relating to the Premises. During the pendency of this Contract, the Seller may enter into new leases or agreements relative to the Premises and/or amend, modify or extend existing leases or agreements.

2.10 FURTHER ASSURANCES. The Operating Partnership will, from time to time, execute and deliver to the Seller all such other and further instruments and documents and take or cause to be taken all such other and further action as the Seller may reasonably request in order to effect the transactions contemplated by this Contract. The provisions of this Section shall survive the Final Closing for the period of three (3) months.

ARTICLE III. REPRESENTATIONS, WARRANTIES AND COVENANTS OF OPERATING PARTNERSHIP

As a material inducement to the Seller to enter into this Contract and to consummate the transactions contemplated hereby, the Operating Partnership hereby makes to the Seller each of the representations and warranties set forth in this Article III, which representations and warranties shall be true as of the date hereof, as of the date of the Initial Closing and as of the date of consummation of the Final Closing.

3.1 AUTHORITY. The Operating Partnership will be duly formed prior to the Initial Closing has full right, authority, power and capacity: (a) to enter into this Contract and each agreement, document and instrument to be executed and delivered by or on behalf of it pursuant to this Contract; (b) to carry out the transactions contemplated hereby and thereby; and (c) to issue Units and/or pay cash to the Seller to the extent called for in accordance with the terms of this Contract. This Contract and each agreement, document and instrument executed and delivered by the Operating Partnership pursuant to this Contract constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of the Operating Partnership, each enforceable in accordance with their respective terms. The execution, delivery and performance of this Contract and each such agreement, document and instrument by the Operating Partnership: (a) does not and will not violate the Partnership Agreement; (b) does not and will not violate any foreign, federal, state and local or other laws applicable to Operating Partnership or require the Operating Partnership to obtain any approval, consent or waiver of, or make any filing with, any person or authority (governmental or otherwise) that has not been obtained or made; and (c) does not and will not result in a breach of, constitute a default under, accelerate any obligation under or give rise to a right of termination of, any indenture or loan or credit agreement or any other agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which the Operating Partnership is a party or by which the property of the Operating Partnership is bound or affected. If the IPO Closing occurs, the Operating Partnership covenants to fulfill its obligations under this Contract.

3.2 NO BROKERS. The Operating Partnership represents that it has not entered into, and covenants that will not enter into, any agreement, arrangement or understanding with any person or firm which will result in the obligation of the Seller to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby and the Operating Partnership shall indemnify and hold harmless the Seller for all costs and expenses incurred by the Seller as a

result of a breach of this representation. The provisions of this Section 3.2 shall survive termination of this Contract.

ARTICLE IV. CLOSING ADJUSTMENTS

4.1 PRORATIONS. The Operating Partnership and the Seller shall make the prorations set forth below, and make payment with respect to such prorations as appropriate.

(a) TAXES. Real property taxes and general and special assessments, water and sewer rents, tap charges, and business improvements district charges upon the Premises shall be adjusted and prorated as of the date of the Final Closing on the basis of the fiscal year for such taxes and assessments (the "TAX YEAR"). If the Final Closing shall occur before the real property tax rate for the Tax Year is fixed, the apportionment of taxes shall be made on the basis of the taxes assessed for the preceding Tax Year. After the real property taxes are finally fixed for the Tax Year in which the Final Closing occurs, the Operating Partnership and the Seller shall make a recalculation of the apportionment of such taxes, and the Operating Partnership or the Seller, as the case may be, shall make an appropriate payment to the other based on such recalculation. To the extent that either the Seller or the Operating Partnership shall obtain any real estate tax abatement, reduction, refund or incentive with respect to the Premises, the amount of the net proceeds of such tax abatement, reduction, refund or incentive shall be prorated through the date of the Final Closing if, as, and when such proceeds are paid or credited by the applicable governmental taxing authority (it being understood that to the extent any tenant demising space in the Premises owned by such Seller shall be entitled to any portion of such tax abatement, that such portion shall be turned over to the Operating Partnership to remit to such tenant and shall be deducted from any tax abatement, reduction, refund or incentive proceeds in connection with calculating the net proceeds thereof).

(b) RENTS. Rents, additional rents, including electricity charges, operating expense recoveries, and tax reimbursements under the Leases (collectively, "RENTS") shall be adjusted and prorated as of the date of the Final Closing. Rents collected after the date of the Final Closing from tenants whose rental was delinquent on the date of the Final Closing shall be deemed trust funds to apply first to current rents due at the time of payment and second to past due rents accruing after the Final Closing and last to the rents which were past due on the date of the Final Closing. Unpaid and past due rents to which the Seller is entitled shall be promptly paid over to the Seller as and when collected by the Operating Partnership after the date of the Final Closing, less any reasonable collection costs actually incurred by the Operating Partnership.

(c) PREPAYMENTS. Any prepayment made by or on behalf of the Seller under any service, maintenance, management, consulting, or similar contracts shall be adjusted and prorated as of the date of the Final Closing. In the event that the holder of the Existing Mortgage has escrowed or otherwise received any sums for taxes or insurance premiums, such sums shall be adjusted and prorated as of the date of the Final Closing. Unapplied escrows or deposits with the holder of the Existing Mortgage shall be reimbursed to Seller by the Operating Partnership at Final Closing.

(d) EXPENSES. Charges and assessments for sewer and water and other utilities, including charges for consumption of electricity, steam and gas not payable by tenants under the leases (unless the Operating Partnership elects to have final meter readings made as of the Final Closing in which event the adjustment shall be made based on such meter readings); current operating expenses, including, without limitation, obligations under any service, maintenance, management, consulting, or similar contracts; payroll and related expenses (including all benefits and vacation and sick days); license and permit fees relating to the operation of the Premises; insurance and bond premiums; and any other charges incident to the ownership, use and/or occupancy of the Premises shall be adjusted and prorated as of the date of the Final Closing.

(e) INTEREST ON EXISTING MORTGAGE. Interest on the Existing Mortgage shall be adjusted and prorated as of the date of the Final Closing.

(f) FUEL AND MAINTENANCE SUPPLIES STORED ON SITE. The costs of fuel and maintenance supplies stored on site shall be adjusted and prorated as of the date of the Final Closing.

(g) RELETTING EXPENSES FOR NEW LEASES. Customary reletting expenses (including, without limitation, brokerage commissions, tenant improvements and moving expenses paid by Seller) for Leases entered into after the date hereof and prior to the Final Closing shall be adjusted and prorated over the base term of the applicable Lease and based upon prices in effect on or immediately prior to the date of the Final Closing.

4.2 INTENTIONALLY OMITTED.

4.3 ACCOUNTS RECEIVABLE. The Seller shall retain all accounts receivable and other income items other than Rents which are attributable to periods prior to the date of the Final Closing. The Seller shall deliver to the Operating Partnership at the Final Closing a schedule of all such unpaid accounts receivable and other income items as of the date of the Final Closing. All such accounts receivable and other income items collected by or for the Operating Partnership after the date of

the Final Closing which are attributable to periods prior to the date of the Final Closing shall be promptly remitted to the order of the Seller or as the Seller directs. Except for sums actually received by the Operating Partnership pursuant to the immediately preceding sentence, the Operating Partnership shall assume no obligation to collect or enforce the payment of any amounts that may be due to the Seller, except that the Operating Partnership shall render reasonable assistance, at no expense to the Operating Partnership, to the Seller after the Final Closing in the event the Seller proceeds against any third-party to collect any accounts receivable or other income items due the Seller.

4.4 SECURITY DEPOSITS. An amount equal to all tenant security deposits and, subject to the proviso below, interest thereon, if any, and any other amounts due tenants with respect to such security deposits shall be paid over to the Operating Partnership at the Final Closing; provided, however, that the Seller may to the extent that the lessor under any of the Leases is entitled under the terms of such Leases to retain any portion of the interest on such security deposits, retain a portion of the interest accrued on such security deposits, if any, up to an amount not to exceed one percent (1%) of any such security deposits.

4.5 TIMING OF CALCULATIONS; COOPERATION. The Seller and the Operating Partnership agree to use reasonable efforts to reconcile, prorate, and adjust all of the foregoing items upon Final Closing and, in all events, within ninety (90) days after the date of the Final Closing, to adjust and prorate such prorations and adjustments. In the event any adjustments or prorations made pursuant to this Contract are, subsequent to Final Closing, found to be erroneous, then either party hereto who is entitled to additional amounts shall invoice the other party for such additional amounts as may be owing, and such amounts shall be paid promptly by the other party upon receipt of invoice. Such invoice shall be accompanied by reasonable substantiating evidence.

4.6 ALLOCATION OF ADJUSTMENTS. All adjustments contemplated by this Article IV shall survive the Final Closing for a period of one (1) year and shall, to the extent practicable, be made by adjusting (either up or down) the portion of the Consideration set forth in clause (b) of EXHIBIT C by an amount equal to 78.5% of such total adjustment and by adjusting (either up or down) the portion of the Consideration set forth in clause (a) of EXHIBIT C by an amount equal to 21.5% of such total adjustment.

ARTICLE V. INTENTIONALLY OMITTED

ARTICLE VI. MISCELLANEOUS

6.1 AMENDMENT. Any amendment hereto shall be effective only against those parties hereto who have acknowledged in writing their consent to such amendment. No waiver of any provisions of this Contract shall be valid unless in writing and signed by the party against whom enforcement is sought.

6.2 ENTIRE AGREEMENT; COUNTERPARTS; APPLICABLE LAW. This Contract and all Ancillary Agreements (a) constitute the entire agreement and supersede conflicting provisions set forth in all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, (b) may be executed in several counterparts, each of which will be deemed an original and all of which shall constitute one and the same instrument and (c) shall be governed in all respects, including validity, interpretation and effect, by the internal laws of the State of New York without giving effect to the conflict of law provisions thereof.

6.3 ASSIGNABILITY. This Contract shall be binding upon, and shall be enforceable by and inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns; provided, however, that this Contract may not be assigned (except by operation of law) by any party without the prior written consent of the other parties, and any attempted assignment without such consent shall be void and of no effect.

6.4 TITLES. The titles and captions of the Articles, Sections and paragraphs of this Contract are included for convenience of reference only and shall have no effect on the construction or meaning of this Contract.

6.5 THIRD PARTY BENEFICIARY. No provision of this Contract is intended, nor shall it be interpreted, to provide or create any third party beneficiary rights or any other rights of any kind in any customer, affiliate, stockholder, partner, member, director, officer or employee of any party hereto or any other person or entity, provided, however, that Sections 5.3 and 6.3 of this Contract shall be enforceable by and shall inure to the benefit of the persons described therein.

6.6 SEVERABILITY. If any provision of this Contract, or the application thereof, is for any reason held to any extent to be invalid or unenforceable, the remainder of this Contract and application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Contract with a valid and

enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision and to execute any amendment, consent or agreement mutually deemed necessary or desirable to effect such replacement.

6.7 EQUITABLE REMEDIES. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Contract were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Contract and to enforce specifically the terms and provisions hereof in any federal or state court located in New York (as to which the parties agree to submit to jurisdiction for the purposes of such action), this being in addition to any other remedy to which they are entitled under this Contract or otherwise at law or in equity. However, if this provision conflicts with any other provision of this Contract that otherwise limits the Seller's liability under this Contract, such other provision shall control.

6.8 ATTORNEYS' FEES. In connection with any litigation or a court proceeding arising out of this Contract, the prevailing party shall be entitled to recover all costs incurred, including reasonable attorneys' fees and legal assistants' fees and costs whether incurred prior to trial, at trial, or on appeal.

6.9 NOTICES. Any notice or demand which must or may be given under this Contract or by law shall, except as otherwise provided, be in writing and shall be deemed to have been given (a) when physically received by personal delivery (which shall include the confirmed receipt of a telecopied facsimile transmission), or (b) three (3) business days after being deposited in the United States certified or registered mail, return receipt requested, postage prepaid, or (c) one (1) business day after being deposited with a nationally known commercial courier service providing next day delivery service (such as Federal Express); addressed and delivered or telecopied in the case of a notice to the Operating Partnership at the following address and telecopy number:

SL Green Operating Partnership, L.P.
70 West 36th Street
New York, New York 10018
Attention: Stephen L. Green
Phone: 212-594-2700
Telecopy: 212-594-2262

with copies to:

Brown & Wood LLP
One World Trade Center
New York, New York 10048
Attention: David J. Weinberger
Phone: 212-839-5300
Telecopy: 212-839-5599

Greenberg, Traurig, Hoffman,
Lipoff, Rosen & Quental
153 East 53rd Street
35th Floor
New York, New York 10022
Attention: Robert J. Ivanhoe
Phone: 212-801-9200
Telecopy: 212-223-7161

and addressed and delivered or telecopied, in the case of a notice to the Seller, at the address and telecopy number set forth under the Seller's name in the signature page hereof with a copy thereof to Kramer, Levin, Naftalis & Frankel, 919 Third Avenue, New York, New York 10022, Attention: Michael Paul Korotkin, Telecopy: 212-715-8000.

6.10 AS IS. The Operating Partnership has inspected the Premises and is fully familiar with the physical condition and state of repair thereof, and the leases, the Personal Property and other agreements to which the Operating Partnership shall take the Premises subject to upon the Final Closing and it has independently investigated, analyzed and appraised the value and potential profitability thereof and has done all things it deemed necessary and appropriate therefor without reliance on the Seller. The Operating Partnership acknowledges that it has inspected the Premises and shall accept the Premises "as is" and in their present condition, subject to any and all defects therein (latent or otherwise) and to reasonable use, wear and tear between the date of this Contract and the date of the Final Closing without any reduction in the Consideration by reason thereof subsequent to the date of this Contract and that except as specifically set forth herein, the Seller makes no representations or warranties with respect to the Premises or otherwise.

6.11 CONFIDENTIALITY. All press releases or other public communications of any kind relating to the IPO or the transactions contemplated herein, and the method and timing of release for publication thereof, will be subject to the prior written approval of the Operating Partnership.

6.12 COMPUTATION OF TIME. Any time period provided for herein which shall end on a Saturday, Sunday or legal holiday shall extend to 5:00 p.m. of the next full business day. All times are Eastern Time.

6.13 SURVIVAL. It is the express intention and agreement of the parties hereto that the representations, warranties and covenants of the Seller set forth in this Contract shall survive the consummation of the transactions contemplated hereby for 3 months; provided that, the representations and warranties set forth in Section 2.6 of this Contract shall not survive the distribution of the Units by the Seller to S.L. Green Properties, Inc.

6.14 TIME OF THE ESSENCE. Time is of the essence with respect to all obligations under this Contract.

6.15NO RECORDATION. Neither this Contract nor any memorandum thereof may be recorded in any public real estate records.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto has executed this Contract, or caused this Contract to be duly executed on its behalf, as of the date first written above.

SL GREEN OPERATING PARTNERSHIP, L.P.,
(In Formation)

By: SL GREEN REALTY Inc., Sponsor

By: /s/ Stephen L. Green

Name: Stephen L. Green
Title: President

29/35 REALTY ASSOCIATES, L.P., Seller

By: S.L. Green Properties, Inc.,
a general partner

By: /s/ Stephen L. Green

Name: Stephen L. Green
Title: Chairman

By: 29 W. 35th Realty Corp., a general partner

By: /s/ Harvey L. Friedman

Name: Harvey L. Friedman
Title: President

Address of Seller:
70 West 36th Street
New York, New York 10018
Telephone/Facsimile Numbers:
212-594-2700/212-594-2262

EXHIBIT A

DESCRIPTION OF LAND

EXHIBIT B

SCHEDULE OF LEASES

EXHIBIT C

CONSIDERATION

The Consideration to be paid by the Operating Partnership to the Seller for the Premises is Six Million and No/100 Dollars ($6,000,000.00) to be payable as follows:

(a) Units* having an aggregate value equal to Six Hundred Forty-three Thousand Three Hundred Eighty-seven and 50/100 Dollars ($643,387.50);

(b) Two Million Three Hundred Forty-nine Thousand One Hundred Twelve and 50/100 Dollars ($2,349,112.50) in federal wire funds to an account to be designated by Seller not less than two (2) business days prior to the Initial Closing; and

(c) Three Million Seven Thousand Five Hundred No/100 Dollars ($3,007,500.00) by taking title subject to that certain first mortgage loan in the outstanding principal balance of $3,007,500 held by Local America Bank of Tulsa, a Federal Savings Bank (the "EXISTING MORTGAGE").

The amounts specified in clause (c) above are approximate. If at the Final Closing the principal amount of the Existing Mortgage, as reduced by payments required thereunder prior to the Final Closing, is less than the principal amount of the Existing Mortgage as specified in clause (c) above, a portion of the difference equal to 21.5% of the total sum of such difference shall be added to the portion of the Consideration paid pursuant to clause (a) above and a portion of the difference equal to 78.5% of the total sum of such difference shall be added to the portion of the Consideration to be paid pursuant to clause (b) above. If at the Final Closing the principal amount of the Existing Mortgage, is greater than the principal amount of the Existing Mortgage as specified in clause (c) above, a portion of the difference equal to 21.5% of the total sum of such difference shall be subtracted from the portion of the Consideration paid pursuant to clause (a) above and a portion of the difference equal to 78.5% of the total sum of such difference shall be subtracted from the portion of the Consideration to be paid pursuant to clause (b) above.

* Each Unit will be valued for these purposes at the initial public offering price of a share of Common Stock.

EXHIBIT D

PERMITTED ENCUMBRANCES

1) The Existing Mortgage

2) Any state of facts on accurate survey of the Premises would disclose.

3) All matters set forth in Certificate of Title #135NYNY 21011-7 issued by First American Title Insurance Company of New York in respect of the Premises, as same may be brought down to the date of this Contract.

4) Leases and Tenancies affecting the Premises.

5) Violations affecting the Premises or conditions which, if noted, would be violations.

6) Zoning regulations and ordinances now or hereafter affecting the Premises, consents by Seller or any former owner of the Premises for the erection of any structure or structures on, under or above any street or streets on which the Premises may abut; encroachments of any kind by the Premises or any part thereof upon adjoining property or over any street, and encroachments by/from adjoining property over the Premises; variations, if any, of record lines and tax lots, revocability or lack of right to maintain vaults, chutes, excavations or sub-surface equipment beyond the lines of the Premises; rights of utilities to lay, maintain, install or repair pipes, lines, poles, conduits, cable boxes or related equipment on, over and under the Premises.

EXHIBIT E

Operating Partnership Agreement

EXHIBIT F

Amendment to Seller's Partnership Agreement

EXHIBIT G

Consent to Assumption of Existing Mortgage

EXHIBIT H

ASSIGNMENT AND ASSUMPTION OF LEASES AND SERVICE CONTRACTS

Agreement made as of this ___ day of _____ 199__, by and between _____ , a _____ having an address at _____ ("Assignor") and _____ a _____ having an address at _____ ("Assignee").

RECITALS

WHEREAS, Assignor is the holder of the landlord's interest under those certain leases more particularly set forth on EXHIBIT A hereto (collectively the "Lease") relating to property and interests more particularly therein described, and commonly known as _____ (the "Property").

WHEREAS, Assignor is a party to those certain contracts and agreements relating to the property more particularly set forth on EXHIBIT B hereto (the "Service Contracts").

WHEREAS, Assignor, as owner of the Property, may be the beneficiary of all warranties (the "Warranties"), licenses (the "Licenses"), certificates, (the "Certificates) and permits (the "Permits") relating to the Property.

WHEREAS, by Contract of Sale dated as of _____, and as heretofore modified (the "Contract"), Assignor agreed, INTER ALIA, to assign (a) the Lease subject to the terms and conditions of the Lease, together with the security deposit and any interest thereon held pursuant to the Lease and (b) the Service Contracts, the Warranties, the Licenses, the Certificates and the Permits to Assignee and Assignee agreed to assume Assignor's obligations thereunder.

AGREEMENTS

NOW THEREFORE, in consideration of the promises and conditions contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

(i) Assignor hereby assigns to Assignee, without warranty, representation or recourse, all of its right, title and interest in, to and under (a) the Lease and to the security deposit and any interest accrued thereon held by landlord pursuant to the Lease (less 1% administrator's fee that may have been deducted therefrom), (b) the Service Contracts, (c) the Warranties, (d) the Licenses, (e) the Certificates and (f) the Permits.

(ii) Assignee hereby assumes the Lease and all of landlord's obligations under (a) the Lease and (b) the Service Contracts arising after the date hereof, and Assignee agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, damages, liabilities and expenses, including, without limitation, reasonable attorney's fees, imposed upon or incurred by Assignor by reason of Assignee's failure to perform any obligations under the Lease or the Service Contracts arising from and after the date of this Agreement.

(iii) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors in interest and assigns.

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

ASSIGNOR:

By: _____

ASSIGNEE:

By: _____

Exhibit 10.12

CONTRACT OF SALE

BETWEEN

SL GREEN OPERATING PARTNERSHIP, L.P.
(In Formation)

AND

470 PARK SOUTH ASSOCIATES, L.P.

Dated as of May 20, 1997

TABLE OF CONTENTS

CONTRACT OF SALE

This Contract of Sale (the "CONTRACT") is executed as of the 20th day of May, 1997 by SL Green Operating Partnership, L.P. (the "OPERATING PARTNERSHIP"), a Delaware limited partnership in formation, and 470 Park South Associates, L.P., a Delaware limited partnership (the "SELLER").

WHEREAS, in connection with the consolidation of its commercial real estate business, S.L. Green Realty, Inc. intends to form a Maryland corporation (the "REIT") that will be the sole general partner and a limited partner of the Operating Partnership and to effect an initial public offering (the "IPO") of the REIT's shares of common stock ("COMMON STOCK");

WHEREAS, it is intended that, upon consummation of the IPO, the Operating Partnership will acquire interests in certain office properties including, without limitation, 470 Park Avenue South, New York, New York, as well as interests in the property construction, management and leasing businesses currently conducted by Emerald City Construction Corp., a New York corporation, SL Green Management Corp., a New York corporation and S.L. Green Realty, Inc., a New York corporation;

WHEREAS, it is further understood that the Operating Partnership may acquire interests in additional office properties located in New York, New York;

WHEREAS, the Operating Partnership desires to acquire from the Seller and the Seller desires to convey to the Operating Partnership under the terms and conditions set forth herein, (a) the parcel of land more particularly described on EXHIBIT A (the "LAND"); (b) all buildings and improvements situated on the Land (collectively, the "BUILDING"); (c) all right, title and interest of Seller, if any, in and to any strips and gores of land adjoining the Land and the land lying in the bed of any street or highway in front of or adjoining the Land to the center line thereof, to any unpaid insurance proceeds and to any unpaid award for any taking by condemnation or any damage to the Land by reason of a change of grade of any street or highway; (d) the appurtenances and all the estate and rights of Seller in and to the Land and Building; and (e) all right, title and interest of Seller, if any, in and to the fixtures, equipment and other personal property attached or appurtenant to, or used in connection with, the Building (the "PERSONAL PROPERTY"); (f) all leases, licenses and other agreements covering space in the Building and further described on EXHIBIT B (collectively, the "LEASES") and the interest of the landlord under the Leases, together with the security deposit made to the landlord by the tenant or other occupants thereunder; and (g) all

other assignable service, maintenance and other agreements and all other assignable permits necessary for the operation of the Building (collectively, the "PREMISES"). The Premises are located at or known as 470 Park Avenue South, New York, New York;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Operating Partnership and the Seller agree as follows:

ARTICLE I. CONTRIBUTION TERMS AND CLOSING PROCEDURES

1.1 ACQUISITION OF INTERESTS. At the Final Closing (as defined below), Seller shall, subject to Section 1.4 hereof, transfer, assign, and convey to the Operating Partnership and the Operating Partnership shall acquire and accept from Seller, all right, title and interest of Seller in the Premises, free and clear of all Encumbrances (as defined below) except Permitted Encumbrances (as defined below), and the Operating Partnership shall deliver to Seller the Consideration (as defined below), both in accordance with this Contract.

1.2 TERM OF AGREEMENT. If the IPO Closing (as defined below) does not occur by March 31, 1998 (the "TERMINATION DATE"), this Contract shall be deemed terminated and shall be of no further force and effect and neither the Operating Partnership nor the Seller shall have any further obligations hereunder except as specifically set forth herein.

1.3 CONSIDERATION. The full consideration for the Premises (the "CONSIDERATION") shall be payable as set forth in EXHIBIT C, subject to the terms and provisions of Article IV hereof providing for adjustments to the Consideration based on closing adjustments. As used herein, the term "UNITS" means units of limited partnership interest in the Operating Partnership.

1.4 CLOSING; CONDITION TO OBLIGATIONS. In connection with its acquisition of the Premises, the Operating Partnership will notify the Seller of a closing date, which date will be no earlier than five (5) business days after such notification and no later than March 10, 1998 (fifteen (15) business days prior to the Termination Date), for the initial closing (the "INITIAL CLOSING") of the acquisition contemplated by this Contract. At or before the Initial Closing, which shall be held at the offices of Brown & Wood LLP, One World Trade Center, New York, New York 10048 or such other place as is determined by the Operating Partnership in its sole discretion at a time specified by the Operating Partnership in its sole discretion, the Operating Partnership and the Seller will execute all closing documents (the "CLOSING DOCUMENTS") required by the Operating Partnership in accordance with Section 1.5 hereof and deposit the same in

escrow with Brown & Wood LLP, New York, New York, as escrow agent of the Operating Partnership (the "CLOSING AGENT").

The transactions contemplated by this Contract and by the Closing Documents executed and deposited in connection with such transactions will be consummated at the Final Closing (as defined below) only if the closing of the IPO (the "IPO CLOSING") is consummated by the earlier of (a) fifteen (15) business days after the date of the Initial Closing and (b) the Termination Date. If the IPO Closing occurs by such date:

(a) The Operating Partnership shall, contemporaneously with the IPO Closing, cause to be delivered to the Closing Agent with respect to the Seller (i) an assumption (the "ASSUMPTION AGREEMENT") of the Existing Mortgages (as defined in EXHIBIT C hereof), and (ii) a certificate of the General Partner of the Operating Partnership certifying that the Seller has been or will be, effective upon the Final Closing (as hereinafter defined), admitted as a limited partner of the Operating Partnership and that the Operating Partnership's books and records indicate or will indicate that the Seller is the holder of the number of Units which are called for pursuant to the Consideration as adjusted pursuant to Article IV hereof;

(b) upon receipt of the Consideration set forth in clause (a) above, the Closing Agent will release the Closing Documents to the Operating Partnership and deliver to the Seller the Assumption Agreement and, if requested by the Seller, a copy of such General Partner's certificate; and

(c) the transactions described or otherwise contemplated herein or in the Closing Documents will thereupon be deemed to have been consummated simultaneously with the IPO Closing (such consummation, the "FINAL CLOSING").

Notwithstanding the above, the Operating Partnership may, in its sole discretion, elect not to complete the acquisition of the Premises only in the event that the Seller specifies, in the documents to be delivered pursuant to Section 1.5(a)(ii) hereof, a breach of or other exception with respect to Article 2 hereof or has otherwise materially breached this Contract, in which case the Operating Partnership shall, in lieu of the delivery pursuant to clause (a) above, notify the Closing Agent of such election

and direct the Closing Agent to return the Closing Documents and Ancillary Agreements (as defined below) to the Seller.

The risk of loss to the Premises prior to the Final Closing shall be borne by the Seller. If, prior to the Final Closing, the Premises shall be destroyed or damaged by fire or other casualty, then this Contract may, at the option of the Operating Partnership, be terminated. If, after the occurrence of any such casualty, this Contract is not so terminated, the Operating Partnership may elect to (a) purchase the Premises and (b) direct the Seller to pay or cause to be paid to the Operating Partnership any sums collected under any policies of insurance because of damage due to such casualty and otherwise assign to the Operating Partnership all rights to collect such sums as may then be uncollected; provided, however, that the Seller shall not adjust or settle any insurance claim without the Operating Partnership's prior consent, not to be unreasonably withheld or delayed. Under such circumstances, the Consideration payable in Units upon such purchase shall be reduced by the amount of any deductibles under the applicable insurance policies.

If the IPO Closing does not occur by the earlier of (a) fifteen (15) business days after the date of the Initial Closing and (b) the Termination Date, then, except as set forth in Section 1.8 hereof, neither party shall have any obligations under the Closing Documents or under any agreements or instruments executed in connection with the transactions contemplated hereunder or thereunder (such other agreements or instruments, collectively, "ANCILLARY AGREEMENTS"), this Contract, the Closing Documents and the Ancillary Agreements shall be deemed null and void AB INITIO and the Closing Agent will be, and is hereby, directed to destroy the Closing Documents and any Ancillary Agreement it holds and return to the Operating Partnership the Consideration, if any, delivered by the Operating Partnership to the Closing Agent.

1.5 DOCUMENTS TO BE DELIVERED AT CLOSING. (a) At the Initial Closing, the Seller shall, directly or through the attorney-in-fact appointed pursuant to Article V hereof, execute, acknowledge where deemed desirable or necessary by the Operating Partnership, and deliver to the Closing Agent, in addition to any other documents mentioned elsewhere herein, the following:

(i) statutory form of bargain and sale deed with covenants against grantor's acts (the "ASSIGNMENT") which shall be in form and substance satisfactory to the Operating Partnership which shall convey good and marketable title in and to the Premises free and clear of all Encumbrances, except, where applicable, for the Permitted Encumbrances;

(ii) a reaffirmation of warranties which shall either (x) reaffirm the accuracy of all representations and

warranties and the satisfaction of all covenants made by the Seller in Article II hereof or (y) if such reaffirmation cannot be made, identify those representations, warranties and covenants of Article II hereof (other than Section 2.5 hereof) with respect to which circumstances have changed, represent that the Seller has used all reasonable efforts within its control to prevent and remedy such breach, and reaffirm the accuracy of all other representations and warranties and the satisfaction of all other covenants made by the Seller in Article II hereof;

(iii)any other documents reasonably requested by the Operating Partnership or reasonably necessary or desirable to assign, transfer and convey the Premises and effectuate the transactions contemplated hereby, including, without limitation, deeds, assignments of ground leases and the Leases (as applicable), New York City and New York State transfer tax and gains tax returns and any other filings with any applicable governmental jurisdiction in which the Operating Partnership is required to file its partnership documentation or the recording of the Assignment is required; and

(iv) an agreement executed by the holder of the Lowe Mortgage (as defined in EXHIBIT C hereof), in form and substance reasonably acceptable to the Operating Partnership, in which such holder agrees to satisfy all of the obligations secured by the Lowe Mortgage in consideration of a payment not to exceed $12,000,000.00.

(b) At the Initial Closing, the Operating Partnership shall execute and deliver to the Closing Agent an agreement executed by the Operating Partnership, which may be relied upon by the holder of the Lowe Mortgage, to satisfy, within one business day of the IPO Closing, the Lowe Mortgage for an amount not to exceed $12,000,000.00.

1.6 CESSATION OF IPO. If at any time the Operating Partnership or the underwriter or underwriters determine in good faith to abandon the formation of the REIT or the IPO (the date of such determination being referred to as the "CESSATION DATE"), the Operating Partnership will so advise the Seller in writing and thereupon each party hereto will be relieved of all obligations under this Contract, all Ancillary Agreements, and all Closing Documents (except for obligations arising under Sections 1.7, 2.5 and 3.2 hereof).

1.7 CLOSING COSTS. The Operating Partnership agrees to pay all of the closing costs, other than Seller's legal and advisory fees, arising from the transfer of the Premises pursuant to the provisions of this Contract other than any applicable real property transfer taxes which shall be paid by Seller at Final Closing.

1.8 DEFAULT. (a) If, after notifying the Seller of a date for the Initial Closing, the Operating Partnership fails to close (including a failure due to the IPO Closing not occurring), then the Operating Partnership will pay to the Seller the sum of $100.00 as liquidated and agreed-upon damages. It would be difficult, if not impossible, to ascertain the actual measure of the Seller's damages in the event of the Operating Partnership's default and the parties agree that $100.00 is a fair reflection of the Seller's damages in the event of the Operating Partnership's default.

(b) If the Seller defaults with respect to its obligations under this Contract, the Operating Partnership shall be entitled to exercise against the Seller any and all remedies provided at law or in equity, including but not limited to, the right to specific performance.

1.9 FURTHER ASSURANCES. The Seller will, from time to time, execute and deliver to the Operating Partnership all such other and further instruments and documents and take or cause to be taken all such other and further action as the Operating Partnership may reasonably request in order to effect the transactions contemplated by this Contract, including instruments or documents deemed necessary or desirable by the Operating Partnership to effect and evidence the conveyance of the Premises in accordance with the terms of this Contract. The provisions of this Section 1.9 shall survive the Final Closing.

ARTICLE II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER

As a material inducement to the Operating Partnership to enter into this Contract and to consummate the transactions contemplated hereby, the Seller hereby makes to the Operating Partnership each of the representations and warranties set forth in this Article III, which representations and warranties (unless otherwise noted) are true as of the date hereof. As a condition to the Operating Partnership's obligation to complete the acquisition of the Premises, such representations and warranties must continue to be true as of the date of the Initial Closing and as of the date of the Final Closing; provided, however, in the event that such representation and warranties were true when initially made but are not true as of the date of the Initial Closing and as of the date of the Final Closing, and Seller has complied with the provisions of Section 1.5(b)(ii) hereof, no default shall exist hereunder, but the Operating Partnership may, in its sole and absolute discretion, terminate this Contract in which event each party hereto will be relieved of all obligations under this Contract, all Ancillary Agreements and all Closing Documents (except obligations arising under Sections 1.7, 2.5 or 3.2 hereof).

2.1 TITLE TO INTERESTS. The Seller owns the Premises beneficially and of record, free and clear of any claim, lien, pledge, voting agreement, option, charge, security interest, mortgage, deed of trust, encumbrance, rights of assignment, purchase rights or other rights of any nature whatsoever (collectively, "ENCUMBRANCES"), except as set forth on EXHIBIT D attached hereto (any such encumbrance, a "PERMITTED ENCUMBRANCE"), and has full power and authority to convey free and clear of any Encumbrances (except, where applicable, the Permitted Encumbrances), the Premises and, upon delivery of any Assignment by the Seller conveying title to the Premises and delivery of the Consideration for such conveyance as herein provided, the Operating Partnership will acquire good, marketable and valid fee title thereto, free and clear of any Encumbrance except Encumbrances created in favor of the Operating Partnership by the transactions contemplated hereby and, where applicable, the Permitted Encumbrances. Seller will not consent to join in or in any way effect the transfer of the Premises prior to the Final Closing. At the Final Closing, if so requested, the Seller will execute all documents necessary to enable a title insurance company (acceptable to the Operating Partnership, in its sole discretion) to issue to the Operating Partnership an ALTA Form B (1987 or later) Owner's Policy and such endorsements as the Operating Partnership may reasonably request, insuring fee simple title to all real property and improvements comprising all or any part of the Premises to the Operating Partnership; provided that the Seller's cost of complying with this requirement shall be limited to ten percent of the gross Consideration to be received by the Seller, which amount shall be deducted from the Consideration at the Final Closing. The Seller covenants and warrants that no Encumbrance on the Premises (except, where applicable, the Permitted Encumbrances) will be in existence as of the date of the Final Closing.

2.2 AUTHORITY. The Seller has full right, authority, power and capacity: (a) to enter into this Contract and each agreement, document and instrument to be executed and delivered by or on behalf of the Seller pursuant to this Contract; (b) to carry out the transactions contemplated hereby and thereby; and (c) to transfer, convey, assign and deliver all of the Seller's, right, title and interest in the Premises to the Operating Partnership upon delivery to the Seller of the Consideration therefor in accordance with this Contract. This Contract and each agreement, document and instrument executed and delivered by or on behalf of the Seller pursuant to this Contract constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of the Seller, each enforceable in accordance with their respective terms. Except for any breaches, violations or defaults which will be waived or cured prior to the Initial Closing and all loans, indentures, creditor agreements or other agreements which will be discharged or repaid prior to or contemporaneously with the IPO Closing, the execution, delivery

and performance of this Contract and each such agreement, document and instrument by or on behalf of the Seller: (a) does not and will not violate the Seller's partnership agreement, operating agreement, declaration of trust, charter or bylaws, as applicable, or other organizational documentation; (b) does not and will not violate any foreign, federal, state, local or other laws applicable to or binding on the Seller or the Premises or require the Seller to obtain any approval, consent or waiver of, or make any filing with, any person or authority (governmental or otherwise) that has not been obtained or made or which does not remain in effect; and (c) does not and will not result in a breach of, constitute a default under, accelerate any obligation under or give rise to a right of termination of, any indenture or loan or credit agreement or any other agreement, contract, instrument, mortgage, lien, obligation, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which the Seller is a party or bound or by which the property of the Seller is bound or affected, or result in the creation of any Encumbrance on the Premises.

2.3 LITIGATION. There is no litigation or proceeding, either judicial or administrative, pending or overtly threatened, affecting all or any portion of the Premises or the Seller's ability to consummate the transactions contemplated hereby. The Seller knows of no outstanding order, writ, injunction or decree of any court, government, governmental entity or authority or arbitration against or affecting all or any portion of the Premises or the Seller, which in any such case would impair the Seller's ability to enter into and perform all of its obligations under this Contract.

2.4 NO OTHER AGREEMENTS TO SELL. The Seller has not made any agreement with, and will not enter into any agreement with, and has no obligation (absolute or contingent) to, any person or firm other than the Operating Partnership to sell, transfer or in any way encumber (except for Permitted Encumbrances) the Premises or to sell the Premises.

2.5 NO BROKERS. The Seller has not entered into, and covenants that it will not enter into, any agreement, arrangement or understanding with any person or firm which will result in the obligation of the Operating Partnership to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby and the Seller shall indemnify and hold harmless the Operating Partnership for all costs and expenses incurred by the Operating Partnership as a result of a breach of this representation. The provisions of this Section 2.5 shall survive termination of this Contract.

2.6 INVESTMENT REPRESENTATIONS AND WARRANTIES. (a) Upon the issuance of Units to the Seller, the Seller shall become

subject to, and shall be bound by, the terms and provisions of the agreement of limited partnership of the Operating Partnership (in substantially the form attached hereto as EXHIBIT E) (the "PARTNERSHIP AGREEMENT"), including the terms of the power of attorney contained in Section 15.11 thereof, as the Partnership Agreement may be amended from time in accordance with its terms.

(b) The Seller understands the risks of, and other considerations relating to, the purchase of the Units. The Seller, by reason of its business and financial experience, together with the business and financial experience of those persons, if any, retained by it to represent or advise it with respect to its investment in the Units, has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that it is capable of evaluating the merits and risks of an investment in the Operating Partnership and of making an informed investment decision, (ii) is capable of protecting its own interest or has engaged representatives or advisors to assist it in protecting its interests and (iii) is capable of bearing the economic risk of such investment. If the Seller retained a person to represent or advise it with respect to the investment in Units that may be made hereby then, at the Seller's request, the Seller shall, prior to or at the Initial Closing, (i) acknowledge in writing such representation and (ii) cause such representative or advisor to deliver a certificate to the Operating Partnership containing such representations as are reasonably requested by the Operating Partnership.

(c) The Seller understands that an investment in the Operating Partnership involves substantial risks. The Seller has been given the opportunity to make a thorough investigation of the proposed activities of the Operating Partnership and has been furnished with materials relating to the Operating Partnership and its proposed activities. The Seller has been afforded the opportunity to obtain any additional information deemed necessary by the Seller to verify the accuracy of any representations made or information conveyed to the Seller. The Seller confirms that all documents, records, and books pertaining to its investment in the Operating Partnership and requested by the Seller have been made available or delivered to the Seller. The Seller has had an opportunity to ask questions of and receive answers from the Operating Partnership, or from a person or persons acting on the Operating Partnership's behalf, concerning the terms and conditions of this investment. The Seller has relied and is making its investment decision upon written information provided to the Seller by or on behalf of the Operating Partnership.

(d) The Units to be issued to the Seller will be acquired by the Seller for its own account for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any

participation therein, without prejudice, however, to the Seller's right (subject to the terms of the Units) at all times to sell or otherwise dispose of all or any part of its Units under an exemption from such registration available under the Securities Act of 1933, as amended (the "SECURITIES ACT"), and applicable state securities laws, and subject, nevertheless, to the disposition of its assets being at all times within its control. The Seller was not formed for the specific purpose of acquiring an interest in the Operating Partnership.

(e) The Seller acknowledges that (i) the Units to be issued to the Seller have not been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws and, if such Units are represented by certificates, such certificates will bear a legend to such effect, (ii) the REIT's and the Operating Partnership's reliance on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the Seller contained herein, (iii) such Units, therefore, cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available, (iv) there is no public market for such Units, and (v) the Operating Partnership has no obligation or intention to register such Units for resale under the Securities Act or any state securities laws or to take any action that would make available any exemption from the registration requirements of such laws. The Seller hereby acknowledges that because of the restrictions on transfer or assignment of such Units to be issued hereunder which will be set forth in the Partnership Agreement and/or in a Registration Rights Agreement (as defined below), the Seller may have to bear the economic risk of the investment commitment evidenced by this Contract and any Units acquired hereby for an indefinite period of time, although (i) under the terms of the Partnership Agreement, as it will be in effect at the time of the IPO, Units will be redeemable at the request of the holder thereof at any time after the second anniversary of their issuance for cash or (at the option of the Operating Partnership) for Common Stock of the REIT and (ii) the holder of any such Common Stock issued upon a presentation of Units for redemption will be afforded certain rights to have such Common Stock registered for resale under the Securities Act or applicable state securities laws under the Registration Rights Agreement as described more fully below.

(f) The information set forth in the investor questionnaire a form of which is attached hereto as EXHIBIT F (the "INVESTOR QUESTIONNAIRE") which has been completed and executed by the Seller and delivered to the Operating Partnership on the date hereof is true, correct and complete.

2.7 FIRPTA REPRESENTATION. The Seller is not a "foreign person" within the meaning of Section 1145 of the Internal Revenue Code of 1986, as amended.

2.8 COVENANT TO REMEDY BREACHES. The Seller covenants to use all reasonable efforts within its control (a) to prevent the breach of any representation or warranty of the Seller hereunder, (b) to satisfy all covenants of the Seller hereunder and (c) to promptly cure any breach of a representation, warranty or covenant of the Seller hereunder upon its learning of same.

2.9 OPERATION OF PREMISES. The Seller shall operate the Premises from the date hereof through and including the Final Closing in a manner consistent with that in which the Seller operates the Premises as of the date hereof and shall maintain or cause to be maintained all existing insurance carried by the Seller relating to the Premises.

ARTICLE III. REPRESENTATIONS, WARRANTIES AND COVENANTS OF OPERATING PARTNERSHIP

As a material inducement to the Seller to enter into this Contract and to consummate the transactions contemplated hereby, the Operating Partnership hereby makes to the Seller each of the representations and warranties set forth in this Article III, which representations and warranties shall be true as of the date hereof, as of the date of the Initial Closing and as of the date of consummation of the Final Closing.

3.1 AUTHORITY. The Operating Partnership has full right, authority, power and capacity: (a) to enter into this Contract and each agreement, document and instrument to be executed and delivered by or on behalf of it pursuant to this Contract; (b) to carry out the transactions contemplated hereby and thereby; and (c) to issue Units to the Seller to the extent called for in accordance with the terms of this Contract. This Contract and each agreement, document and instrument executed and delivered by the Operating Partnership pursuant to this Contract constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of the Operating Partnership, each enforceable in accordance with their respective terms. The execution, delivery and performance of this Contract and each such agreement, document and instrument by the Operating Partnership: (a) does not and will not violate the Partnership Agreement; (b) does not and will not violate any foreign, federal, state and local or other laws applicable to Operating Partnership or require the Operating Partnership to obtain any approval, consent or waiver of, or make any filing with, any person or authority (governmental or otherwise) that has not been obtained or made; and (c) does not and will not result in a breach of, constitute a default under, accelerate any obligation

under or give rise to a right of termination of, any indenture or loan or credit agreement or any other agreement, contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which the Operating Partnership is a party or by which the property of the Operating Partnership is bound or affected.

3.2 NO BROKERS. The Operating Partnership represents that it has not entered into, and covenants that will not enter into, any agreement, arrangement or understanding with any person or firm which will result in the obligation of the Seller to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby and the Operating Partnership shall indemnify and hold harmless the Seller for all costs and expenses incurred by the Seller as a result of a breach of this representation. The provisions of this Section 3.2 shall survive termination of this Contract.

ARTICLE IV. CLOSING ADJUSTMENTS

4.1 PRORATIONS. The Operating Partnership and the Seller shall make the prorations set forth below, and make payment with respect to such prorations as appropriate.

(a) TAXES. Real property taxes and general and special assessments, water and sewer rents, tap charges, and business improvements district charges upon the Premises shall be adjusted and prorated as of the date of the Final Closing on the basis of the fiscal year for such taxes and assessments (the "TAX YEAR"). If the Final Closing shall occur before the real property tax rate for the Tax Year is fixed, the apportionment of taxes shall be made on the basis of the taxes assessed for the preceding Tax Year. After the real property taxes are finally fixed for the Tax Year in which the Final Closing occurs, the Operating Partnership and the Seller shall make a recalculation of the apportionment of such taxes, and the Operating Partnership or the Seller, as the case may be, shall make an appropriate payment to the other based on such recalculation. To the extent that either the Seller or the Operating Partnership shall obtain any real estate tax abatement, reduction, refund or incentive with respect to the Premises, the amount of the net proceeds of such tax abatement, reduction, refund or incentive shall be prorated through the date of the Final Closing if, as, and when such proceeds are paid by the applicable governmental taxing authority (it being understood that to the extent any tenant demising space in the Premises owned by such Seller shall be entitled to any portion of such tax abatement, that such portion shall be turned over to the Operating Partnership to remit to such tenant and shall be deducted from any tax abatement, reduction, refund or incentive proceeds in connection with calculating the net proceeds thereof).

(b) RENTS. Rents, additional rents, including electricity charges, operating expense recoveries, and tax reimbursements under the Leases (collectively, "RENTS") shall be adjusted and prorated as of the date of the Final Closing. Rents collected after the date of the Final Closing from tenants whose rental was delinquent on the date of the Final Closing shall be deemed to apply first to current rents due at the time of payment and second to past due rents accruing after the Final Closing and last to the rents which were past due on the date of the Final Closing. Unpaid and past due rents to which the Seller is entitled shall be promptly paid over to the Seller as and when collected by the Operating Partnership after the date of the Final Closing, less any reasonable collection costs actually incurred by the Operating Partnership.

(c) PREPAYMENTS. Any prepayment made by or on behalf of the Seller under any service, maintenance, management, consulting, or similar contracts shall be adjusted and prorated as of the date of the Final Closing.

(d) EXPENSES. Charges and assessments for sewer and water and other utilities, including charges for consumption of electricity, steam and gas (unless the Operating Partnership elects to have final meter readings made as of the Final Closing in which event the adjustment shall be made based on such meter readings); current operating expenses, including, without limitation, obligations under any service, maintenance, management, consulting, or similar contracts; payroll and related expenses (including all benefits and vacation and sick days); license and permit fees relating to the operation of the Premises; insurance and bond premiums; and any other charges incident to the ownership, use and/or occupancy of the Premises shall be adjusted and prorated as of the date of the Final Closing.

(e) INTEREST ON EXISTING MORTGAGES. Interest on the Existing Mortgages shall be adjusted and prorated as of the date of the Final Closing.

(f) FUEL AND MAINTENANCE SUPPLIES STORED ON SITE. The costs of fuel and maintenance supplies stored on site shall be adjusted and prorated as of the date of the Final Closing.

(g) RELETTING EXPENSES FOR NEW LEASES. Customary reletting expenses (including, without limitation, brokerage commissions, tenant improvements and moving expenses) for Leases entered into after the date hereof and prior to the Final Closing shall be adjusted and prorated over the base term of the applicable Lease and based upon prices in effect on or immediately prior to the date of the Final Closing. All reletting expenses (including, without limitation, brokerage commissions, tenant improvements and moving expenses) for Leases

entered into prior to the date hereof shall be paid by Seller or, if not paid prior to the Final Closing, a credit shall be given to Purchaser at the Final Closing for such amounts.

4.2 SELLER'S RETAINED ITEMS. All cash on hand, working capital, escrow and reserve accounts other than tenant security deposits, and utility or other deposits shall be distributed by the Seller to its current shareholders, partners, or members, as applicable, prior to the Final Closing.

4.3 ACCOUNTS RECEIVABLE. The Seller shall retain all accounts receivable and other income items other than Rents which are attributable to periods prior to the date of the Final Closing. The Seller shall deliver to the Operating Partnership at the Final Closing a schedule of all such unpaid accounts receivable and other income items as of the date of the Final Closing. All such accounts receivable and other income items collected by or for the Operating Partnership after the date of the Final Closing which are attributable to periods prior to the date of the Final Closing shall be promptly remitted to the order of the Seller. Except for sums actually received by the Operating Partnership pursuant to the immediately preceding sentence, the Operating Partnership shall assume no obligation to collect or enforce the payment of any amounts that may be due to the Seller, except that the Operating Partnership shall render reasonable assistance, at no expense to the Operating Partnership, to the Seller after the Final Closing in the event the Seller proceeds against any third-party to collect any accounts receivable or other income items due the Seller.

4.4 SECURITY DEPOSITS. An amount equal to all tenant security deposits and interest thereon, if any, and any other amounts due tenants with respect to such security deposits shall be paid over to the Operating Partnership at the Final Closing to the extent that such tenant security deposits have not been applied against sums due under the respective lease to which such deposits relate.

4.5 TIMING OF CALCULATIONS; COOPERATION. The Seller and the Operating Partnership agree to use reasonable efforts to reconcile, prorate, and adjust all of the foregoing items upon Final Closing and, in all events, within ninety (90) days after the date of the Final Closing, to adjust and prorate such prorations and adjustments. In the event any adjustments or prorations made pursuant to this Contract are, subsequent to Final Closing, found to be erroneous, then either party hereto who is entitled to additional amounts shall invoice the other party for such additional amounts as may be owing, and such amounts shall be paid promptly by the other party upon receipt of invoice. Such invoice shall be accompanied by reasonable substantiating evidence.

4.6 ALLOCATION OF ADJUSTMENTS. All adjustments contemplated by this Article IV shall survive the Final Closing and shall, to the extent practicable, be made by adjusting (either up or down) the number of Units issued to the Seller as part of the Consideration.

ARTICLE V. POWER OF ATTORNEY

5.1 GRANT OF POWER OF ATTORNEY. The Seller does hereby irrevocably appoint Stephen L. Green, Benjamin P. Feldman, and the Operating Partnership, and each of them individually and any successor thereof from time to time (such persons or the Operating Partnership or any such successor of any of them acting in his, her or its capacity as attorney-in-fact pursuant hereto, the "ATTORNEY-IN-FACT") as the true and lawful attorney-in-fact and agent of such Seller, to act in the name, place and stead of such Seller:

(a) To enter into a registration rights agreement a form of which is attached hereto as EXHIBIT G (the "REGISTRATION RIGHTS AGREEMENT").

(b) To enter into a lock-up agreement (the "LOCK-UP AGREEMENT") which provides that the Seller will not, directly or indirectly, offer, sell, offer to sell, contract to sell, grant any option to purchase or otherwise dispose of (or announce any offer, sale, offer of sale, contract of sale, grant of any option to purchase or other sale or disposition of) any share of REIT Common Stock or any securities convertible into or exchangeable for or substantially similar to REIT Common Stock, for a period of one year from the IPO Closing without the prior written consent of the managing underwriter named in the Lock-up Agreement.

(c) To take for the Seller all steps deemed necessary or advisable by the Operating Partnership in connection with the registration of the REIT's Common Stock under the Securities Act, including without limitation (i) filing a registration statement and amendments thereto under the Securities Act which shall describe the benefits to be received by the Seller in connection with the formation of the REIT and the IPO, (ii) distributing a preliminary prospectus and prospectus regarding the IPO (respectively, the "PRELIMINARY PROSPECTUS" and "PROSPECTUS") which contain such information as is deemed necessary or desirable to lawfully effect the initial public offering of such shares, and (iii) to take such other steps as the Attorney-in-Fact may deem necessary or advisable.

(d) To make, execute, acknowledge and deliver all such other contracts, orders, receipts, notices, requests, instructions, certificates, consents, letters and other writings (including without limitation the execution of Closing Documents, Ancillary Agreements, the Partnership Agreement, any other documents relating to the acquisition by the Operating Partnership of the Premises, and, in general, to do all things and to take all action which the Attorney-in-Fact in its sole discretion may consider necessary or proper in connection with or to carry out the transaction contemplated by this Contract, the Ancillary Agreements, if any, and the Closing Documents as fully as could the Seller if personally present and acting.

(e) To make, acknowledge, verify and file on behalf of the Seller applications, consents to service of process and such other undertakings or reports as may be required by law with state commissioners or officers administering state securities or Blue Sky laws and to take any other action required to facilitate the exemption for registration of the Units and the qualification of the REIT's Common Stock under the securities or Blue Sky laws of the jurisdictions in which the Units and the REIT's Common Stock are to be offered.

The power of attorney granted by the Seller pursuant to this Article V and all authority conferred hereby is granted and conferred subject to and in consideration of the interests of the Operating Partnership and the REIT and is for the purpose of completing the transactions contemplated by this Contract. The power of attorney granted hereby shall terminate upon termination of this Contract. The power of attorney granted hereby and all authority conferred hereby is coupled with an interest and therefore shall be irrevocable and shall not be terminated by any act of the Seller or by operation of law, whether by the death, disability, incapacity or liquidation of the Seller or by the occurrence of any other event or events (including without limitation the termination of any trust or estate for which the Seller is acting as a fiduciary or fiduciaries), and if, after the execution hereof, the Seller shall die or become disabled or incapacitated or is liquidated, as applicable, or if any other such event or events shall occur before the completion of the transactions contemplated by this Contract, the Attorney-in-Fact shall nevertheless be authorized and directed to complete all such transactions as if such death, disability, incapacity, liquidation or other event or events, as applicable, had not occurred and regardless of notice thereof. The Seller acknowledges that Stephen L. Green, Benjamin P. Feldman and the Operating Partnership have, and any successor thereof acting as Attorney-in-Fact may have an economic interest in the transactions contemplated by this Contract. The Seller agrees that, at the request of the Operating Partnership, it will

promptly execute a separate power of attorney on the same terms set forth in this Article V, such execution to be witnessed and notarized.

5.2 LIMITATION ON LIABILITY. It is understood that the Attorney-in-Fact assumes no responsibility or liability to any person by virtue of the power of attorney granted hereby. The Attorney-in-Fact makes no representations with respect to and shall have no responsibility for the formation of the REIT, the acquisitions of the Premises by the Operating Partnership, the registration statement filed in connection with the formation of the REIT, the Prospectus or any Preliminary Prospectus, nor for any aspect of the offering of the REIT's Common Stock, and it shall not be liable for any error of judgment or for any act done or omitted or for any mistake of fact or law except for its own gross negligence or bad faith. The Seller agrees that the Attorney-in-Fact may consult with counsel of its own choice (who may be counsel for the Operating Partnership or the REIT) and it shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. It is understood that the Attorney-in-Fact may, without breaching any express or implied obligation to the Seller, release, amend or modify any other power of attorney granted by any other person under any related agreement. The provisions of this Section 5.2 shall not limit or otherwise affect the obligations of the Operating Partnership (acting for itself and not as Attorney-in-Fact) under the other Articles of this Contract.

5.3 RATIFICATION; THIRD PARTY RELIANCE. The Seller does hereby ratify and confirm all that the Attorney-in-Fact shall lawfully do or cause to be done by virtue of the exercise of the powers granted unto it by the Seller hereunder, and the Seller authorizes the reliance of third parties on the power of attorney granted hereby and waives its rights, if any, as against any such third party for its reliance hereon.

ARTICLE VI. MISCELLANEOUS

6.1 AMENDMENT. Any amendment hereto shall be effective only against those parties hereto who have acknowledged in writing their consent to such amendment. No waiver of any provisions of this Contract shall be valid unless in writing and signed by the party against whom enforcement is sought.

6.2 ENTIRE AGREEMENT; COUNTERPARTS; APPLICABLE LAW. This Contract and all Ancillary Agreements (a) constitute the entire agreement and supersede conflicting provisions set forth in all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, (b) may be executed in several counterparts, each of which will be

deemed an original and all of which shall constitute one and the same instrument and (c) shall be governed in all respects, including validity, interpretation and effect, by the internal laws of the State of New York without giving effect to the conflict of law provisions thereof.

6.3 ASSIGNABILITY. This Contract shall be binding upon, and shall be enforceable by and inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns; provided, however, that this Contract may not be assigned (except by operation of law) by any party without the prior written consent of the other parties, and any attempted assignment without such consent shall be void and of no effect.

6.4 TITLES. The titles and captions of the Articles, Sections and paragraphs of this Contract are included for convenience of reference only and shall have no effect on the construction or meaning of this Contract.

6.5 THIRD PARTY BENEFICIARY. No provision of this Contract is intended, nor shall it be interpreted, to provide or create any third party beneficiary rights or any other rights of any kind in any customer, affiliate, stockholder, partner, member, director, officer or employee of any party hereto or any other person or entity, provided, however, that Sections 5.3 and 6.3 of this Contract shall be enforceable by and shall inure to the benefit of the persons described therein.

6.6 SEVERABILITY. If any provision of this Contract, or the application thereof, is for any reason held to any extent to be invalid or unenforceable, the remainder of this Contract and application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Contract with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision and to execute any amendment, consent or agreement deemed necessary or desirable by the Operating Partnership to effect such replacement.

6.7 EQUITABLE REMEDIES. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Contract were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Contract and to enforce specifically the terms and provisions hereof in any federal or state court located in New York (as to which the parties agree to submit to jurisdiction for the purposes of such action), this being in addition to any other remedy to which they

are entitled under this Contract or otherwise at law or in equity.

6.8 ATTORNEYS' FEES. In connection with any litigation or a court proceeding arising out of this Contract, the prevailing party shall be entitled to recover all costs incurred, including reasonable attorneys' fees and legal assistants' fees and costs whether incurred prior to trial, at trial, or on appeal.

6.9 NOTICES. Any notice or demand which must or may be given under this Contract or by law shall, except as otherwise provided, be in writing and shall be deemed to have been given (a) when physically received by personal delivery (which shall include the confirmed receipt of a telecopied facsimile transmission), or (b) three (3) business days after being deposited in the United States certified or registered mail, return receipt requested, postage prepaid, or (c) one (1) business day after being deposited with a nationally known commercial courier service providing next day delivery service (such as Federal Express); addressed and delivered or telecopied in the case of a notice to the Operating Partnership at the following address and telecopy number:

SL Green Operating Partnership, L.P.
70 West 36th Street
New York, New York 10018
Attention: Stephen L. Green
Phone: 212-594-2700
Telecopy: 212-594-2262

with copies to:

Brown & Wood LLP
One World Trade Center
New York, New York 10048
Attention: Douglas A. Sgarro
Phone: 212-839-5300
Telecopy: 212-839-5599

Greenberg, Traurig, Hoffman,
Lipoff, Rosen & Quental
153 East 53rd Street
35th Floor
New York, New York 10022
Attention: Robert J. Ivanhoe
Phone: 212-801-9200
Telecopy: 212-223-7161

and addressed and delivered or telecopied, in the case of a notice to the Seller, at the address and telecopy number set forth under the Seller's name in the signature page hereof.

6.10 INTENTIONALLY OMITTED.

6.11 CONFIDENTIALITY. All press releases or other public communications of any kind relating to the IPO or the transactions contemplated herein, and the method and timing of release for publication thereof, will be subject to the prior written approval of the Operating Partnership.

6.12 COMPUTATION OF TIME. Any time period provided for herein which shall end on a Saturday, Sunday or legal holiday shall extend to 5:00 p.m. of the next full business day. All times are Eastern Time.

6.13 SURVIVAL. It is the express intention and agreement of the parties hereto that the representations, warranties and covenants of the Seller set forth in this Contract shall survive the consummation of the transactions contemplated hereby.

6.14 TIME OF THE ESSENCE. Time is of the essence with respect to all obligations of the Seller under this Contract.

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IN WITNESS WHEREOF, each of the parties hereto has executed this Contract, or caused this Contract to be duly executed on its behalf, as of the date first written above.

SL GREEN OPERATING PARTNERSHIP, L.P.,
(In Formation)

By: S.L. GREEN REALTY, INC., Sponsor

By:_____
Name: Stephen L. Green
Title: President

470 PARK SOUTH ASSOCIATES, L.P., Seller

By: EBG Midtown South Corp.,
a general partner

By: _____
Name:
Title:

By: Miami Corp., a general partner

By:_____
Sheldon Lowe
President

Address of Seller:
_____
_____
Telephone/Facsimile Numbers:
_____

By the Seller's execution of this Contract, the Seller grants a power of attorney to certain individuals and to the Operating Partnership hereunder pursuant to Article V.

EXHIBIT A

DESCRIPTION OF LAND

EXHIBIT B

SCHEDULE OF LEASES

EXHIBIT C

CONSIDERATION

The Consideration to be paid by the Operating Partnership to the Seller for the Premises is TWENTY-FIVE MILLION ONE HUNDRED THOUSAND and No/100 Dollars ($25,100,000.00) to be payable as follows:

(a) Units* having an aggregate value equal to ONE MILLION ONE HUNDRED THOUSAND and No/100 Dollars ($1,100,000.00)**; and

(b) TWENTY-FOUR MILLION and No/100 Dollars ($24,000,000.00) by taking title subject to (i) that certain first mortgage loan in the outstanding principal balance of $11,000,000 held by Sun Life Assurance Company of Canada (U.S.) (the "SUN LIFE MORTGAGE"); (ii) that certain second mortgage loan in the outstanding principal balance of $1,000,000 held by 470 Park Avenue South Corporation (the "YARMOUTH MORTGAGE") and (iii) that certain third mortgage loan held by Sheldon Lowe, as assignee of 470 Park Holding Co., for which the holder has agreed to accept $12,000,000 in full satisfaction of the obligations secured thereby (the "LOWE MORTGAGE" and together with the Yarmouth Mortgage and the Sun Life Mortgage, the "EXISTING MORTGAGES").

The amounts specified in clause (b) above are approximate. If at the Final Closing the aggregate principal amount of the Existing Mortgages, as reduced by payments required thereunder prior to the Final Closing, is less than the aggregate amount of the Existing Mortgages as specified in clause (b) above, the difference shall be added to the portion of the Consideration paid in Units pursuant to clause (a) above. If at the Final Closing the aggregate principal amount of the Existing Mortgages is greater that the aggregate principal amount of the Existing Mortgages as specified in clause (b) above, the difference shall be subtracted from portion of the Consideration paid in Units pursuant to clause (a) above.

* Each Unit will be valued for these purposes at the initial public offering price of a share of Common Stock.

** Subject to adjustment pursuant to Article IV of the Contract.

EXHIBIT D

PERMITTED ENCUMBRANCES

1. The Sun Life Mortgage
2. The Yarmouth Mortgage
3. The Lowe Mortgage
4. Subway Entrance Easement in Liber 4505 page 468
5. Covenants and Restrictions in Liber 337 page 341
6. Party Wall Agreement in Liber 1096 page 667
7. Any state of facts on accurate survey of the Premises would disclose provided the same does not render title unmarketable
8. Option Agreement between 470 Park South Associates, L.P. and Mellon Bank, N.A., as trustee of the Bell Atlantic Master Pension Trust as evidenced by memorandum in Reel 1116 page 1561

EXHIBIT E

Operating Partnership Agreement

EXHIBIT F

Investor Questionnaire

EXHIBIT G

Registration Rights Agreement

Exhibit 10.13

17 Battery Place

OPTION TO PURCHASE

THIS OPTION TO PURCHASE (the "AGREEMENT") made this 25th day of July, 1997 by and between Green 17 Battery LLC, having an address at 70 West 36th Street, New York, New York ("SELLER") and SL Green Operating Partnership, L.P., having an address at 70 West 36th Street, New York, New York ("PURCHASER").

WHEREAS, Purchaser desires to acquire an option to purchase Seller's interest as contract vendee ("SELLER'S INTEREST") of the Premises, as defined in the Agreement of Sale attached hereto as EXHIBIT A and made a part hereof (the "AGREEMENT OF SALE"); and

WHEREAS, Seller desires to grant to Purchaser an option to purchase the Seller's Interest;

NOW, THEREFORE, in pursuance of said agreement and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Seller hereby grants to Purchaser an option, upon the terms and conditions hereinafter set forth (the "OPTION"), to acquire the Seller's Interest. The Option may be exercised by Purchaser in the manner hereinafter set forth from the date hereof through and including the tenth (10th) anniversary of the date hereof (the "OPTION PERIOD"). In the event Purchaser elects to exercise the Option, Purchaser shall give written notice thereof to Seller (the "OPTION NOTICE"), which Option Notice must (a) be received by Seller on or before the expiration of the Option Period and (b) be accompanied by Purchaser's unendorsed certified check in an amount equal to Seller's Investment (as defined below) to the order of Seller. In the event that the Option Notice is not delivered to Seller on or prior to the expiration of the Option Period or the Option Notice is not accompanied by Purchaser's unendorsed, certified check in an amount equal to the Seller's Investment, the Option shall be terminated and of no further force and effect and neither party shall have any further rights or liabilities under this paragraph. In the event the Option Notice and the Seller's Investment are delivered to Seller prior to the expiration of the Option Period, Seller shall, assign all of its right title and interest in the Agreement of Sale to Purchaser pursuant to an assignment in the form of EXHIBIT B attached hereto and made a part hereof. As used herein "SELLER'S INVESTMENT" shall mean a sum equal to all funds of whatever nature invested by Seller in

connection with the acquisition of the Premises, including, without limitation, (a) all sums paid to 17 Battery Associates LLC ("BATTERY ASSOCIATES") pursuant to the Agreement of Sale, (b) sums incurred in connection with any financing of sums paid to Battery Associates or otherwise incurred in connection with the purchase of the Premises, including, without limitation, principal and interest and commitment and application fees, (c) all accounting, legal, architectural, and engineering fees and expenses, (d) all other fees and expenses incurred in connection with any of the foregoing and (e) interest on all such sums at a rate equal to 12% from the date each such expense is actually incurred through and including the date the Option is exercised.

2. Seller may not sell or otherwise transfer the Seller's Interest to any party other than Purchaser (a "THIRD PARTY") without giving at least thirty (30) days prior written notice (the "SALE NOTICE") of such sale or transfer to Purchaser, which notice shall be accompanied by a copy of the proposed contract to be executed in connection with such sale or transfer. Upon receipt of the Sale Notice, Purchaser may, by giving notice to Seller within fifteen (15) days, exercise the Option on the terms contained herein and, at the sole and absolute option of Purchaser, either sell the Seller's Interest to the Third Party on the terms and conditions set forth in the aforementioned proposed contract, or such other terms as Purchaser and Third Party shall subsequently agree upon, or retain the option to purchase the Seller's Interest pursuant to the terms hereof. All contracts which Seller may enter into which relate to the sale or transfer of the Seller's Interest after the date hereof shall specifically state that they are subject and subordinate to the rights of Purchaser hereunder. In the event that Purchaser does not exercise the Option on the terms contained herein and a sale or transfer of the Seller's Interest by Seller to a Third Party is consummated, Seller shall pay to Purchaser on the date upon which such sale or transfer is consummated, a sum equal to (a) the gross sales price for the Seller's Interest (including normal and customary closing adjustments) minus (b)(i) Seller's Interest, (ii) all Federal income tax payable by the partners of Seller which results from the sale of the Premises and (iii) other normal and customary costs attributable to the sale of the Premises, including, without limitation, transfer taxes, brokerage commissions, reasonable legal fees and reasonable accounting fees (the "NET AFTER TAX PROFIT"). Upon the payment of Seller's Net After Tax Profit to Purchaser, this Agreement shall be terminated and of no further force and effect and neither party shall have any further rights or liabilities hereunder.

3. Seller represents and warrants that (a) it is the sole owner of, and has good and marketable title to, the Seller's Interest, (b) Seller has not granted an option or right of first refusal to purchase the Seller's Interest to any party other than Purchaser and (c) Seller is not a "foreign person" within the

meaning of Section 1445 of the Internal Revenue Code, as amended, or any regulation promulgated thereunder.

4. Seller covenants that (a) it will not modify the Purchase Agreement or enter into any agreement with respect to the Premises which in any way would have a material adverse effect upon the rights of Purchaser hereunder without Purchaser's prior written consent, which consent may be withheld or granted in Purchaser's sole discretion and (b) that it will not purchase the Premises or give a Purchaser's Closing Notice (as defined in the Agreement of Sale) without first giving Purchaser 15 days prior written notice and the opportunity to exercise the Option.

5. Seller and Purchaser mutually represent and warrant that neither Seller nor Purchaser know of any broker who has claimed, or may have the right to claim, a commission or any similar finder's fee in connection with the transaction contemplated by this Agreement. Seller and Purchaser shall indemnify and defend each other against any costs, claims or expenses, including reasonable attorneys' fees, arising out of the breach on their respective parts of any representations, warranties or agreements contained in this paragraph. The representations and obligations under this paragraph shall survive the closing of the transactions contemplated in this Agreement (the "CLOSING") or, if the Closing does not occur, the termination of this Agreement.

6. All notices hereunder shall be in writing and may be given either by (a) federal express or other nationally recognized overnight courier or (b) hand delivery, in each case to the Seller or Purchaser, as applicable, at the address first set forth above with a copy in either case to Brown & Wood LLP, One World Trade Center, New York, New York 10045. Attn: David J. Weinberger, Esq. Notices shall be deemed given one day after posting, if given pursuant to (a) above or upon delivery, if given pursuant to (b) above.

7. Time shall be of the essence with regard to all notices given hereunder.

8. All matters relating to the operation, construction or interpretation of this Agreement shall be governed and determined by the internal laws of the State of New York, without giving effect to the principles of conflicts of laws.

9. Unless specifically provided herein, no failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy upon a breach thereof shall constitute a waiver of any such breach of any other covenant, agreement, term or condition set forth herein. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument signed by the party against whom the enforcement of such waiver, modification, amendment, discharge or

termination is sought, and then only to the extent set forth in such instrument. No waiver shall affect or alter the remainder of this Agreement but each and every covenant, agreement, term and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach.

10. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No covenant, representation or condition not expressed in this Agreement shall affect, or be effective to interpret, change or restrict, the express provisions of this Agreement.

11. This Agreement may not be assigned, transferred or conveyed by Purchaser to any person(s) or entity without the prior written consent of Seller.

12. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs or successors and permitted assigns.

13. Exercise by Purchaser of the Option shall be subject to the approval of a majority of the Independent Directors. As used herein "Independent Directors" shall mean the directors of SL Green Realty Corp. (the "COMPANY") who are neither officers of the Company nor affiliated with Seller.

14. No provision of this Agreement is intended, nor shall it be interpreted, to provide or create any third party beneficiary rights or any other rights of any kind in any customer, affiliate, stockholder, partner, director, officer or employee of any party hereto or any other person or entity.

15. If any provision of this Agreement, or the application thereof, is for any reason held to any extent to be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision and to execute any amendment, consent or agreement deemed necessary or desirable by Purchaser to effect such replacement.

16. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement

were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any federal or state court located in New York (as to which the parties agree to submit to jurisdiction for the purposes of such action), this being in addition to any other remedy to which they are entitled under this Agreement or otherwise at law or in equity.

17. The parties hereto each agree to do such other and further acts and things, and to execute and deliver such instruments and documents (not creating any obligations additional to those otherwise imposed by this Agreement) as either may reasonably request from time to time, whether at, before or after the Closing, to confirm or effectuate the provisions of this Agreement.

* * * *

IN WITNESS WHEREOF, Seller and Purchaser have executed this Agreement the day and year first above written.

GREEN 17 BATTERY LLC, Seller

By: /s/ Stephen L. Green

Stephen L. Green
Member

SL GREEN OPERATING PARTNERSHIP, L.P.,
Purchaser

By: SL Green Realty Corp.,
its general partner

By: /s/ Stephen L. Green

Stephen L. Green
President

EXHIBIT B

ASSIGNMENT AND ASSUMPTION OF CONTRACT

Agreement made as of this ___ day of _____, by and between _____ , a _____ having an address at _____ ("ASSIGNOR") and _____ a _____ having an address at _____ ("ASSIGNEE").

RECITALS

Assignor is the contract vendee under that certain agreement of sale between Assignor, as purchaser, and 17 Battery Associates LLC, as seller, dated as of June 27, 1997, covering the property and interests more particularly therein (the "CONTRACT").

Pursuant to the Option to Purchase dated as of _____ (the "OPTION"), Assignor agreed, INTER ALIA, to assign the Contract, to Assignee and Assignee agreed to assume Assignor's obligations thereunder and with respect thereof.

AGREEMENTS

In consideration of the promises and conditions contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignor hereby assigns to Assignee, without warranty, representation or recourse, all of its right, title and interest in, to and under the Contract and to the Downpayment (as defined therein).

2. Assignee hereby assumes the Contract and all of Assignor's obligations under the Contract and Assignee agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, damages, liabilities and expenses, including, without limitation, reasonable attorney's fees, imposed upon or incurred by Assignor by reason of Assignee's failure to perform the purchaser's obligations under the Contract arising from and after the date of this Agreement.

3. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors in interest and assigns.

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

ASSIGNOR:

By: _____

ASSIGNEE:

By: _____

Exhibit 10.14

==========

CREDIT AGREEMENT

among

GREEN REALTY LLC
as Borrower,

and

LEHMAN BROTHERS HOLDINGS INC.,
as Lender

Dated as of March 24, 1997

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TABLE OF CONTENTS

CREDIT AGREEMENT dated as of March 24, 1997 between GREEN REALTY LLC (the "BORROWER") and LEHMAN BROTHERS HOLDINGS INC. (the "LENDER").

W I T N E S S E T H :
- - - - - - - - - - -

WHEREAS, the Borrower has requested that the Lender make two term loans to it, the first in an aggregate principal amount of up to $20,000,000 and the second in an aggregate principal amount of up to $15,000,000; and

WHEREAS, the Lender is willing to make such loans on, and subject to, the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings:

"ACQUIROR": shall mean the Borrower or any Affiliate of the Borrower that uses the proceeds of any Tranche B Term Loan to make an Acquisition.

"ACQUISITION": shall mean any acquisition of an equity interest in a Person directly or indirectly owning real property, which equity interest is to be contributed to the Issuer in connection with the Initial Public Offering. References herein to an "ACQUISITION PROPERTY" shall mean the real property directly or indirectly owned by the Person whose equity interest was acquired.

"ACQUISITION PLEDGE AGREEMENT": shall mean the Acquisition Pledge Agreement, substantially in the form of Exhibit B hereto, executed by the Acquiror in favor of the Lender.

"AFFILIATE": shall mean as to any Person, (a) any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person or (b) any Person who is a director or executive officer (i) of such Person or (ii) of any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether through ownership of voting securities, by contract or otherwise, PROVIDED that, in any event, any Person that owns directly or indirectly securities having 5% or more of the voting power for the election of directors (or Persons having similar management functions) of any other Person shall be deemed to control such other Person.

"AGREEMENT": shall mean this Credit Agreement, as amended, restated, supplemented, modified or extended from time to time.

"APPLICABLE MARGIN": shall mean with respect to any period set forth below, the amount per annum set forth opposite such period:

Period	Rate
Closing Date to but not including September 24, 1998	2.75%
September 24, 1998 to but not including March 24, 1999 (if applicable)	3.75%

"BANKRUPTCY CODE": shall mean the Federal Bankruptcy Code of 1978, as amended from time to time.

"BASE RATE": shall mean, for any Interest Period, a rate per annum equal to the sum of the per annum rate of interest published in The Wall Street Journal two (2) Business Days prior to the first day of such Interest Period for U.S. Treasury bills having a term equal to such Interest Period, PLUS the Applicable Margin. Any determination of the Base Rate by the Lender shall be conclusive absent manifest error.

"BORROWING DATE": shall mean the date on which any Loan is made by the Lender to the Borrower.

"BUSINESS DAY": shall mean a day on which commercial banks are not authorized or required by law or executive order to close in New York, New York and on which dealings are carried on in the London interbank market.

"CAPITALIZED LEASE": shall mean (a) any lease of property, real or personal, if the then present value of the minimum rental commitment thereunder should, in accordance with GAAP, be capitalized on a balance sheet of the lessee, and (b) any other such lease the obligations under which are capitalized on the balance sheet of the Borrower.

"CLOSING DATE": shall mean the date on which each of the conditions set forth in Section 5.1 hereof have been satisfied or waived by the Lender.

"CODE": shall mean the Internal Revenue Code of 1986, as amended from time to time.

"COLLATERAL": shall mean any property or assets in which the Lender has been granted a security interest in order to secure the Obligations, and includes the Tranche A Collateral.

"COMMITMENTS": shall mean the Tranche A Term Loan Commitment and the Tranche B Term Loan Commitment.

"DEFAULT": shall mean any Event of Default or any event which has occurred and which with the giving of notice, the lapse of time, or both, would become an Event of Default.

"DIVIDENDS": shall mean, with respect to any Person, (i) any dividends, payments, return of capital or distributions (cash or otherwise) made or declared on or in respect of any class of equity interests or securities of such Person, except for distributions made solely in equity interests or securities of the same class of such Person, and (ii) any and all funds, cash or other payments made in respect of, or set aside or apart for a sinking or other analogous fund for, the redemption, repurchase or acquisition of equity interests or securities of such Person.

"DOLLARS" and "$": shall mean dollars in lawful currency of the United States of America.

"ENVIRONMENTAL INDEMNITY AGREEMENT": shall mean the Environmental Indemnity Agreement, substantially in the form of Exhibit D hereto, executed by the Borrower, SLGP and the Principal in favor of the Lender.

"ERISA": shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA GROUP": shall mean the Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with each such Borrower, are treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

"EVENT OF DEFAULT": shall mean any of the events specified in Section 8.1.

"GAAP": shall mean generally accepted accounting principles in the United States of America in effect from time to time.

"GOVERNMENTAL AUTHORITY": shall mean any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTEE": shall mean, with respect to any Person, any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against

loss in respect thereof (in whole or in part), PROVIDED that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"INDEBTEDNESS": shall mean as to any Person, at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (provided such accounts are promptly paid and discharged when due), (iv) all obligations of such Person under Capitalized Leases, (v) all contingent or non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid or payable (currently or in the future, on a contingent or non-contingent basis) under a letter of credit or similar instrument, (vi) all Indebtedness of others secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person, (vii) all obligations of such Person under interest rate swaps, caps or collars or under any other financial hedging arrangement net of any amounts receivable by such Person under such arrangements and (viii) all Indebtedness of others Guaranteed by such Person.

"INITIAL PUBLIC OFFERING": shall mean the initial public offering of equity interests by the Issuer to be lead managed by Lehman Brothers Inc.

"INTEREST PERIOD": shall mean with respect to any Tranche B Term Loan:

(a) initially, the period commencing on the Borrowing Date of such Loan and ending (A) in the case of the initial Tranche B Term Loan to be made pursuant to Section 2.2(a), on the numerically corresponding day in the month after the Borrowing Date thereof, and (B) in the case of any Tranche B Term Loan made after the initial Tranche B Term Loan, on the last day of the Interest Period then in effect with respect to the then outstanding Tranche B Term Loans or, if no such Interest Period is then in effect, on the numerically corresponding day in the month after the Borrowing Date of such Tranche B Term Loan; and

(b) thereafter, each period commencing on the last day of the immediately preceding Interest Period and ending on the numerically corresponding day in the month thereafter.

Notwithstanding the first sentence of this definition, (i) if any Interest Period would end after the Tranche B Maturity Date, such Interest Period shall end on the Tranche B Maturity Date, (ii) each Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day (or, if such next succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day) and (iii) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month.

"INVESTMENT": shall mean, when used with reference to any investment of any Person:

(a) any loan, advance or other extension of credit, including obligations represented by bonds, notes or other securities and any Guarantees, made by it to, or for the benefit of, any other Person (excluding commission, travel, salary, relocation expenses, and similar advances to officers and employees made in the ordinary course of business); and

(b) any capital contribution by such Person to, or purchase of stock or other securities or partnership interests by such Person in, any other Person, or any other investment evidencing an ownership or other interest of such Person in any other Person.

"ISSUER": shall mean the corporation to be formed by Affiliates of the Borrower which will, through one or more Subsidiaries, hold the equity interests acquired in Acquisitions, the equity interests in the Persons owning the properties included in the Portfolio and certain other assets contributed to it by the Borrower and other Persons.

"LIBO RATE": shall mean, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher 1/16th of a percent) for deposits in U.S. Dollars for a period equal to such Interest Period, which appears on the Telerate Page 3750 as of 11:00 a.m. (New York time) two Business Days (2) prior to the first day of such Interest Period. In the event such rate does not so appear, "LIBO RATE" shall mean the rate per annum determined by the Lender to be the arithmetic mean (rounded upwards, if necessary, to the nearest 1/16 of a percent) of the rates of interest per annum quoted to the Lender by each of two or more Reference Banks (as hereinafter defined) as the rate of interest at which deposits in U.S. Dollars in an amount approximately equal to the principal amount of the Loans to be outstanding during such Interest Period and having a maturity equal to such Period are offered by such Reference Bank to leading banks in the London interbank market at or about 11:00 a.m. (New York time) on the second Business Day prior to the commencement of such Interest Period. As used herein, "Reference Bank" means a leading bank engaged in transactions in the London interbank market as selected by the Lender. Anything in this definition to the contrary notwithstanding, the LIBO Rate applicable with respect to the initial Interest Period for any Tranche B Term Loan made after the initial Tranche B Term Loan shall be equal to the LIBO Rate then in effect with respect to the then outstanding Tranche B Term Loans; PROVIDED that if no such LIBO Rate is then in effect, the LIBO Rate shall be determined in accordance with the other provisions of this definition. Each determination of the LIBO Rate by Lender pursuant hereto shall be conclusive absent manifest error.

"LIEN": shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or other) or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any Capitalized Lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction in respect of any of the foregoing).

"LOANS": shall mean the Tranche A Term Loans and the Tranche B Term Loans.

"MATERIAL ADVERSE EFFECT": shall mean any (i) adverse effect whatsoever upon the validity or enforceability of this Agreement or any of the Related Documents or any of the transactions contemplated hereby or thereby, (ii) material adverse effect upon the properties, business, prospects or condition (financial or otherwise) of the Borrower or (iii) material adverse effect upon the ability of the Borrower or any other Person to fulfill any of their obligations under this Agreement or any of the Related Documents.

"MULTIEMPLOYER PLAN": shall mean a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NOTES": shall mean the Tranche A Term Note and the Tranche B Term Note.

"OBLIGATIONS": shall mean any and all of the debts, obligations and liabilities of the Borrower to the Lender provided for or arising under this Agreement or the Related Documents (including, without limitation, the obligation to repay the Loan and to pay interest thereon), whether now existing or hereafter arising, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred.

"PBGC": shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"PERMITTED INDEBTEDNESS": shall mean (i) the Obligations, and (ii) any additional Indebtedness incurred by the Borrower with the consent of the Lender in connection with any Acquisition.

"PERMITTED INVESTMENTS": shall mean (i) marketable securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof having maturities of not more than twelve months from the date of acquisition, (ii) time deposits and certificates of deposit of any commercial bank of recognized standing having capital and surplus in excess of U.S. $500,000,000 and a Keefe Bank Watch Rating of B or better, with maturities of not more than six months from the date of acquisition, (iii) commercial paper rated A-1 or the equivalent thereof by Standard & Poor's Corporation or P-1 or the equivalent thereof by Moody's Investors Service, Inc. and in each case maturing within six months from the date of acquisition and (iv) money market mutual funds with total assets in excess of $2,000,000,000 which invest solely in assets of a type described in the foregoing provisions of this definition.

"PERMITTED LIENS": shall mean (i) pledges or deposits made to secure payment of worker's compensation insurance (or to participate in any fund in connection with worker's compensation insurance), unemployment insurance, pensions or social security programs, (ii) Liens imposed by mandatory provisions of law such as for materialmen's, mechanics', warehousemen's and other like Liens arising in the ordinary course of business, securing Indebtedness whose payment is not yet due or which are being contested in good faith and by appropriate proceedings as to which appropriate reserves in accordance with GAAP or surety, stay or appeal bonds have been provided, (iii) Liens for taxes, assessments and governmental charges or levies imposed upon a Person or upon such Person's income or profits or property,

if the same are not yet due and payable or if the same are being contested in good faith and as to which appropriate reserves in accordance with GAAP have been provided, (iv) Liens arising from good faith deposits in connection with tenders, leases, real estate bids or contracts (other than contracts involving the borrowing of money), pledges or deposits to secure public or statutory obligations, deposits to secure (or in lieu of) surety, stay, appeal or customs bonds, and deposits to secure the payment of taxes, assessments, customs duties or other similar charges, (v) encumbrances consisting of zoning restrictions, easements, or other restrictions on the use of real property, PROVIDED that such items do not materially impair the use of such property for the purposes intended, (vi) Liens assumed or otherwise incurred with the consent of the Lender in connection with or as a result of any Acquisition and (vii) Liens in favor of the Lender under the Security Documents.

"PERSON": shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"PLAN": shall mean any employee benefit plan which is covered by Title IV of ERISA and in respect of which the Borrower or any member of the ERISA Group is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PORTFOLIO": shall mean the following properties located in New York, New York: (i) the Bar Building located at 35 West 43rd Street and 34-36 West 44th Street, (ii) 70 West 36th Street, (iii) 470 Park Avenue South, (iv) 673 First Avenue, (v) 1414 Avenue of the Americas and (vi) 29 West 35th Street. References herein to a "PORTFOLIO PROPERTY" shall mean any of the foregoing properties.

"PRINCIPAL": shall mean Stephen L. Green, an individual residing at 100 U.N. Plaza, Apt. 42D, New York, New York 10017.

"PRINCIPAL'S AGREEMENT": shall mean the Principal's Agreement, substantially in the form of Exhibit E hereto, executed by the Principal in favor of the Lender.

"PRINCIPAL'S PLEDGE AGREEMENT": shall mean the Pledge Agreement, substantially in the form of Exhibit F hereto, executed by the Principal in favor of the Lender.

"RELATED DOCUMENTS": shall mean the Notes, the Principal's Agreement, the SLGM Guarantee, the SLGP Guarantee, the Environmental Indemnity Agreement and the Security Documents.

"REPORTABLE EVENT": shall mean any of the events set forth in Section 4043(b) of ERISA.

"SECURITY DOCUMENTS": shall mean the Principal's Pledge Agreement, the SLGP Pledge Agreement, the SLGM Collateral Assignment, each Acquisition Pledge Agreement

and any other documents which the Lender requires to be executed on or after the Closing Date in order to evidence, perfect, record or maintain the Lender's security interest in any Collateral.

"SLGM": shall mean S.L. Green Management Corp., a New York corporation.

"SLGM COLLATERAL ASSIGNMENT": shall mean the Collateral Assignment, substantially in the form of Exhibit J hereto, executed by SLGM in favor of the Lender.

"SLGM GUARANTEE": shall mean the Limited Guarantee, substantially in the form of Exhibit I hereto, executed by SLGM in favor of the Lender.

"SLGP": shall mean S.L. Green Properties, Inc., a New York corporation.

"SLGP GUARANTEE": shall mean the Limited Guarantee, substantially in the form of Exhibit G hereto, executed by SLGP in favor of the Lender.

"SLGP PLEDGE AGREEMENT": shall mean the Pledge Agreement, substantially in the form of Exhibit H hereto, executed by SLGP in favor of the Lender.

"SOLVENT": shall mean with respect to any Person on a particular date, that on such date (i) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (ii) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (iv) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (v) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"SUBSIDIARY": shall mean as to any Person, a corporation or other business entity of which shares of stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other managers of such corporation or business entity are at the time owned, directly or indirectly through one or more intermediaries, by such Person.

"TRANCHE A COLLATERAL ACCOUNT": shall have the meaning set forth in the Tranche A Collateral Account Agreement.

"TRANCHE A COLLATERAL ACCOUNT AGREEMENT": shall mean the Tranche A Collateral Account Agreement, substantially in the form of Exhibit C hereto, executed by the Borrower in favor of the Lender.

"TRANCHE A COLLATERAL": shall mean the Tranche A Collateral Account and all funds, securities, monies and credit balances from time to time held in the Tranche A Collateral Account and any other property or assets of the Borrower or any other Person given as security for the Tranche A Term Loans.

"TRANCHE A EXTENSION DATE": shall mean each of September 24, 1997, December 24, 1997, March 24, 1998 and June 24, 1998, PROVIDED that the Tranche A Maturity Date is extended in accordance with the terms of Section 2.1(d).

"TRANCHE A MATURITY DATE": shall mean September 24, 1997 or, if extended in accordance with the terms of Section 2.1(d), then the date as so extended.

"TRANCHE A TERM LOAN COMMITMENT": shall mean the obligation of the Lender to make the Tranche A Term Loans pursuant to Section 2.1(a).

"TRANCHE A TERM LOANS": shall mean the term loans to be made by the Lender pursuant to Section 2.1(a).

"TRANCHE A TERM NOTE": shall have the meaning set forth in Section 2.1(f).

"TRANCHE B MATURITY DATE": shall mean September 24, 1998 or, if extended in accordance with the terms of Section 2.2(e), March 24, 1999.

"TRANCHE B TERM LOAN COMMITMENT": shall mean the obligation of the Lender to make Tranche B Term Loans pursuant to Section 2.2(a).

"TRANCHE B TERM LOANS": shall mean the term loans to be made by the Lender pursuant to Section 2.2(a).

"TRANCHE B TERM NOTE": shall have the meaning set forth in Section 2.2(g).

1.2 ACCOUNTING TERMS AND DETERMINATIONS. Except as otherwise expressly provided herein, (a) all accounting terms used herein and (b) all financial statements and all certificates and reports as to financial matters required to be delivered to the Lender hereunder shall (unless otherwise disclosed to the Lender in writing at the time of delivery thereof) shall be interpreted or prepared in accordance with GAAP applied on a basis consistent with those used in the preparation of the latest corresponding financial statements furnished to the Lender hereunder (or, prior to the delivery of the first financial statements under Section 6.1(a) or (b), the financial statements referred to in Section 4.6), unless the Borrower notifies the Lender of any change therein required to be made by the Borrower, in which event the Borrower shall deliver to the Lender at or prior to the time such change is required to take effect a description in reasonable detail of (i) the change and (ii) the effect of such change on the Borrower's

financial statements and the calculations required to be made for purposes of determining compliance with this Agreement.

1.3 OTHER DEFINITIONAL PROVISIONS.

(a)Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Related Documents or any certificate or other document made or delivered pursuant hereto.

(b)The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection, schedule and exhibit references are to this Agreement unless otherwise specified.

(c) Defined terms in the Agreement shall include in the singular number the plural and in the plural number the singular.

(d) References in this Agreement to any other agreement, document or instrument shall, unless the context otherwise requires, include such other agreement, document or instrument as the same may be from time to time amended, modified or supplemented.

SECTION 2. CREDIT FACILITY

2.1 TRANCHE A TERM LOANS.

(a) On the terms and subject to the conditions of this Agreement, the Lender agrees to make Tranche A Term Loans to the Borrower as follows:

(i) On or prior to the Tranche A Maturity Date, the Lender agrees to make a Tranche A Term Loan to the Borrower on its request therefor in the principal amount of $15,000,000 or, if the agreement by the Principal to sell or pledge or otherwise hypothecate up to 12.5% of the stock of SLGP owned by the Principal to Blackacre Capital Group or an Affiliate of Blackacre Capital Group has been terminated, $20,000,000. Any request for a Tranche A Term Loan pursuant to this Section 2.1(a)(i) must be delivered to the Lender not later than 10:00 a.m., New York City time, five (5) Business Days before the date on which such Loan is requested to be made and must specify (A) the principal amount of the Loan requested (which must be either $15,000,000 or $20,000,000), (B) the Borrowing Date (which must be a Business Day on or prior to the Tranche A Maturity Date), and (C) if the requested principal amount of such Loan is $20,000,000, that the agreement by the Principal to sell or pledge or otherwise hypothecate up to 12.5% of the stock of SLGP owned by the Principal to Blackacre Capital Group or an Affiliate of Blackacre Capital Group has been terminated. Such request must be accompanied by payment of the fee required pursuant to Section 3.1(a).

(ii) If (A) the principal amount of the Tranche A Term Loan made by the Lender to the Borrower pursuant to clause (i) above is $15,000,000 and (B) after the date of such Tranche A Term Loan, the agreement by the Principal to sell or pledge or otherwise hypothecate up to 12.5% of the stock of SLGP owned by the Principal to Blackacre Capital Group or an Affiliate of Blackacre Capital Group is terminated, then the Lender agrees to make, on or prior to the Tranche A Maturity Date, an additional Tranche A Term Loan to the

Borrower on its request therefor in the principal amount of $5,000,000. Any request for an additional Tranche A Term Loan pursuant to this clause (ii) must be delivered to the Lender not later than 10:00 a.m., New York City time, five (5) Business Days before the date on which such Loan is requested to be made and must be accompanied by payment of the fee required pursuant to Section 3.1(b). Such request must state (A) that the agreement by the Principal to sell or pledge or otherwise hypothecate up to 12.5% of the stock of SLGP owned by the Principal to Blackacre Capital Group or an Affiliate of Blackacre Capital Group has been terminated, and (B) the Borrowing Date (which must be a Business Day on or prior to the Tranche A Maturity Date).

Amounts borrowed under this Section 2.1(a) and prepaid or repaid may not be reborrowed.

(b) The Lender shall make each Tranche A Term Loan available to the Borrower by crediting the amount thereof to the Tranche A Collateral Account. The proceeds of each Tranche A Term Loan shall be invested exclusively in United States Treasury securities in accordance with the terms of the Tranche A Collateral Account Agreement.

(c) The Borrower agrees to repay to the Lender the outstanding principal amount of the Tranche A Term Loans on or prior to the Tranche A Maturity Date.

(d) Not less than five (5) nor more than thirty (30) days prior to each Tranche A Extension Date, the Borrower may request that the Lender extend the then current Tranche A Maturity Date for a period of three months. Any such request shall be made to the Lender in writing and shall be accompanied by payment of the fee required pursuant to Section 3.1(c). Upon receipt of such request and the accompanying fee payment, and provided that no Default has occurred and is continuing, the Tranche A Maturity Date shall be extended for three months from the then current Tranche A Maturity Date.

(e) The Borrower agrees to pay interest on the unpaid principal amount of the Tranche A Term Loans from time to time outstanding from and including the Closing Date to but not including the date on which such Loans are paid in full at a rate per annum equal to the per annum rate of interest payable on the United States Treasury securities held from time to time in the Tranche A Collateral Account. Interest on the Tranche A Term Loans shall be payable, in arrears, on the Tranche A Maturity Date.

(f) The Tranche A Term Loans made by the Lender shall be evidenced by a single promissory note of the Borrower substantially in the form of Exhibit A-1 (the "TRANCHE A TERM NOTE") payable to the order of Lender. The Lender will note on its internal records the date and amount of each Tranche A Term Loan, the date and amount of each repayment of principal thereof and will, prior to any transfer of the Tranche A Term Note, endorse on the schedule attached thereto the outstanding principal amount of the Loans evidenced thereby. Failure to record such information shall not alter the obligations of the Borrower under this Agreement or the Tranche A Term Note.

2.2 TRANCHE B TERM LOANS.

(a) On the terms and subject to the conditions of this Credit Agreement, the Lender agrees to make one or more Tranche B Term Loans to the Borrower from time to time on or prior to September 24, 1998 on the Borrower's request therefor; PROVIDED that the aggregate principal amount of the Tranche B Term Loans extended to the Borrower pursuant to this Section 2.2(a) shall not exceed $15,000,000. Any request for a Tranche B Term Loan pursuant to this Section 2.2(a) must be delivered to the Lender by not later than 10:00 a.m., New York City time, three (3) Business Days before the date on which such Loan is requested to be made and must specify (A) the requested Loan amount (which must be at least $100,000 or a multiple of $100,000 in excess thereof), (B) the Borrowing Date (which must be a Business Day on or prior to September 24, 1998), (C) the intended use of proceeds of such Loan and (D) the account into which such Loan proceeds are to be disbursed. Amounts borrowed under this Section 2.2(a) and prepaid or repaid may not be reborrowed.

(b) Subject to the conditions of this Agreement, the Lender shall make the Tranche B Term Loans available to the Borrower by transferring the amount thereof to such account as the Borrower shall designate in writing to the Lender.

(c) Up to $2,500,000 of the Tranche B Term Loans may be used to pay costs and expenses incurred in connection with the Initial Public Offering. All other proceeds of any Tranche B Term Loans shall be used solely for the purpose of funding Acquisitions.

(d) The Borrower agrees to repay to the Lender the outstanding principal amount of the Tranche B Term Loans on or prior to September 24, 1998; PROVIDED that if the Tranche B Maturity Date is extended from September 24, 1998 to March 24, 1999 in accordance with subsection (e) below, then (i) the Borrower shall repay to the Lender on September 24, 1998 the outstanding principal amount of the Tranche B Term Loans in excess of $10,000,000, together with accrued interest thereon and any amounts payable pursuant to Section 3.5, and (ii) the Borrower shall repay to the Lender on March 24, 1999, the outstanding principal balance of the Tranche B Term Loans.

(e) Not less than thirty (30) nor more than ninety (90) days prior to September 24, 1998, the Borrower may request that the Lender extend the Tranche B Maturity Date for a period of six months. Any such request shall be made to the Lender in writing. Upon receipt of such request and PROVIDED that no Default has occurred and is continuing, the Tranche B Maturity Date shall be extended to March 24, 1999.

(f) The Borrower agrees to pay interest on the unpaid principal amount of the Tranche B Term Loans from time to time outstanding from and including the Closing Date to but not including the date on which such Loans are paid in full at a rate per annum equal to the sum of the LIBO Rate plus the Applicable Margin in effect from time to time. Interest on the Tranche B Term Loans shall be payable, in arrears, on the last day of each Interest Period and on the Tranche B Maturity Date.

(g) The Tranche B Term Loans made by the Lender shall be evidenced by a single promissory note of the Borrower, substantially in the form of Exhibit A-2 (the "TRANCHE B TERM NOTE"), payable to the order of the Lender. The Lender will note on its internal records

the date and amount of each Tranche B Term Loan, the date and amount of each repayment of principal thereof and will, prior to any transfer of the Tranche B Term Note, endorse on the schedule attached thereto the outstanding principal amount of the Loans evidenced thereby. Failure to so record any such information shall not alter the obligations of the Borrower under this Agreement or the Tranche B Term Note.

2.3 PREPAYMENTS. (a) The Borrower may, at any time and from time to time, prepay, in whole or in part, the then outstanding principal amount of the Loans. Except as otherwise provided in Section 2.3(f), any such prepayment shall be without penalty or premium. The Borrower shall give the Lender not less than thirty (30) days' notice of its intent to prepay the Loans, which notice shall specify the date and amount of the prepayment and the Loans to which such prepayment is to be applied. Any notice of prepayment given by the Borrower shall be irrevocable and obligate the Borrower to make the prepayment specified in such notice on the date specified therein. Any partial prepayment of the Loans shall be in an aggregate principal amount of at least $100,000.

(b) The Borrower shall prepay the outstanding principal amount of the Tranche A Term Loans upon the Lender's receipt of notice from the Borrower, any Affiliate of the Borrower or the lead manager of the Initial Public Offering of any determination not to proceed with the Initial Public Offering.

(c) The Borrower shall prepay the outstanding principal amount of the Tranche B Term Loans in an amount equal to 100% of (i) the net cash proceeds paid or payable to SLGP or any of its Affiliates in connection with the sale, transfer or other disposition of, or any financing or refinancing of any Portfolio Property or any interest owned by SLGP or any such Affiliate in any Person directly or indirectly owning any Portfolio Property or interest therein and (ii) the net cash proceeds paid or payable to any Acquiror or Affiliate of any Acquiror in connection with the sale, transfer or other disposition of, or any financing or refinancing, of any Acquisition Property or any interest owned by such Acquiror or Affiliate in any Person directly or indirectly owning any Acquisition Property or interest therein. For purposes of this subsection 2.3(c), "net cash proceeds" shall mean the cash proceeds of such sale net of (A) attorney's fees, accountant's fees, brokerage and other similar fees actually incurred in connection with such sale and (B) taxes payable as a result of such sale.

(d) The Borrower shall prepay the outstanding principal amount of the Tranche B Term Loans in an amount equal to 100% of the cash proceeds received by the Borrower from the Issuer in reimbursement of any expenses of the Initial Public Offering advanced by the Borrower on behalf of the Issuer.

(e) Upon (i) the contribution, directly or indirectly, by the Borrower or any other Acquiror to the Issuer or any Subsidiary of the Issuer of any Acquisition Property (regardless of whether such contribution is effected by a direct contribution of the property or indirectly through the contribution of interests in the direct or indirect owners of such property), (ii) the contribution, directly or indirectly by SLGP to the Issuer or any Subsidiary of the Issuer of any Portfolio property (regardless of whether such contribution is effected by a direct contribution of the property or indirectly through the contribution of interests in the direct or

indirect owners of such property) or (iii) the contribution, directly or indirectly, by SLGM of any or all of the Assigned Agreements, the Borrower shall prepay the entire outstanding principal balance of all Tranche B Term Loans.

(f) All prepayments made pursuant to this Section 2.3 shall be made together with (i) accrued interest to the date of such prepayment on the amount prepaid, (ii) any amounts payable pursuant to Section 3.5 and (iii) any fees due pursuant to Section 3.2(b). Unless otherwise specified, all prepayments required to be made pursuant to this Section 2.3 shall be due and payable on the date of receipt of the amounts, or the occurrence of the event giving rise to such prepayment.

2.4 ADDITIONAL FINANCING. (a) The Borrower shall, and shall cause each other Acquiror to, give the Lender a right of first offer and a right of first refusal, as hereinafter set forth, to provide any additional financing that the Borrower or such other Acquiror may require in connection with any Acquisition, including, without limitation, any mortgage, financing. Prior to consummating any Acquisition, the Acquiror shall notify the Lender as to the amount, term and proposed security for any additional financing. Within five (5) Business Days after its receipt of such notice, the Lender shall advise the Acquiror as to whether the Lender is interested in providing such financing and the proposed terms thereof. If the Lender elects not to provide such financing, the Acquiror may solicit proposals from other lenders. If the Acquiror receives a financing proposal from another lender which the Acquiror finds acceptable, prior to accepting such proposal, the Acquiror shall notify the Lender and provide the Lender with a copy of such proposal. The Lender shall have two (2) Business Days after the Lender's receipt of such proposal to determine whether to provide the Acquiror with the financing on the terms set forth in the proposal. If the Lender elects not to provide such financing, then the Acquiror may obtain such financing from the other lender on the terms set forth in the proposal delivered to the Lender.

(b) If the Lender elects not to provide any financing which the Acquiror has given it the option to provide pursuant to Section 2.4(a), the Lender agrees that the Acquiror will not be required to pledge the equity interests acquired in the Acquisition to the Lender and that, if such interest has already been pledged to the Lender, the Lender will, at the Borrower's expense, terminate the applicable Acquisition Pledge Agreement (other than Sections 6(h), 7(a), 7(b) and 7(h) which shall survive) and release its Lien on the pledged equity interests.

SECTION 3. FEES AND PAYMENTS; YIELD PROTECTION

3.1 TRANCHE A TERM LOAN FEES. (a) In consideration of the Lender's agreement to make a Tranche A Term Loan pursuant to Section 2.1(a)(i), the Borrower shall pay to the Lender at the time it submits a request for such Loan a loan funding fee equal to 0.02% of the principal amount of such Loan.

(b) In consideration of the Lender's agreement to make an additional Tranche A Term Loan pursuant to Section 2.1(a)(ii), the Borrower shall pay to the Lender at the time it submits a request for such Loan a loan funding fee equal to 0.02% of the principal amount of such additional Loan.

(c) In consideration of the Lender's agreement to extend the Tranche A Maturity Date, the Borrower shall pay to the Lender at the time it submits each request for an extension an extension fee equal to 0.02% of the principal amount of the aggregate principal amount of all of the Tranche A Term Loans outstanding at such time.

3.2 TRANCHE B TERM LOAN FEES. (a) In consideration of the Lender's agreement to make the Tranche B Term Loans, the Borrower shall pay to the Lender on each Borrowing Date a loan funding fee equal to 1% of the amount of the Tranche B Term Loans advanced to the Borrower on such date.

(b) On each date on which the principal of any Tranche B Term Loan is repaid or prepaid, the Borrower shall pay to the Lender a fee equal to 1% of the principal amount of the Tranche B Term Loans repaid or prepaid.

(c) The Borrower shall pay to the Lender a servicing fee from and including the Closing Date to but not including the date on which the Tranche B Term Loans are paid in full at a rate per annum equal to 0.1% of the Tranche B Term Loan Commitment (computed on the basis of a 360-day year and the actual number of days elapsed). Such fee shall be payable monthly, in arrears, on the last day of each calendar month, commencing March 31, 1997, and on the date on which the Tranche B Term Loans are repaid in full.

3.3 COMPUTATION OF INTEREST. Interest on the all Loans shall be calculated on the basis of a 360-day year and the actual number of days elapsed. In computing the amount of interest payable in respect of any period, the first day of such period shall be included and the last day of such period shall be excluded. Each determination of an interest rate by the Lender shall be conclusive and binding on the Borrower absent manifest error.

3.4 PAYMENTS. All payments (including prepayments) to be made by the Borrower on account of principal and interest shall be made without set-off or counterclaim and shall be made to the Lender, at such account of the Lender designated for such purpose, in Dollars and in immediately available funds not later than 12:00 noon, New York City time, on the date on which such payment shall become due. Any payment received after such time on any Business Day shall be deemed to have been received on the next Business Day. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

3.5 TAXES. All payments made by the Borrower under this Agreement and the Related Documents shall be made free and clear of, and without reduction for or on account of, any current or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding income and franchise taxes imposed on the Lender (such non-excluded taxes being called "TAXES"). If any Taxes are required to be withheld from any amounts payable to the Lender hereunder or under any of the Related Documents, the amounts so payable to the Lender shall be increased to the extent necessary to yield to the Lender (after payment of all Taxes) interest or any such other amounts payable hereunder or under the Related Documents

at the rates or in the amounts specified in this Agreement and the Related Documents. Whenever any Taxes are payable by the Borrower, as promptly as possible thereafter, the Borrower shall send to the Lender a certified copy of an original official receipt showing payment thereof. If the Borrower fails to pay Taxes when due to the appropriate taxing authority or fails to remit to the Lender the required receipts or other required documentary evidence, the Borrower shall indemnify and hold harmless the Lender against, and reimburse the Lender upon demand for, any incremental taxes, interest or penalties that may become payable by the Lender as a result of any such failure. The obligations of the Borrower set forth in this Section 3.5 shall survive the termination of this Agreement and the payment in full of the Notes and all other Obligations.

3.6 FUNDING LOSSES. The Borrower agrees to indemnify the Lender against and to hold the Lender harmless from, and on demand reimburse the Lender for, any loss, premium, penalty or expense which the Lender may sustain or incur (including, without limitation, interest or fees payable to lenders of funds obtained by the Lender in order to make any Loan and any loss or expense incurred by reason of the relending, depositing or other employment of funds acquired by the Lender to fund any Loan) as a consequence of (a) any default by the Borrower in payment of the principal amount of or interest on the Loans, (b) any failure by the Borrower to borrow any Loan on the date such Loan is requested to be made, other than as a result of a default by the Lender, (c) default by the Borrower in making any prepayment of the Loans after having given a notice in accordance with Section 2.3, and/or (d) any acceleration of the Loans pursuant to Section 8.2 hereof. A certificate setting forth any amounts payable pursuant to this Section 3.6, submitted by the Lender to the Borrower, shall be conclusive absent manifest error.

3.7 INABILITY TO DETERMINE INTEREST RATE. In the event that, prior to the first day of any Interest Period, the Lender shall have reasonably determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of market circumstances, adequate and reasonable means do not exist for ascertaining the LIBO Rate applicable to such Interest Period, the Lender shall forthwith give telecopy notice of such determination to the Borrower and the Tranche B Term Loans shall thereafter bear interest at a rate equal to the Base Rate plus the Applicable Margin. Such notice shall be withdrawn by the Lender when the Lender shall reasonably determine that adequate and reasonable means exist for ascertaining the LIBO Rate.

3.8 ILLEGALITY. Notwithstanding any other provision hereof to the contrary, if any introduction of or change in any law, rule, regulations or treaty or in the interpretation or application thereof occurring after the date hereof shall make it unlawful for the Lender to charge interest on any Tranche B Term Loan based on the LIBO Rate, the Lender shall forthwith give notice of such circumstances to the Borrower, and (a) the obligation of the Lender to charge interest on such Loan based upon the LIBO Rate shall immediately be cancelled and (b) such Loan shall automatically on the last day of the applicable Interest Period (or within such earlier time as may be required by law) bear interest at a rate equal to the Base Rate plus the Applicable Margin. Any such conversion of the applicable interest on the Tranche B Term Loans on a date other than the end of an Interest Period shall be accompanied by the payment

of accrued interest on such Loans to the date of conversion and any additional amounts owing under Section 3.6.

SECTION 4. REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement and to make the Loans herein provided for, the Borrower hereby represents and warrants to the Lender that:

4.1 ORGANIZATION AND GOOD STANDING. The Borrower is a New York limited liability company, duly organized, validly existing and in good standing under the laws of the state of its organization, is duly qualified as a foreign entity and in good standing in all states in which the failure to so qualify would have a Material Adverse Effect, and has the power and authority to own its properties and assets and to transact the business in which it is currently engaged. The Borrower has no Subsidiaries; the sole member of the Borrower is SLGP.

4.2 AUTHORIZATION AND POWER. The Borrower has the power and authority to execute, deliver and perform this Agreement and the Related Documents to which it is a party, and has taken all action necessary to authorize the execution and delivery of this Agreement and the Related Documents to which it is a party and to perform its obligations contemplated hereunder and thereunder.

4.3 NO CONFLICTS OR CONSENTS. Neither the execution, delivery or performance of this Agreement or the Related Documents to which it is a party nor the consummation of the transactions contemplated hereby or thereby, nor the compliance with the terms and provisions hereof or thereof, will contravene or conflict with any provision of any constitution, law or regulation to which the Borrower is subject, or any judgment, license, order or permit applicable to the Borrower or any indenture, loan agreement, mortgage, deed of trust, or other material agreement or instrument to which the Borrower is a party or by which any of its assets may be bound or subject, or violate any provision of its organizational documents. No consent, approval, authorization or order of any court or Governmental Authority or third party is required in connection with the execution, delivery and performance by the Borrower of this Agreement or any of the Related Documents to which it is a party or for the consummation of the transactions contemplated hereby or thereby, except those that have been obtained and are in full force and effect.

4.4 ENFORCEABLE OBLIGATIONS. This Agreement and the Related Documents to which the Borrower is a party have been duly executed and delivered by the Borrower and are the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, except as limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and general principles of equity.

4.5 TITLE TO ASSETS. The Borrower has good and marketable title to all of its assets free and clear of all Liens and other encumbrances and adverse claims of any nature, except Permitted Liens.

4.6 FINANCIAL CONDITION. The Borrower has delivered to the Lender a copy of its unaudited balance sheet as of March 13, 1997, certified by its Chief Financial Officer. Such balance sheet fairly presents the financial condition of the Borrower as of such date and has been prepared in accordance with GAAP (subject to non-material audit adjustments and the absence of full footnote disclosures). Prior to March 11, 1997, the Borrower has conducted no business. As of March 13, 1997, there were no obligations, liabilities or Indebtedness (including contingent and indirect liabilities and obligations) of the Borrower which are not reflected in such balance sheet. Since March 13, 1997, no event, act, condition or change has occurred that could reasonably be expected to have a Material Adverse Effect.

4.7 FULL DISCLOSURE. With respect to the representations and warranties contained in this Agreement or in any of the Related Documents or in any financial statements, certificates or other documents delivered in connection herewith or therewith, there is no material fact that the Borrower has not disclosed to the Lender. Neither this Agreement, the Related Documents, the financial statements referenced in Section 4.6 hereof, nor any agreement, document, certificate or written statement delivered herewith or heretofore by the Borrower or any Affiliate of the Borrower to the Lender in connection with the transactions contemplated hereby, contains any untrue statement of a material fact or omits to state any material fact necessary to keep the statements contained herein or therein from being misleading in light of the circumstances under which they are made.

4.8 NO DEFAULT. No Default has occurred and is continuing, nor will the execution, delivery and performance of this Agreement or any of the Related Documents cause a Default to occur.

4.9 AGREEMENTS. The Borrower is not in default in any respect under any contract, lease, loan agreement, indenture, mortgage, security agreement or other agreement or obligation to which it is a party or by which any of its properties is bound.

4.10 NO LITIGATION. There are no actions, suits or legal, equitable, arbitration or administrative proceedings pending or, to the best of the Borrower's knowledge, threatened against the Borrower, which if adversely determined, could reasonably be expected to have a Material Adverse Effect.

4.11 BURDENSOME CONTRACTS. The Borrower is not party to any agreement or instrument or subject to any legislative or charter or other corporate restriction or any judgment, order, writ, injunction, decree, rule or regulation which could reasonably be expected to have a Material Adverse Effect.

4.12 SECURITY INTERESTS. Each of the Security Documents creates or will create, as security for the obligations described therein, a valid, exclusive and perfected first security interest in and Lien on all of the Collateral described in such agreements in favor of the Lender superior and prior to the rights of all third Persons and subject to no other Liens except Permitted Liens. No filings or recordings are required in order to perfect the security interests created under the Security Documents except for the filing of UCC-1 financing statements with

the New York Secretary of State and the City Register in New York County and such other filing offices as the Borrower may hereafter designate in writing to the Lender.

4.13 USE OF PROCEEDS; MARGIN STOCK. None of the proceeds of the Loans will be used for the purpose of purchasing or carrying any "margin stock" as defined in Regulations U, T, X, or G of the Board of Governors of the Federal Reserve, or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry "margin stock," or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of Regulations U, T, X or G. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stocks. Neither the Borrower nor any Person acting on behalf of the Borrower has taken or will take any action which might cause any violation of Regulations U, T, X, G or any other regulations of the Board of Governors of the Federal Reserve System or any violation of Section 7 of the Securities Exchange Act of 1934 or any rule or regulation promulgated thereunder, in each case as now in effect or as the same may hereinafter be in effect.

4.14 TAXES. All tax returns required to be filed by the Borrower in any jurisdiction have been filed or extensions obtained and all taxes as reflected in such returns (including mortgage recording taxes), assessments, fees and other governmental charges upon the Borrower or upon any of its properties, income or franchises have been paid prior to the time that such taxes would give rise to a Lien thereon. There is no proposed tax assessment against the Borrower, and there is no basis for any such assessment.

4.15 PRINCIPAL OFFICE, ETC. The principal office, chief executive office and principal place of business of the Borrower is 70 West 36th Street, New York, NY 10018. The Borrower maintains its records and books at such address. There are no assets at any other location, individual or in the aggregate, that are material to the operation of the business of the Borrower as currently conducted.

4.16 ERISA. (a) No Reportable Event has occurred and is continuing with respect to any Plan; (b) the PBGC has not instituted proceedings to terminate any Plan; (c) neither the Borrower nor any duly-appointed administrator of a Plan: (i) has incurred any liability to PBGC with respect to any Plan other than for premiums not yet due or payable, or (ii) has (A) instituted or, intends, to the Borrower's knowledge, to institute proceedings to terminate any Plan under Sections 4041 or 4041A of ERISA or (B) withdrawn or intends, to the Borrower's knowledge, to withdraw from any Multiemployer Plan; and (d) each Plan of the Borrower has been maintained and funded in all material respects in accordance with its terms and with all provisions and requirements of the Code and ERISA applicable thereto.

4.17 COMPLIANCE WITH LAW. The Borrower and, to the Borrower's knowledge, its Affiliates are in compliance with all applicable provisions of all constitutions, laws, rules, regulations, orders, judgments, decrees, licenses and approvals of any Governmental Authority (including, without limitation, any such laws, rules or regulations, orders, judgments or decrees relating to tender offers) the violation of which would have a Material Adverse Effect.

4.18 GOVERNMENT REGULATION. The Borrower is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940, the Interstate Commerce Act (as any of the preceding acts have been amended), or any other law (other than Regulation X of the Board of Governors of the Federal Reserve) which would regulate the incurring by the Borrower of any Indebtedness, including but not limited to laws relating to common contract carriers or the sale of electricity, gas, steam, water, or other public utility services.

4.19 SOLVENCY. The Borrower is, and after consummation of the transactions contemplated hereby, including all Acquisitions, and after giving effect to all Indebtedness incurred or to be incurred hereunder or in connection with any Acquisition will be, Solvent.

4.20 INSURANCE. The Borrower maintains insurance coverage of the types and in the amounts required under Section 6.9.

SECTION 5. CONDITIONS PRECEDENT

5.1 CONDITIONS TO LOANS MADE ON THE CLOSING DATE. The obligation of the Lender to make the initial Tranche A Term Loan and the initial Tranche B Term Loan is subject to the satisfaction, immediately prior to or concurrently with the making of such Loans, of the following conditions precedent:

(a) THIS AGREEMENT AND RELATED DOCUMENTS. The Lender shall have received a counterpart of this Agreement and each of the Related Documents, duly executed by each of the parties thereto.

(b) ORGANIZATIONAL DOCUMENTS. The Lender shall have received (i) a copy of the certificate of formation and the operating agreement of the Borrower, (ii) a copy of the charter and by-laws of SLGM and (iii) a copy of the charter and by-laws of SLGP, in each case, together with all amendments thereto and certified to be true, correct and complete by the Secretary or an Assistant Secretary of the Borrower, SLGM or SLGP, as applicable.

(c) GOOD STANDING CERTIFICATES. The Lender shall have received certificates from the Secretary of State of the State of New York evidencing the good standing of the Borrower, SLGM and SLGP.

(d) CORPORATE PROCEEDINGS. The Lender shall have received a copy of resolutions, in form and substance reasonably satisfactory to it, of (i) the Principal, in his capacity as the sole member of the Borrower, (ii) the Board of Directors (or duly empowered committee thereof) of SLGM and (iii) the Board of Directors (or duly empowered committee thereof) of SLGP, in each case, authorizing the execution, delivery and performance of this Agreement and the Related Documents to which it is a party and the consummation of the transactions hereunder and thereunder certified by its Secretary or an Assistant Secretary, which certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate.

(e) INCUMBENCY CERTIFICATE. The Lender shall have received a certificate of the Secretary or an Assistant Secretary of the Borrower, SLGM and SLGP as to the incumbency and signature of its officers authorized to sign this Agreement and the Related Documents to which it is a party.

(f) LEGAL OPINION OF COUNSEL TO THE BORROWERS. The Lender shall have received an executed legal opinion, addressed to the Lender, of counsel to the Borrower, the Principal, SLGM and SLGP, in substantially the form set forth in Exhibit K.

(g) COLLATERAL. The Lender shall have received (i) all certificates or other instruments representing any interests or other securities pledged as Collateral, together with executed and undated stock powers or assignments in blank, and (ii) evidence that all filings and other actions necessary to perfect the Lender's security interest in the Collateral have been made or taken and that the Lender's Lien on the Collateral has priority over any other Liens, other than Permitted Liens.

(h) APPROVALS. All governmental and third party consents and approvals necessary in connection with this Agreement and the Related Documents (including, without limitation, any consents of any partners and lenders required in order to pledge the interests to be pledged under the SLGP Pledge Agreement) shall have been obtained (without the imposition of any conditions other than those that are reasonably acceptable to the Lender) and shall remain in effect and no law or regulation shall be applicable which, in the judgment of the Lender, restrains, prevents, or imposes adverse conditions upon, the transactions contemplated hereby. The Lender shall have received copies, certified as true, correct and complete by the Secretary or an Assistant Secretary of the Borrower, of any and all governmental and third party consents and approvals necessary in connection with this Agreement and the Related Documents.

(i) NO LITIGATION. There shall exist no action, suit, investigation, litigation or proceeding that purports to affect the legality, validity or enforceability of this Agreement, the Related Documents or any document to be executed or delivered in connection herewith.

(j) PORTFOLIO EQUITY. The Lender shall have received evidence that SLGP has an equity interest, as determined by the Lender using such valuation method as the Lender deems appropriate, in the Portfolio of not less than $35,000,000.

(k) ORGANIZATIONAL DOCUMENTS. The Lender shall have received copies of the certificates of limited partnership or formation and the partnership or operating agreement of each partnership or limited liability company that directly or indirectly owns any Portfolio property and in which SLGP has a direct or indirect interest, certified to be true, correct and complete by the Secretary or an Assistant Secretary of SLGP.

(l) RENT ROLLS. Lender shall have received certified copies of the rent rolls relating to each Portfolio property from the general partner or managing member of the owner of such property as the case may be.

(m) INSURANCE. The Lender shall have received reasonable evidence that each of the Borrower, SLGP and SLGM has in effect the insurance coverages of the type required under this Agreement and the Related Documents, as applicable.

(n) FEES AND EXPENSES. The Lender shall have received all amounts payable pursuant to Section 9.6 on or prior to the Closing Date.

(o) ENGAGEMENT LETTER. The Lender shall have received a fully executed copy of an engagement letter appointing Lehman Brothers Inc. as the lead manager of the Initial Public Offering.

(p) OTHER. The Lender shall have received such other documents, certificates, opinions and financial or other information as it may reasonably request, and all corporate and other proceedings and all other legal matters in connection herewith shall be satisfactory in form and substance to the Lender and its counsel.

5.2 CONDITIONS TO THE TRANCHE A TERM LOAN AND TRANCHE B TERM LOANS TO BE MADE AFTER THE CLOSING DATE. In addition to the conditions set forth in Section 5.1, the obligation of the Lender to make any Tranche A Term Loan or Tranche B Term Loan, including the initial Tranche A Term Loan and the initial Tranche B Term Loan, is subject to the satisfaction, immediately prior to or concurrently with the making of such Loans, of the following conditions precedent:

(a) REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties made by the Borrower pursuant to this Agreement and the Related Documents to which it is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished in connection with this Agreement and the Related Documents, shall be true and complete in all material respects on and as of the date of such Loan as if made on and as of such date, except to the extent such representations and warranties expressly relate to a particular date.

(b) NO DEFAULT. No Default shall have occurred and be continuing on such date or would occur as a result of such Loan.

(c) NOTICE OF BORROWING. The Lender shall have received the notice required pursuant to Section 2.1 or 2.2, as applicable.

(d) OFFICER'S CERTIFICATE. The Lender shall have received a certificate from an appropriate officer of the Borrower certifying as to each of the conditions set forth in subsections (a) and (b).

(e) FEES. The Lender shall have received the fees payable pursuant to Section 3.1 and/or 3.2, as applicable.

5.3 ADDITIONAL CONDITIONS TO TRANCHE B TERM LOANS FOR ACQUISITIONS. In addition to the conditions set forth in subsections 5.1 and 5.2, the obligation of the Lender to

make a Tranche B Term Loan to fund any Acquisition is subject to the satisfaction of the following further conditions precedent:

(a) ACQUISITION PLEDGE AGREEMENT. The Lender shall have received (i) (A) a counterpart of an Acquisition Pledge Agreement or an amendment to an existing Acquisition Pledge Agreement, duly executed by the Acquiror making such Acquisition, pledging to the Lender as Collateral the equity interests acquired in such Acquisition, (B) all certificates or other instruments representing any Collateral pledged pursuant to such Acquisition Pledge Agreement, together with executed and undated stock powers or assignments in blank, and (C) evidence that all filings and other actions necessary to perfect the Lender's security interest in the Collateral pledged pursuant to such Acquisition Pledge Agreement have been made or taken and that the Lender's Lien on such Collateral has priority over any other Liens or (ii) if in accordance with Section 2.4(b) no pledge of the equity interests to be acquired in the Acquisition is required, an agreement, in form and substance satisfactory to the Lender, duly executed by the Acquiror making the Acquisition, to the effect provided in Sections 6(h), 7(a), 7(b) and 7(h) of the Acquisition Pledge Agreement.

SECTION 6. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments are in effect or the Notes or any Loan remains outstanding and unpaid or any other Obligation is owing to the Lender, the Borrower shall:

6.1 FINANCIAL STATEMENTS, REPORTS AND DOCUMENTS. The Borrower shall deliver to the Lender each of the following:

(a) INTERIM STATEMENTS. As soon as available and in any event within forty-five (45) days after the end of each fiscal quarter, (i) copies of the balance sheet of the Borrower as of the end of each such period, and statements of operations, member's equity and cash flows of the Borrower for each such period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form the figures for the corresponding period of the preceding fiscal year and (ii) a schedule of the contingent liabilities of the Borrower, all in reasonable detail, and certified on behalf of the Borrower by its chief financial officer to fairly represent the financial position of the Borrower as of such date and to have been prepared in accordance with GAAP, subject to normal year-end audit adjustments and the absence of full footnote disclosures;

(b) ANNUAL STATEMENTS. As soon as available and in any event within ninety (90) days after the close of each fiscal year, copies of the balance sheet of the Borrower as of the close of such fiscal year and statements of operations, member's equity and cash flows of the Borrower for such fiscal year, in each case setting forth in comparative form the figures for the preceding fiscal year, all in reasonable detail and accompanied by an opinion thereon (which shall not be qualified by reason of any limitation imposed by the Borrower) of independent public accountants of recognized national standing selected by the Borrower, to the effect that such financial statements have been prepared in accordance with GAAP, and that the examination of such accountants in connection with such financial statements has been made in

accordance with generally accepted auditing standards and, accordingly, includes such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances;

(c) ACCOUNTANTS' CERTIFICATES. Within the period provided in paragraph (b) above, a certificate of the accountants who render an opinion with respect to such financial statements, stating that they have reviewed this Agreement and stating further whether, in making their audit, such accountants have become aware of any condition or event which would constitute a Default under any of the terms or provisions of this Agreement and, if any such condition or event then exists, specifying the nature and period of existence thereof;

(d) MANAGEMENT REPORTS. Promptly upon receipt thereof by the Borrower, one copy of each written report submitted to the Borrower by its independent accountants in any annual, quarterly or special audit made, it being understood and agreed that all management reports which are furnished to the Lender pursuant hereto shall be subject to the confidentiality covenant of the Lender contained in Section 9.12;

(e) SEC FILINGS. Promptly upon the filing thereof, one copy of each registration statement or prospectus, or other document filed by the Issuer with any securities exchange or the Securities and Exchange Commission or any successor agency; and

(f) OTHER INFORMATION. Such other information concerning the business, properties or financial condition of the Borrower as the Lender shall reasonably request.

6.2 PAYMENT OF TAXES AND OTHER INDEBTEDNESS. The Borrower shall pay and discharge: (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property belonging to it, before delinquent, (ii) all lawful claims (including claims for labor, materials and supplies) and (iii) all of its Indebtedness as and when due; PROVIDED, HOWEVER, that the Borrower shall not be required to pay any such tax, assessment, charge, claim or levy, if and so long as the amount, applicability or validity thereof is at the time being contested in good faith by appropriate proceedings and appropriate accruals and reserves therefor have been established in accordance with GAAP.

6.3 MAINTENANCE OF EXISTENCE AND RIGHTS; CONDUCT OF BUSINESS. The Borrower shall preserve and maintain its limited liability company existence and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its businesses, and conduct its businesses in an orderly and efficient manner consistent with good business practices and in accordance with all valid regulations and orders of any Governmental Authority.

6.4 NOTICE OF DEFAULT. Immediately upon becoming aware of the existence of any condition or event which constitutes a Default, the Borrower shall furnish to the Lender written notice specifying the nature and period of existence thereof and the action which the Borrower is taking or proposes to take with respect thereto.

6.5 OTHER NOTICES. The Borrower shall promptly notify the Lender of (i) any change which could reasonably be expected to have a Material Adverse Effect; (ii) the

commencement of, or any material determination in, any litigation with any third party or any proceeding before any Governmental Authority affecting the Borrower which could reasonably be expected to have a Material Adverse Effect; and (iii) any material adverse claim against or affecting the Borrower or any of its properties.

6.6 COMPLIANCE WITH MATERIAL AGREEMENTS. The Borrower shall comply in all material respects with all material agreements indentures, mortgages or documents binding on it or affecting its properties or business.

6.7 BOOKS AND RECORDS; ACCESS. The Borrower shall give any representative or agent of the Lender reasonable access upon reasonable notice and during business hours and permit such representative or agent to examine, copy or make excerpts from, any and all books, records and documents in the possession of the Borrower and relating to the affairs of the Borrower and to inspect any of the properties of the Borrower. The Borrower shall, and shall cause each other Acquiror or such other appropriate Person to permit any representative or agent of the Lender to visit and inspect any property indirectly acquired in any Acquisition and examine, copy and make abstracts from the books and records relating to such property upon reasonable notice at any reasonable time and as often as may be reasonably desired and to discuss the operations and conditions of such property with the officers and employees of such Person. The Borrower shall maintain complete and accurate books and records of its transactions in accordance with good accounting practices.

6.8 COMPLIANCE WITH LAW. The Borrower shall comply with all applicable constitutions, laws, rules, regulations, judgments, orders, decisions, rulings and decrees of any Governmental Authority applicable to it or to any of its properties, business operations or transactions, a violation of which would have a Material Adverse Effect.

6.9 INSURANCE. The Borrower shall maintain workers' compensation insurance, liability insurance, casualty insurance and other insurance on its properties, assets and businesses, now owned or hereafter acquired, against such casualties, risks and contingencies, and in such types and amounts, as are consistent with customary practices and standards of companies engaged in similar businesses.

6.10 AUTHORIZATIONS AND APPROVALS. The Borrower shall promptly obtain, from time to time at its own expense, all such governmental licenses, authorizations, consents, permits and approvals as may be required to enable it to comply with its obligations hereunder.

6.11 ERISA COMPLIANCE. The Borrower shall: (i) at all times, make prompt payment of all contributions required under all of its Plans and the minimum funding standard set forth in the Code and ERISA with respect to such Plans; (ii) within thirty (30) days after the filing thereof, furnish to the Lender a copy of each annual report/return (Form 5500 Series), as well as all schedules and attachments required to be filed with the Department of Labor and/or the Internal Revenue Service pursuant to ERISA, and the regulations promulgated thereunder, in connection with each Plan for each Plan year; (iii) notify the Lender immediately of any fact, including, but not limited to, any Reportable Event arising in connection with any Plan, which might constitute grounds for termination thereof by the PBGC or for the appointment by the

appropriate United States District Court of a trustee to administer such Plan, together with a statement, if requested by the Lender, as to the reason therefor and the action, if any, proposed to be taken with respect thereto; and (iv) furnish to the Lender, upon its request, such additional information concerning any Plan as may be reasonably requested.

6.12 REIMBURSEMENT FROM ISSUER. The Borrower shall, upon formation of the Issuer, obtain from the Issuer an unconditional written promise to reimburse the Borrower for all costs and expenses incurred in connection with the Initial Public Offering and paid by the Borrower using the proceeds of the Tranche B Term Loans.

6.13 FURTHER ASSURANCES. The Borrower shall, and shall cause each of its Affiliates to, make, execute or endorse, and acknowledge and deliver or file or cause the same to be done, all such notices, certificates and additional agreements, undertakings, conveyances, transfers, assignments or other assurances, and take any and all such other action, as the Lender may, from time to time, deem reasonably necessary or proper in connection with this Agreement or any of the Related Documents, or the obligations of the Borrower or its Affiliates hereunder or thereunder.

SECTION 7. NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments are in effect or the Notes or any Loan remain outstanding and unpaid or any other Obligation is owing to the Lender hereunder:

7.1 LIMITATION ON INDEBTEDNESS. The Borrower shall not incur, create, contract, assume, have outstanding, Guarantee or otherwise be or become, directly or indirectly, liable in respect of any Indebtedness, except Permitted Indebtedness.

7.2 NEGATIVE PLEDGE. The Borrower shall not create, incur or permit or suffer to exist any Lien upon any of its properties or assets, now owned or hereafter acquired, except for Permitted Liens.

7.3 NO RESTRICTIONS. The Borrower shall not, nor shall it permit any other Acquiror to, allow there to be any restrictions on the sale or transfer of any shares of stock, partnership interests, membership interests or assets acquired with the proceeds of any Loan, except for restrictions expressly consented to by the Lender in writing and restrictions imposed by applicable law.

7.4 LIMITATION ON INVESTMENTS. The Borrower shall not, without the prior written consent of the Lender, make or maintain any Investments, except Permitted Investments and any Acquisition as to which the Lender has made a Tranche B Term Loan.

7.5 PROHIBITION ON DIVIDENDS. The Borrower shall not make or declare any Dividend, either directly or indirectly, whether in cash or property or in obligations of the Borrower; PROVIDED that, if, as of the end of any fiscal year of the Borrower, (i) the sum of (A) the Borrower's net income for such period PLUS (B) the sum of any required principal payments

of Indebtedness of the Borrower for such period, PLUS (C) the aggregate interest expense of the Borrower for such period (but only to the extent deducted in computing net income), PLUS (D) any amortization expenses and other non-cash changes of the Borrower for such period (but only to the extent deducted in computing net income) exceeds (ii) the sum of (X) any required principal payments of Indebtedness of the Borrower for such period, PLUS (Y) the aggregate interest expense of the Borrower for such period, then the Borrower may at any time during the 30 day period after the date of delivery to the Lender pursuant to Section 6.1(b) of the Borrower's audited financial statements for such fiscal year and a certificate of the Borrower's Chief Financial Officer setting forth in reasonable detail the computation set forth above, pay a Dividend to the Principal in an amount equal to such excess, PROVIDED that on the date such payment is to be made no Default has occurred and is continuing or would result therefrom. Determination of each of the amounts described in the foregoing proviso shall be made in accordance with GAAP applied on a basis consistent with those used in the preparation of the Borrower's audited financial statements delivered pursuant to Section 6.1(b).

7.6 MATERIAL AGREEMENTS. The Borrower shall not consent to or permit any alteration, amendment, modification, release, waiver or termination of any provision of any agreement to which it is a party, including, without limitation, any agreement governing or relating to any Collateral, if such action could adversely effect the interest of the Lender or could reasonably be expected to have a Material Adverse Effect.

7.7 CERTAIN TRANSACTIONS. Except as permitted hereunder, the Borrower shall not enter into any transaction with an Affiliate upon terms less favorable to the Borrower than those which the Borrower could obtain in arm's-length dealings with Persons other than Affiliates.

7.8 ISSUANCE OF INTERESTS. The Borrower shall not issue, sell or otherwise dispose of its membership interests or other securities, or rights, warrants or options to purchase or acquire any such interests or other securities.

7.9 NAME, FISCAL YEAR AND ACCOUNTING METHOD. The Borrower shall not change its name or fiscal year or, unless required by GAAP, its method of accounting.

7.10 MERGERS AND SALES OF ASSETS. The Borrower shall not dissolve or liquidate, or become a party to any merger or consolidation, sell, transfer, lease or otherwise dispose of any of its property or assets or business, PROVIDED, HOWEVER, that in connection with the Initial Public Offering, the Borrower may contribute to the Issuer or a Subsidiary of the Issuer any equity interest acquired in connection with any Acquisition and such other assets as the Lender may agree, provided that simultaneously with the making of such contribution the Borrower makes the prepayment of the Loans required pursuant to Section 2.3(e).

7.11 LINES OF BUSINESS. The Borrower shall not, directly or indirectly, change the lines of business in which it currently is engaged or substantially alter its method of doing business.

7.12 NO AMENDMENTS. The Borrower shall not amend its organizational documents.

7.13 ACQUISITION PROPERTIES. The Borrower shall not, and shall not permit any Person owning a direct or indirect interest in any Acquisition Property to, sell, transfer or otherwise dispose of any Acquisition Property, or any direct or indirect interest in such property, or to finance, or refinance any Indebtedness encumbering such property, or any direct or indirect interest in such property, unless the net cash proceeds of any such transaction paid or payable to the applicable Acquiror or any Affiliate of such Acquiror are applied to the prepayment of the Tranche B Loans in accordance with Section 2.3 hereof.

SECTION 8. EVENTS OF DEFAULT

8.1 EVENTS OF DEFAULT. Each of the following events shall constitute an Event of Default:

(a) The Borrower shall fail to pay (i) any principal of or interest on the Loans when due (whether at stated maturity or by prepayment or otherwise) in accordance with the terms hereof, or (ii) any other amount payable hereunder or under any Related Document within three (3) Business Days of when such payment is due in accordance with the terms hereof or thereof;

(b) Any representation or warranty made or deemed made by the Borrower herein or in any Related Document to which it is a party, or in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement, shall prove to have been incorrect in any material respect on or as of the date made or deemed made or shall be breached; or

(c) The Borrower shall default in the observance or performance of any covenant contained in Sections 2.4, 6.3, (with respect to maintenance of existence), 6.4, 6.7 or Section 7; or

(d) The Borrower shall default in the observance or performance of any of the other covenants or agreements contained herein or in any of the Related Documents and such default shall continue unremedied for a period of thirty (30) days after notice thereof to the Borrower by the Lender; or

(e) The Borrower shall, with respect to any Indebtedness having an outstanding aggregate principal amount in excess of $25,000, (i) default in any payment of principal of or premium or interest on any Indebtedness (other than the Notes) beyond any applicable cure period (not to exceed thirty (30) days), (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto and such default shall continue beyond any applicable grace period (not to exceed thirty (30) days), or (iii) any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or

holders) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity, or (iv) have any such Indebtedness be declared to be due and payable, or be required to be prepaid (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof; or

(f) The Borrower, the Principal, SLGM or SLGP shall (i) apply for or consent to the appointment of a receiver, trustee, custodian, intervenor or liquidator of itself or of all or a substantial part of such Person's assets, (ii) file a voluntary petition in bankruptcy, admit in writing that such Person is unable to pay such Person's debts as they become due, or generally not pay such Person's debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) file a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy or insolvency laws, (v) file an answer admitting the material allegations of, or consent to, or default in answering, a petition filed against such Person in any bankruptcy, reorganization or insolvency proceeding, or (vi) take corporate action for the purpose of effecting any of the foregoing;

(g) An involuntary petition or complaint shall be filed against the Borrower, the Principal, SLGM or SLGP seeking bankruptcy relief or reorganization or the appointment of a receiver, custodian, trustee, intervenor or liquidator of such Person, or all or substantially all of such Person's assets and such petition or complaint shall not have been dismissed within sixty (60) days of the filing thereof, or an order, order for relief, judgment or decree is entered by any court of competent jurisdiction or other competent authority approving or ordering any of the foregoing;

(h) Both the following events shall occur: (i) either (x) proceedings shall have been instituted to terminate, or a notice of termination shall have been filed with respect to, any Plan (other than a Multiemployer Plan) by the Borrower, the PBGC or any representative of any thereof, or any such Plan shall be terminated, in each case under Section 4041 or 4042 of ERISA, or (y) a Reportable Event, the occurrence of which would cause the imposition of a lien under Section 4069 of ERISA, shall have occurred with respect to any Plan (other than a Multiemployer Plan) and be continuing for a period of sixty (60) days; and (ii) the sum of the estimated liability to the PBGC under Section 4062 of ERISA and the currently payable obligations of the Borrower to fund liabilities (in excess of amounts required to be paid to satisfy the minimum funding standard of Section 412 of the Code) under the Plan or Plans subject to such event shall exceed ten percent (10%) of the Borrower's net worth at such time;

(i) Any or all of the following events shall occur with respect to any Multiemployer Plan to which the Borrower contributes or has contributed on behalf of its employees: (i) the Borrower incurs a withdrawal liability under Section 4201 of ERISA; or (ii) any such plan is "in reorganization" as that term is defined in Section 2441 of ERISA; or (iii) any such Plan is terminated under Section 4041A of ERISA, and the Lender determines in good faith that the aggregate liability likely to be incurred by the Borrower thereof, as a result of all or any of the events specified in subparagraphs (i), (ii) and (iii) above occurring, shall have a Material Adverse Effect; or

(j) One or more judgments or decrees shall be entered against the Borrower involving in the aggregate a liability (to the extent not paid or fully covered by insurance and for which the insurer has accepted liability in writing) of $25,000 or more and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded (if required in order to effect an appeal) pending appeal within sixty (60) days from the entry thereof; or

(k) The Lender does not have or ceases to have a valid and perfected first priority security interest (subject to Permitted Liens) in the Collateral or this Agreement or any of the Related Documents shall cease for any reason to be in full force and effect in accordance with their terms or any Person obligated thereunder shall so assert in writing or the Security Documents shall cease to be effective to grant the Liens purported to be granted thereby in favor of the Lender or such Liens shall cease to be enforceable or superior to and prior to the rights of any other Person (subject to Permitted Liens); or

(l) The Principal shall cease to beneficially own 100% of the issued and outstanding membership interests in the Borrower;

(m) There shall occur any change in the condition (financial or otherwise) of the Borrower which, in the reasonable opinion of the Lender, has a Material Adverse Effect; or

(n) Any Affiliates of the Principal shall publicly offer its securities by means of an underwriting that is not lead managed by Lehman Brothers Inc.

8.2 REMEDIES. If any Event of Default shall occur and be continuing, then, and in any such event, (a) if such event is an Event of Default specified in Section 8.1(f) or (g), automatically the Commitments shall be terminated and reduced to zero and all Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the Related Documents shall immediately become due and payable, and (b) if such event is any other Event of Default, the Lender may, by notice of default to the Borrower, terminate the Commitments and declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the Related Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable. Except as expressly provided above in this Section 8.2, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

8.3 SET-OFF. In addition to any rights and remedies of the Lender provided by law, the Lender shall have the right, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person, any such notice being hereby expressly waived by the Borrower, to the extent permitted by applicable law, upon the occurrence and during the continuance of any Event of Default, to set-off and apply against the Obligations any amount owing from the Lender at any of its branches or offices to the Borrower. The Lender agrees promptly to notify the Borrower after any such set-off and application made by the Lender, PROVIDED that the failure to give such notice shall not affect the validity of such set-off and application.

8.4 DEFAULT INTEREST. Notwithstanding any other provision of this Agreement to the contrary, if the Borrower shall fail to pay any amount owing to the Lender under this

Agreement when due (whether at stated due date, on acceleration or otherwise), then the Borrower will pay interest to the Lender, payable on demand, on the amount in default from the date such payment became due until payment in full at a rate equal to the rate of interest payable on the Loans immediately prior to the date of such default plus 10% per annum, such rate to change as and when the Applicable Margin would otherwise change as provided herein.

SECTION 9. MISCELLANEOUS

9.1 LIMITATIONS ON RECOURSE. (a) Subject to the qualifications set forth in this Section 9.1, the Lender shall not enforce the liability of the Borrower to pay and perform the Obligations by an action or proceeding wherein a money judgment shall be sought against the Borrower, except that the Lender may bring a foreclosure action, an action for specific performance or any other appropriate action or proceeding to enable the Lender to enforce this Agreement and the Related Documents and realize upon any Collateral; PROVIDED, HOWEVER, that, except as specifically provided in this Section, any judgment in any such action or proceeding shall be enforceable against the Borrower only to the extent of the interest of the Borrower in the Collateral. By accepting this Agreement and the Related Documents, the Lender agrees that it shall not sue for, seek or demand any deficiency judgment against the Borrower in any such action or proceeding under, by reason of or in connection with this Agreement or the Related Documents. The provisions of this Section shall not, however: (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement or the Related Documents; (ii) affect the validity or enforceability of any guaranty or indemnity made in connection with this Agreement or of any Collateral therefor; (iii) impair the right of the Lender to obtain the appointment of a receiver; (iv) impair the right of the Lender to bring suit with respect to fraud or intentional misrepresentation by the Borrower or any other Person in connection with this Agreement or the Related Documents; or (v) affect the validity or enforceability of this Agreement or the Related Documents or limit (except as expressly provided) the liability of the Borrower or any other party thereunder.

(b) Nothing herein shall be deemed to be a waiver of any right which the Lender may have under Section 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the Loans or to require that all Collateral shall continue to secure all of the Obligations owing to the Lender in accordance with this Agreement and the Related Documents.

(c) Notwithstanding the foregoing provisions of this Section or any other provision in this Agreement or any of the Related Documents, the Borrower, the Principal, SLGM, SLGP and any other guarantor of the Loans shall be fully liable for and shall indemnify the Lender for any and all loss, cost, liability, judgment, claim, damage or expense sustained, suffered or incurred by the Lender (including, without limitation, Lender's reasonable attorneys' fees) arising out of or attributable or relating to:

(i) Physical waste of all or any portion of the Collateral, any property in which the Collateral represents a direct or indirect interest or any property included in the Portfolio;

(ii) The wrongful removal or disposal of any portion of the Collateral, any property in which the Collateral represents a direct or indirect interest or any property included in the Portfolio after a Default under this Agreement or any of the Related Documents;

(iii) The failure to have in effect the insurance coverages required under this Agreement or any of the Related Documents, which failure continues unremedied for a period of thirty (30) days after notice thereof to the party obligated to maintain such insurance and the Borrower by the Lender; and

(iv) The breach of any indemnification obligation owing to the Lender or any other indemnitee under this Agreement or any of the Related Documents which breach continues unremedied for a period of thirty (30) days after notice thereof to the breaching party and the Borrower by the Lender;

(d) Notwithstanding the foregoing, the agreement of the Lender not to pursue recourse liability as set forth in subsection (a) above SHALL BECOME NULL AND VOID and shall be of no further force or effect in the event: (i) of a voluntary bankruptcy or insolvency proceeding of the Borrower, the Principal, SLGM, SLGP or any other guarantor of the Loans; (ii) of the Borrower's, SLGP's or any other guarantor's failure to permit or cause its Affiliates to permit, as applicable, inspections of properties, books and records as provided herein or in any of the other Related Documents or to provide financial reports and information as required by this Agreement; (iii) any financial information concerning the Borrower, the Principal, SLGM, SLGP or any other guarantor of the Loans proving to be fraudulent or misrepresenting in any material respect the financial condition of the Borrower, the Principal, SLGM, SLGP or any other guarantor of the Loans; (iv) the misapplication or conversion of any distributions, insurance proceeds, awards, rents, issues, profits, proceeds, accounts, or other amounts received by the Borrower, the Principal, SLGM, SLGP or any other guarantor of the Loans; (v) fraud or material misrepresentation by the Borrower, the Principal, SLGM, SLGP or any other guarantor of the Loans in connection with the Loans; (vi) the gross negligence or willful misconduct of the Borrower, the Principal, SLGM, SLGP or their respective agents or employees; or (vii) the Borrower, the Principal, SLGM, SLGP or any other guarantor of the Loans contests the validity or enforceability of this Agreement or any of the Related Documents and/or asserts defenses for the sole purpose of delaying, hindering, or impairing the Lender's rights or remedies under this Agreement or the Related Documents.

9.2 AMENDMENTS. This Agreement may be amended, or any provision waived, only by an instrument in writing executed by each of the Borrower and the Lender. Any waiver given shall be effective only in the specific instance and for the specific purpose for which it is given.

9.3 NOTICES. Except as expressly otherwise provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy or telex), and shall be deemed to have been duly given or made when delivered by hand, or one Business Day after being sent by overnight mail, or five (5) Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when acknowledged as received addressed as follows, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Lender: Lehman Brothers Holdings Inc.
3 World Financial Center
New York, New York 10285
Attn: Yon Cho
Tel.: (212) 526-2103
Fax: (212) 526-3738

with a copy of each such notice to:

Rogers & Wells
200 Park Avenue
New York, New York 10166
Attn: G. David Brinton
Tel.: (212) 878-8276
Fax: (212) 878-8375

The Borrower: Green Realty LLC
70 West 36th Street
New York, New York 10018
Attn: Stephen L. Green
Tel.: (212) 594-2700
Fax: (212) 594-2262

with a copy of each such notice to:

S.L. Green Properties, Inc.
70 West 36th Street
New York, New York 10018
Attn: Benjamin P. Feldman
Tel.: (212) 594-2700
Fax: (212) 594-2262

and

Robert R. Ivanhoe
Greenburg, Traurig, Hoffman, Lipoff,
Rosen & Quental
153 East 53rd Street
35th Floor
New York, New York 10022
Tel: (212) 801-9333
Fax: (212) 223-7161

PROVIDED that any notice to the Lender pursuant to Section 2 shall not be effective until actually received. Any notice, request or demand received on a day which is not a Business Day shall be deemed to have been received on the next following Business Day.

9.4 NO WAIVER; CUMULATIVE REMEDIES. No failure to exercise and no delay in exercising, on the part of the Lender, of any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided at law, in equity or otherwise.

9.5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Related Documents.

9.6 PAYMENT OF LENDER'S EXPENSES, INDEMNITY, ETC. The Borrower shall:

(a) whether or not the transactions hereby contemplated are consummated, pay all out-of-pocket costs and expenses of the Lender in connection with the closing of the Loans made pursuant to this Agreement up to a limit of $40,000; PROVIDED, HOWEVER, that any unused portion of the loan application fee of $25,000, heretofore paid to the Lender, shall be credited against such costs and expenses;

(b) pay, and hold the Lender harmless from and against, any and all present and future stamp, excise and other similar taxes and hold the Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to the Lender) to pay such taxes; and

(c) indemnify the Lender, its officers, directors, employees, representatives and agents and any persons or entities owned or controlled by, owning or controlling, or under common control or Affiliated with Lender (each an "INDEMNITEE") from, and hold each of them harmless against, any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitee in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated a party thereto) that may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, asserted against or incurred by any Indemnitee as a result of, or arising out of, or in any way related to or by reason of, (i) any of the transactions contemplated under, or the execution, delivery or performance of, this Agreement or any of the Related Documents, (ii) the breach of any of the Borrower's, the Principal's, SLGM's or SLGP's representations and warranties or of any of their respective agreements or obligations hereunder or under any of the Related Documents to which it is a party, and (iii) the exercise by the Lender of its rights and remedies (including, without limitation, foreclosure) under this

Agreement or any Related Document (but excluding, as to any Indemnitee, any such losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements to the extent incurred solely by reason of the gross negligence or willful misconduct of such Indemnitee as finally determined by a court of competent jurisdiction). Borrower's obligations under this subsection shall survive the termination of this Agreement and the payment of the Obligations.

9.7 BENEFIT OF AGREEMENT; ASSIGNMENTS AND PARTICIPATIONS. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lender, all future holders of the Notes and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender.

(b) The Lender shall have the right to enter into one or more participations, sales or assignments of all or any portion of any Loan.

9.8 HEADINGS. The Section and subsection headings in this Agreement are for convenience of reference only and shall not affect the interpretation hereof.

9.9 GOVERNING LAW. THIS AGREEMENT AND THE RELATED DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE RELATED DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

9.10 SUBMISSION TO JURISDICTION. The Borrower hereby irrevocably and unconditionally: (i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any Related Document, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof; (ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in or designated pursuant to Section 9.2; and (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

9.11 WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

9.12 CONFIDENTIALITY. The Lender agrees to hold any non-public information which it may receive from the Borrower pursuant to this Agreement in confidence, except for disclosure to (i) employees, directors, agents, legal counsel, accountants and other professional advisors on a need-to-know basis, (ii) regulatory officials, (iii) as required by law or legal process or in connection with any legal proceeding, and (iv) another financial institution in connection with a disposition or proposed disposition of the Lender's interests hereunder or under the Related Documents, upon execution by such institution of an agreement to keep such information confidential to the extent described in this Section 9.12. Notwithstanding (ii) and (iii) above, in the event that the Lender is requested pursuant to, or required by, applicable law, regulation, legal process, or Governmental Authority to disclose any such information, the Lender will provide the Borrower with prompt notice of such request or requirement in order to enable the Borrower to seek an appropriate protective order or other remedy, or to consult with the Lender with respect to the Borrower's taking steps to resist or narrow the scope of such request or legal process. If, in such event, the Borrower has not provided the Lender with a protective order or other remedy in sufficient time, for the Lender, acting in good faith and otherwise in its sole discretion, to avoid unlawful nondisclosure of such information, the Lender may disclose such information pursuant to such law, regulation, or in such legal process, or to such Governmental Authority, as the case may be, without any recourse or remedy against the Lender by the Borrower which the Borrower hereby expressly waives.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

LEHMAN BROTHERS HOLDINGS INC.

By: /s/ Yon Cho

Name: Yon Cho
Title: Vice President

GREEN REALTY LLC

By: S.L. Green Properties, Inc.
its sole member

By: /s/ Stephen L. Green

Name: Stephen L. Green
Title: President

AMENDMENT NO. 1
TO
CREDIT AGREEMENT

Amendment No. 1, dated as of the ____ day of June, 1997, to the Credit Agreement, dated as of March 24, 1997 (the "Credit Agreement"), among Green Realty LLC (the "Borrower") and Lehman Brothers Holdings Inc. (the "Lender").

WHEREAS, the Borrower has requested that the Lender increase the Tranche B Commitment under the Credit Agreement; and

WHEREAS, the Lender has agreed to such request on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and adequacy of which are hereby acknowledged), the parties hereto hereby agree as follows:

1. DEFINITIONS. All capitalized terms used herein which are defined in the Credit Agreement and not otherwise defined herein are used herein as defined therein.

2. AMENDMENTS TO CREDIT AGREEMENT.

(a) The definition of "Applicable Margin" Section 1.1 of the Credit Agreement is amended in its entirety to read as follows:

"APPLICABLE MARGIN": shall mean (x) with respect to that portion of the outstanding principal amount of Tranche B Loans not exceeding $15,000,000 for any period set forth below, the amount per annum set forth opposite such period:

PERIOD	RATE
Closing Date to but not including September 24, 1998	2.75%
September 24, 1998 to but not including March 24, 1999 (if applicable)	3.75%

(y) for that portion of the outstanding principal amount of Tranche B Loans in excess of $15,000,000 for any period set forth below, the amount per annum set forth opposite such period (as such rate may be increased pursuant to clause (z):

PERIOD	RATE
Closing Date to and including December 31, 1997	2.75%
From and including January 1, 1998 and thereafter	3.75%

and (z) for that portion of the outstanding principal amount of Tranche B Loans in excess of $20,000,000 for any period set forth below, the amount per annum set forth opposite such period:

PERIOD	RATE
From and including September 24, 1998 and thereafter	4.75%

(b) The first sentence of Section 2.2(a) of the Credit Agreement is amended by deleting the figure "$15,000,000" and replacing it with "$26,000,000".

(c) The reference to "Tranche B Term Note" in Section 2.2(g) of the Credit Agreement is amended to mean the Tranche B Note annexed hereto as Exhibit A.

(d) Section 3.2(b) of the Credit Agreement is amended in its entirety to read as follows:

(b) On each date on or before the close of business on December 31, 1997 on which the principal of any Tranche B Term Loan is repaid or prepaid, the Borrower shall pay to the Lender a fee equal to 1% of the principal amount of the Tranche B Term Loan repaid or prepaid; provided that the aggregate fees payable with respect to such repayments or prepayments made in 1997 shall not exceed $150,000. On each date after December 31, 1997 on which the principal of any Tranche B Term Loan is repaid or prepaid, the Borrower shall pay to the Lender a fee equal to (i) in the case of repayments and prepayments made after December 31, 1997 and not exceeding $20,000,000 in aggregate principal amount, 1% of the principal amount of the Tranche B Term Loans repaid or prepaid and (ii) in the case of repayments or prepayments exceeding $20,000,000 in aggregate principal amount, 2% of the principal amount of such excess.

3. REPRESENTATIONS AND WARRANTIES. In order to induce the Lender to enter into this Amendment No. 1, Borrower makes the following representations and warranties to the Lender which shall survive the execution and delivery hereof:

(a) The execution and delivery of this Amendment No. 1 has been authorized by all necessary action on the part of Borrower and its members, this Amendment No. 1 has been duly executed and delivered by the Borrower, and this Amendment No. 1 and the Credit Agreement, as amended hereby constitute the legal,

valid and binding obligations of the Borrower enforceable in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, moratorium laws from time to time in effect and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(b) Neither the execution and delivery of this Amendment No. 1, nor the consummation by the Borrower of the transactions herein contemplated, nor compliance by the Borrower with the terms, conditions and provisions hereof will conflict with or result in a breach of any of the terms, conditions or provisions of (i) the organizational documents of the Borrower; (ii) any other agreement or instrument to which the Borrower is now a party or by which it or its property is, or may be, bound, or constitute a default thereunder, or result thereunder in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Borrower; (iii) any judgment or order, writ, injunction or decree of any court; or (iv) any requirement of law;

(c) No action of, or filing with, any governmental or public body or authority is required to authorize, or is otherwise required in connection with the execution, delivery and performance of this Amendment No. 1 by the Borrower; and

(d) The representations and warranties set forth in Section 4 of the Credit Agreement are true and correct as of the date hereof.

4. CONDITIONS PRECEDENT. This Amendment No. 1 shall not be effective until the Lender shall have received duly executed originals of the following documents:

(a)This Amendment No. 1 executed by the Borrower;

(b) Acknowledgments and Consents from the parties to the Related Documents with respect to this Amendment No. 1 in form and substance satisfactory to the Lender;

(c) a replacement Tranche B Term Note in the form annexed hereto as Exhibit A, executed by the Borrower; and

(d) A favorable opinion of counsel to the Borrower and the parties to the Related Documents in form and substance satisfactory to Lender.

5. EXPENSES. The Company shall pay all reasonable expenses, including, without limitation, the reasonable legal fees incurred by Lender in connection with the preparation, negotiation, execution and delivery and review of this Amendment No. 1, and all other documents and instruments executed in connection with this transaction.

6. REFERENCES TO CREDIT AGREEMENT. The Credit Agreement is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that after giving effect to this Amendment No. 1 all references in the Credit Agreement to "this Agreement", "hereto", "hereof", "hereunder" or words of like import referring to the Credit Agreement shall mean the Credit Agreement, as amended.

- NEXTRECORD -

7. AMENDMENT NO. 1. This Amendment No. 1 is limited as written and shall not be deemed (i) to be an amendment of or a consent under or waiver of any other term or condition of the Credit Agreement, or any of the various agreements guaranteeing or securing the obligations of the Borrower under the Credit Agreement or (ii) to prejudice any right or rights which the Lender now has or may have in the future under or in connection with the Credit Agreement or such other agreements except as expressly waived hereby.

8. GOVERNING LAW. This Amendment No. 1, including the validity thereof and the rights and obligations of the parties hereunder, shall be construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned have executed this Amendment No. 1 this ____ day of June, 1997.

LEHMAN BROTHERS HOLDINGS INC.

By: _____
Name:
Title:

Green Realty LLC

By: S.L. Green Properties, Inc.
its sole member

By: _____
Name: Stephen L. Green
Title: President

- NEXTRECORD -

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Amendment No. 1 to Form S-11) and related Prospectus of SL Green Realty Corp. (the "Company") for the registration of 11,615,000 shares and to the use of our reports dated (i) June 12, 1997 with respect to the balance sheet of the Company as of June 12, 1997; (ii) April 16, 1997, except for note 9, as to which the date is May 27, 1997 with respect to the combined financial statements of SL Green Predecessor for each of the three years in the period ended December 31, 1996; and (iii) April 16, 1997 with respect to the combined financial statements of the uncombined joint ventures of SL Green Predecessor for each of the three years in the period ended December 31, 1996. We also consent to the use of our reports dated (i) May 2, 1997 with respect to the Statement of Revenues and Certain Expenses of 1414 Avenue of the Americas for the year ended December 31, 1995, (ii) May 7, 1997 with respect to the Statement of Revenues and Certain Expenses of 36 West 44th Street for the year ended December 31, 1996, (iii) May 2, 1997 with respect to the Statement of Revenues and Certain Expenses of 1372 Broadway for the year ended December 31, 1996, (iv) May 23, 1997 with respect to the Statement of Revenues and Certain Expenses of 1140 Avenue of the Americas for the year ended December 31, 1996, and (v) May 29, 1997 with respect to the Statement of Revenues and Certain Expenses of 50 West 23rd Street for the year ended December 31, 1996.

/s/ Ernst & Young LLP

New York, New York
July 21, 1997

EXHIBIT 23.3

CONSENT

Rosen Consulting Group hereby consents to the use of its report regarding the New York metropolitan economy and Manhattan office market and the references to the firm and such report under the caption "Market Overview" in the Registration Statement on Form S-11 of SL Green Realty Corp.

Rosen Consulting Group

By: /s/ Kenneth T. Rosen

Name: Kenneth T. Rosen
Title: President

Date: July 24, 1997

EXHIBIT 99.3

CONSENT OF DIRECTOR NOMINEE

To SL Green Realty Corp.:

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to the references in the Registration Statement of SL Green Realty Corp. (the "Company") on Form S-11, and amendments thereto, which indicate that I have accepted a nomination to become a director of the Company subsequent to the closing of the Company's initial public offering.

/s/ John H. Alschuler, Jr.

Dated: July 16, 1997

The New York Metropolitan Economy

Summary

Strong growth of the national economy has benefited New York City, causing the New York metropolitan economy to improve significantly in recent years.* In fact, in July of 1996, Inc. Magazine named New York City as the Best Place to Do Business, stating that urban, compact areas promote interaction among companies, suppliers and customers. Manhattan is one of the worlds most important business centers. As the headquarters of 47 Fortune 500 companies, Manhattan is home to more Fortune 500 companies than any other city in the country. In addition to its diverse base of large businesses, Manhattan also has a large base of small companies. The New York City Office of the Comptroller reports that 99.7% of all private sector businesses in New York City had fewer than 500 employees and that these small businesses, representing 70.7% of the private sector work force, added a net total of 68,821 jobs during 1994 and 1995; between the third quarters of 1995 and 1996, almost 22,000 jobs were added at small businesses. Sixty-four of the 100 largest law firms in the country have a presence in Manhattan, and 27 of those are based there. Four of the Big Six accounting firms are headquartered in Manhattan, and three of the four largest U.S. commercial banks are based in Manhattan. In addition, four of the nations ten largest money managers and 23 of the 25 largest securities firms are based in Manhattan. New York City is one of the world's leading cultural centers. It is a world leader in the advertising industry, and it has a large base of nonprofit organizations. It also has the largest consulate community in the world, contributing to its position as an international center of business an politics.

The outlook in the New York metropolitan area is for healthy private sector employment growth through 2001, which should generate significant demand for office space. Within Manhattan, Mayor Giuliani's efforts to improve services, reduce taxes and crime, and streamline local government have made this vibrant 24-hour city more attractive to businesses. In addition, office rents in Manhattan are relatively inexpensive when compared internationally with other major cities. In January of 1997, Richard Ellis Company ranked Midtown Manhattan 13th among major business centers around the world in terms of office rents, while downtown Manhattan ranked 37th. Many businesses are expanding within Manhattan or opening local offices, and a number of companies have made long term commitments to Manhattan by purchasing buildings or signing long term leases. The emergence of the new media industry is another major boon for Manhattan because these jobs have a high multiplier effect, generating jobs in related industries, particularly in the services sector.

Economic Overview

Economic growth in the New York metropolitan statistical area (MSA) has strengthened during the past several years. Private sector employment gained an average of almost 44,000 jobs per year during the three years between 1994 and 1996 for an average annual growth rate of 1.4%. Between May of 1996 and 1997, private sector employment growth was 1.7%, which is the strongest growth rate in more than ten years. This 1.7% private sector growth rate represents the addition of almost 55,000 jobs (see Figure 1 and Tables 1 and 2). The New York MSA led the Northeast and ranked eighth in the nation in terms of the number of jobs created in metropolitan statistical areas with more than 250,000 jobs during the twelve months ended in May of 1997. The metropolitan area offers

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* The New York metropolitan area includes the following counties: Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland and Westchester.

several key competitive advantages, including access to a skilled work force, customers, partners and investors, that make it a strategically advantageous place to do business and which drive private sector employment growth. Similar to each of the prior economic cycles, the New York metropolitan areas economy is going through a reengineering process, characterized by the emergence of several dynamic new industries and the streamlining of older industries, including the public sector. It is primarily knowledge-based industries, such as the securities industry, the new media industry and overall business services, that are benefiting from the areas key strengths. Growth in these industries, in turn, is fueling expansion in other sectors of the economy.

The vibrancy of New York City is a function of more than job growth. With about 8.6 million people in 1995 (including 7.4 million in New York City), the metropolitan area ranks second only to Los Angeles in terms of population. Many New Yorkers are highly educated. According to the 1990 Census, about 42% of the population over the age of 25 in New York County had a bachelors degree and almost half of those had a graduate or professional degree, rates that are well above the national average. Manhattan is also a cultural hotspot, with many of the nations and worlds leading restaurants, museums, and a rich concentration of theater and performing arts. Because of the large number of people living and working in such a small area, activity occurs around the clock, making New York a 24-hour city.

Chart 1
(Bar Chart Regarding Absolute Change in Private Employment in the New York Metropolitan Statistical Area ("MSA") from 1971 through the forecast for 1997)

Table 1
(Table regarding New York MSA Employment by Sector from 1988 through May 1997)

Table 1
New York MSA Employment by Sector (OOO)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	May 97
Total Nonagricultural	4134.8	4138.0	4093.8	3878.8	3772.5	3772.6	3803.2	3820.3	3857.7	3909.0
% Change	0.5%	0.1%	-1.1%	-5.3%	-2.7%	0.0%	0.8%	0.4%	1.0%	1.2%
Construction & Mining	153.5	152.4	144.3	123.8	107.8	106.4	110.6	112.1	114.2	117.1
% Change		-0.7%	-5.3%	-14.2%	-12.9%	-1.3%	3.9%	1.4%	1.9%	3.5%
Manufacturing	450.3	435.6	410.6	377.1	358.1	348.8	337.6	328.9	318.5	315.6
% Change	-2.4%	-3.3%	-5.7%	-8.2%	-5.0%	-2.6%	-3.2%	-2.6%	-3.2%	-1.6%
Apparel & Textiles	103.4	102.3	96.4	89.7	86.5	83.9	79.3	-76.1	73.3	73.2
% Change	-2.6%	-1.1%	-5.8%	-7.0%	-3.6%	-3.0%	-5.5%	-4.0%	-3.7%	-2.3%
Printing & Publishing	100.5	98.0	94.5	86.9	82.0	81.9	82.2	82.2	81.3	81.6
% Change	-3.2%	-2.5%	-3.6%	-8.0%	-5.6%	-0.1%	0.4%	0.0%	-1.1%	0.5%
T.C.P.U.	245.2	242.9	255.9	245.1	230.8	230.0	228.2	228.9	230.5	232.1
% Change	2.0%	-0.9%	5.4%	-4.2%	-5.8%	-0.3%	-0.8%	0.3%	0.7%	0.6%
Communications*	77.7	23.7	75.8	74.8	70.7	69.6	68.6	68.7	69.4	71.2
% Change	1.8%	-69.5%	219.8%	-1.3%	-5.5%	-1.6%	-1.4%	0.1%	1.0%	2.6%
Trade	758.1	751.7	726.3	676.2	652.9	645.4	653.6	667.6	673.7	679.3
% Change	-0.0%	0.8%	-3.4%	-6.9%	-3.4%	-1.1%	1.3%	2.1%	0.9%	0.9%
Wholesale Trade	267.1	262.2	253.0	234.9	225.7	219.2	218.9	220.8	217.0	216.2
% Change	-0.8%	-1.8%	-3.5%	-7.2%	-3.9%	-2.9%	-0.1%	0.9%	-1.7%	-0.3%
Retail Trade	491.0	489.5	473.3	441.3	427.2	426.3	434.7	446.9	456.7	463.1
% Change	0.4%	-0.3%	-3.3%	-6.8%	-3.2%	-0.2%	2.0%	2.8%	2.2%	1.5%
General Merchandise	67.9	64.0	58.7	53.8	49.2	46.0	43.5	44.2	46.0	44.0
% Change	-2.0%	-5.7%	-8.3%	-8.3%	-8.6%	-6.5%	-5.4%	1.6%	4.1%	-1.8%
Apparel & Accessories	52.5	54.1	53.9	50.0	48.9	50.1	51.0	52.8	52.0	51.8
% Change	0.6%	3.0%	-0.4%	-7.2%	-2.2%	2.5%	1.8%	3.5%	-1.5%	2.2%
Eating & Drink. Places	155.3	155.5	152.2	140.5	138.1	139.7	145.0	150.0	155.5	162.2
% Change	1.3%	0.1%	-2.1%	-7.7%	-1.7%	1.2%	3.8%	3.4%	3.7%	2.2%
F.I.R.E.	577.4	566.4	555.6	528.1	508.0	505.0	513.3	505.5	504.1	507.5
% Change	-1.0%	-1.9%	-1.9%	-4.9%	-3.8%	-0.6%	1.6%	-1.5%	-0.3%	1.2%
Depository Institutions	185.1	179.7	175.8	163.9	148.3	142.3	139.2	134.0	130.2	127.5
% Change	2.8%	-2.9%	-2.2%	-6.8%	-9.5%	-4.0%	-2.2%	-3.7%	-2.8%	-1.5%
Security Brokers	155.1	147.7	139.5	131.5	133.2	137.8	148.6	147.5	150.0	153.7
% Change	-3.0%	-4.8%	-5.6%	-5.7%	1.3%	3.5%	7.8%	-0.7%	1.7%	4.0%
Services	1272.7	1304.8	1309.6	1252.9	1249.0	1275.1	1310.5	1350.6	1401.1	1447.0
% Change	1.3%	2.5%	0.4%	-4.3%	-0.3%	2.1%	2.8%	3.1%	3.7%	3.0%
Total Private	3457.1	3453.9	3402.3	3203.2	3106.6	3110.7	3154	3193.8	3242.2	3298.6
% Change	0.1%	-0.1%	-1.5%	-5.9%	-3.0%	0.1%	1.4%	1.3%	1.5%	1.7%
Government	677.7	684.1	691.5	675.6	665.9	661.9	649.2	626.5	615.5	610.4
% Change	2.4%	0.9%	1.1%	-2.3%	-1.4%	-0.6%	-1.9%	-3.5%	-1.8%	-1.7%
Local Government	519.7	528.2	532.5	524.5	516.9	515.9	503.4	483.4	478.4	476.6
% Change	3.1%	1.6%	0.8%	-1.5%	-1.4%	-0.2%	-2.4%	-4.0%	-1.0%	-1.3%

* According to the Bureau of Labor Statistics, employment in this sector was affected by a strike in 1989.
Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

Table 2
(Table regarding New York MSA Employment by Sector - Absolute Change from 1988 through May 1997)

Table 2
New York MSA Employment by Sector-Absolute Change (O00)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	May 97
Total Nonagricultural	4134.8	4138.0	4093.8	3878.8	3772.5	3772.6	3803.2	3820.3	3857.7	3909.0
Absolute Change	21.2	3.2	(44.2)	(215.0)	(106.3)	0.1	30.6	17.1	37.4	44.5
Construction & Mining	153.5	152.4	144.3	123.8	107.8	106.4	llO.6	112.1	114.2	117.1
Absolute Change		(1.1)	(8.1)	(20.5)	(16.0)	(1.4)	4.2	1.5	2.1	4.0
Manufacturing	450.3	435.6	410.6	377.1	358.1	348.8	337.6	328.9	318.5	315.6
Absolute Change	(11.0)	(14.7)	(25.0)	(33.5)	(19.0)	(9.3)	(11.2)	(8.7)	(10.4)	(5.2)
Apparel & Textiles	103.4	102.3	96.4	89.7	86.5	83.9	79.3	76.1	73.3	73.2
Absolute Change	(2.8)	(1.1)	(5.9)	(6.7)	(3.2)	(2.6)	(4.6)	(3.2)	(2.8)	(1.7)
Printing & Publishing	100.5	98.0	94.5	86.9	82.0	81.9	82.2	82.2	81.3	81.6
Absolute Change	(3.3)	(2.5)	(3.5)	(7.6)	(4.9)	(0.1)	0.3	0.0	(0.9)	0.4
T.C.P.U.	245.2	242.9	255.9	245.1	230.8	230.0	228.2	228.9	230.5	232.1
Absolute Change	4.7	(2.3)	13.0	(10.8)	(14.3)	(0.8)	(1.8)	0.7	1.6	1.3
Communications*	77.7	23.7	75.8	74.8	70.7	69.6	68.6	68.7	69.4	71.2
Absolute Change	1.4	(54.0)	52.1	(1.0)	(4.1)	(1.1)	(1.0)	0.1	0.7	1.8
Trade	758.1	751.7	726.3	676.2	652.9	645.4	653.6	667.6	673.7	679.3
Absolute Change	(0.2)	(6.4)	(25.4)	(50.1)	(23.3)	(7.5)	8.2	14.0	6.1	6.3
Wholesale Trade	267.1	262.2	253.0	234.9	225.7	219.2	218.9	220.8	217.0	216.2
Absolute Change	(2.2)	(4.9)	(9.2)	(18.1)	(9.2)	(6.5)	(0.3)	1.9	(3.8)	(0.6)
Retail Trade	491.0	489.5	473.3	441.3	427.2	426.3	434.7	446.9	456.7	463.1
Absolute Change	2.0	(1.5)	(16.2)	(32.0)	(14.1)	(0.9)	8.4	12.2	9.8	6.9
General Merchandise	67.9	64.0	58.7	53.8	49.2	46.0	43.5	44.2	46.0	44.0
Absolute Change	(1.4)	(3.9)	(5.3)	(4.9)	(4.6)	(3.2)	(2.5)	0.7	1.8	(0.8)
Apparel & Accessories	52.5	54.1	53.9	50.0	48.9	50.1	51.0	52.8	52.0	51.8
Absolute Change	0.3	1.6	(0.2)	(3.9)	(1.1)	1.2	0.9	1.8	(0.8)	1.1
Eating & Drink. Places	155.3	155.5	152.2	140.5	138.1	139.7	145.0	150.0	155.5	162.2
Absolute Change	2.0	0.2	(3.3)	(11.7)	(2.4)	1.6	5.3	5.0	5.5	3.5
F.I.R.E.	577.4	566.4	555.6	528.1	508.0	505.0	513.3	505.5	504.1	507.5
Absolute Change	(5.6)	(11.0)	(10.8)	(27.5)	(20.1)	(3.0)	8.3	(7.8)	(1.4)	6.1
Depository Institutions	185.1	179.7	175.8	163.9	148.3	142.3	139.2	134.0	130.2	127.5
Absolute Change	5.1	(5.4)	(3.9)	(11.9)	(15.6)	(6.0)	(3.1)	(5.2)	(3.8)	(2.0)
Security Brokers	155.1	147.7	139.5	131.5	133.2	137.8	148.6	147.5	150.0	153.7
Absolute Change	(4.8)	(7.4)	(8.2)	(8.0)	1.7	4.6	10.8	(1.1)	2.5	5.9
Services	1272.7	1304.8	1309.6	1252.9	1249.0	1275.1	1310.5	1350.6	1401.1	1447.0
Absolute Change	16.9	32.1	4.8	(56.7)	(3.9)	26.1	35.4	40.1	50.5	42.3
Total Private	3457.1	3453.9	3402.3	3203.2	3106.6	3110.7	3154	3193.8	3242.2	3298.6
Absolute Change	5.0	(3.2)	(51.6)	(199.1)	(96.6)	4.1	43.3	39.8	48.4	54.8
Government	677.7	684.1	691.5	675.6	665.9	661.9	649.2	626.5	615.5	610.4
Absolute Change	16.2	6.4	7.4	(15.9)	(9.7)	(4.0)	(12.7)	(22.7)	(11.0)	(10.3)
Local Government	519.7	528.2	532.5	524.5	516.9	515.9	503.4	483.4	478.4	476.6
Absolute Change	15.6	8.5	4.3	(8.0)	(7.6)	(1.0)	(12.5)	(20.0)	(5.0)	(6.1)

* According to the Bureau of Labor Statistics, employment in this sector was affected by a strike in 1989.

Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

From a quality of life perspective, Mayor Giuliani's efforts to improve city services, reduce taxes and crime, and streamline city government are paying off. Crime is down dramatically in New York City, particularly compared to national crime trends (see Figure 2). Preliminary estimates for 1996 show that New York City ranked 159th for total crime among the 198 largest U.S. cities. New York City ranked lower than Atlanta (1), Miami (8), Phoenix (42), Milwaukee (83) and Philadelphia (114). According to the New York City Police Department, New York City's crime rate decreased 16% during 1996, and the seven felony categories have declined a cumulative 39% since 1993. This decrease is greater than any other large U.S. city during the last three years. Several factors are contriuting to this decline including increased drug enforcement efforts and police redeployment to problem areas. The drastic reduction in crime has been a boon to the tourism industry, which has experienced strong gains in visitor volume, spending and hotel occupancy. In turn, reduced crime and more tourism activity has stimulated after-business-hours activities such as theater, dining and clubs, reinforcing New York's reputation as a 24-hour city.

Chart 2
(Chart regarding New York City Crimes Reported (per thousand inhabitants) from 1950 through 1995)

Much of the recent job growth has occurred at small companies, defined as businesses with fewer than 500 employees. Following the recession of the early 1990s, job growth at small firms recovered quickly, while large companies languished. According to the New York City Office of the Comptroller, between 1984 and 1995, small businesses added 43,034 jobs, while large businesses lost 103,112 jobs. Growth in recent years has been the strongest. During 1994 and 1995, small businesses added 68,821 jobs, while large companies lost a small number of jobs during this period, and between the third quarters of 1995 and 1996 (the most recent period for which data is available), small businesses gained almost 22,000 jobs. About 99.7% of the businesses in New York City are small businesses. About 90% of these small businesses employ fewer than 20 people, about 6.3% employ 20 to 50 people, 2.1% employ 50 to 100 people, and only 1.6% employ 100 to 500 people. Many of these small businesses occupy Class B office space. During 1996, 47% of the Class B leasing activity in Manhattan was for blocks of space of less than 20,000 square feet, illustrating the

strong demand for Class B space by smaller tenants.

The Services Sector

The single fastest-growing employment sector in the New York metropolitan economy in terms of jobs added is the services sector. The services sector grew at a strong rate of 3.0% during the year ended in May of 1997 for the addition of 42,300 jobs. With more than 1.4 million jobs, the services sector currently represents 37% of the New York metropolitan areas total employment base and 44% of its private sector employment base. Between 1992 and 1996, about 152,000 new jobs were created in the services sector (see Figure 3).

One of the largest components of the services industry is business services, with about 290,000 jobs as of May 1997, representing 20% of total services employment. Fueling growth in the business services sector are the advertising industry, the increased demand for computer programmers as well as the trend towards hiring temporary workers as a way to maintain corporate flexibility and, thus, to lower payroll costs. New York City's Madison Avenue dominates the worlds advertising industry. Agencies in New York account for about half of all advertising billings worldwide, and about one of every three advertising professionals in America works in New York City. Other components of the business services sector are the audio recording and the software industries. Accordingly, the entertainment and information technology industries contribute to the rapid growth within business services. Between 1992 and 1996, growth in business services, fueled by the overall health of the local economy, averaged a robust 4% per year, and between May of 1996 and 1997, business services grew 6.6% (see Table 3).

Chart 3
(Bar Chart regarding Absolute Change in Services Employment for the New York MSA from 1971 through the forecast for 1997)

Table 3
(Table regarding New York MSA Services Sector Employment from 1988 through May 1997)

Table 3
New York MSA Services Sector Employment (000)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	May 97
Services	1272.7	1304.8	1309.6	1252.9	1249.0	1275.1	1310.5	1350.6	1401.1	1447.0
% Change	1.3%	2.5%	0.4%	-4.3%	-0.3%	2.1%	2.8%	3.1%	3.7%	3.0%
Business Services	289.1	292.6	278.6	243.0	233.9	240.2	248.4	254.7	273.7	290.4
% Change	-11.1%	1.2%	-4.8%	-12.8%	-3.7%	2.7%	3.4%	2.5%	7.5%	6.6%
Health Services	286.3	295.0	305.2	318.6	328.7	338.9	346.3	356.6	362.5	367.3
% Change	3.3%	3.0%	3.5%	4.4%	3.2%	3.1%	2.2%	3.0%	1.7%	1.5%
Social Services	130.9	135.7	142.3	146.0	153.3	159.6	166.0	169.4	171.7	174.4
% Change	2.1%	3.7%	4.9%	2.6%	5.0%	4.1%	4.0%	2.0%	1.4%	0.9%
Engin. & Mgmt. Svcs.	109.6	114.0	113.7	100.9	98.4	100.3	102.9	106.0	111.1	116.1
% Change		4.0%	-0.3%	-11.3%	-2.5%	1.9%	2.6%	3.0%	4.8%	5.4%
Educational Services	112.7	114.3	115.0	111.3	109.7	110.6	114.2	121.5	130.2	138.3
% Change	4.3%	1.4%	0.6%	-3.2%	-1.4%	0.8%	3.3%	6.4%	7.2%	3.6%
Legal Services	74.9	79.8	80.9	76.5	74.6	74.4	73.8	72.7	73.1	72.4
% Change	4.2%	6.5%	1.4%	-5.4%	-2.5%	-0.3%	-0.8%	-1.5%	0.6%	1.4%
Membership Orgs.	62.4	63.1	63.5	61.6	61.1	61.7	62.1	63.0	64.4	66.1
% Change	2.1%	1.1%	0.6%	-3.0%	-0.8%	1.0%	0.6%	1.4%	2.2%	0.9%
Hotels & Lodging	38.2	39.3	38.8	35.7	35.7	35.1	35.7	36.7	37.1	38.0
% Change	4.1%	2.9%	-1.3%	-8.0%	0.0%	-1.7%	1.7%	2.8%	1.1%	0.8%
Amusement & Recr.	51.6	54.1	55.4	51.1	51.3	47.7	45.5	47.9	49.5	52.6
% Change	13.4%	4.8%	2.4%	-7.8%	0.4%	-7.0%	-4.6%	5.3%	3.3%	4.8%
Motion Pictures	23.7	24.6	25.9	25.2	21.9	25.9	34.2	38.2	41.2	42.8
% Change		3.8%	5.3%	-2.7%	-13.1%	18.3%	32.0%	11.7%	7.9%	4.6%

Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

One very active area of small business creation is a new industry called new media that is centered south of 41st Street in Midtown South's Silicon Alley. The new media industry is a cross-disciplinary industry combining elements of computing technology, telecommunications and media content (information, entertainment, personal/group communications and transactions) to create products and services which can be used interactively by consumers and business users. The companies which work in this industry include entertainment software, online/Internet services, CD-ROM title developers, and web site designers. In addition, advertising and publishing companies participate in the industry, although their core businesses remain outside new media in traditional business lines. Roughly 1,250 firms in Manhattan belong to the new media industry, and employment growth is expected to be a dramatic 30% per year through 1998. This industry is expected to become a major growth sector in the Manhattan economy for several reasons: (i) the focus of interactive media development is shifting from CD-ROM to the World Wide Web, the authoring technology of which has been more available to content creators; (ii) Manhattan is the home for many major media companies (broadcast, cable TV networks, magazine and book publishing) and these companies are moving the new media industry from experimentation to a more mainstream role in multiple-media strategies; and (iii) Manhattan is the center of the advertising industry, and advertising revenue is increasingly one of the key drivers of the new media industry. Strong growth in the new media industry will have major multiplier effects for the overall Manhattan economy. The direct benefits of growth in this industry will flow to business services and to the broadcast, publishing and advertising industries, all of which are concentrated in Manhattan.

Other important components of the service sectors are legal services, engineering and management services and membership organizations. Together, these three subsectors added about 7,500 jobs between May of 1996 and 1997, many of which occupy office space (see Table 4). Legal services is the third most highly concentrated industry in the New York metropolitan area (see Table 5). According to the National Law Journal, 64 of the 100 largest law firms have a presence in Manhattan, and 27 of those firms are based in Manhattan. In addition, hundreds of other domestic and international law firms are located in Manhattan. In the engineering and management services sector, four of the Big Six accounting firms have their national headquarters in Manhattan, and many of the worlds foremost management consulting firms are located in Manhattan. In addition, about 20,000 nonprofit organizations are based in New York City, ranging from cultural groups and trade associations to research facilities.

Table 4
(Table regarding MSA Services Sector Employment - Absolute Growth from 1988 through May 1997)

Table 4
New York MSA Services Sector Employment-Absolute Growth (000)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	May 97
Services	1272.7	1304.8	1309.6	1252.9	1249.0	1275.1	1310.5	1350.6	1401.1	1447.0
% Change	16.9	32.1	4.8	(56.7)	(3.9)	26.1	35.4	40.1	50.5	42.3
Business Services	289 1	292.6	278.6	243.0	233.9	240.2	248.4	254.7	273.7	290.4
% Change	(36.1)	3.5	(14.0)	(35.6)	(9.1)	6.3	8.2	6.3	19.0	18.O
Health Services	286.3	295.0	305.2	318.6	328.7	338.9	346.3	356.6	362.5	367.3
% Change	9.2	8.7	10.2	13.4	10.1	10.2	7.4	10.3	5.9	5.4
Social Services	130.9	135.7	142.3	146.0	153.3	159.6	166.0	169.4	171.7	174.4
% Change	2.7	4.8	6.6	3.7	7.3	6.3	6.4	3.4	2.3	1.5
Engin. & Mgmt. Svcs.	109.6	114.0	113.7	100.9	98.4	100.3	102.9	106.0	111.1	116.1
% Change		4.4	(0.3)	(12.8)	(2.5)	1.9	2.6	3.1	5.1	5.9
Educational Services	112.7	114.3	115.0	111.3	109.7	110.6	114.2	121.5	130.2	138.3
% Change	4.6	1.6	0.7	(3.7)	(1.6)	0.9	3.6	7.3	8.7	4.8
Legal Services	74.9	79.8	80.9	76.5	74.6	74.4	73.8	72.7	73.1	72.4
% Change	3.0	4.9	1.1	(4.4)	(1.9)	(0.2)	(0.6)	(1.1)	0.4	1.0
Membership Orgs.	62.4	63.1	63.5	61.6	61.1	61.7	62.1	63.0	64.4	66.1
% Change	1.3	0.7	0.4	(1.9)	(0.5)	0.6	0.4	0.9	1.4	0.6
Hotels & Lodging	38.2	39.3	38.8	35.7	35.7	35.1	35.7	36.7	37.1	38.0
% Change	1.5	1.1	(0.5)	(3.1)	0.0	(0.6)	0.6	1.0	0.4	0.3
Amusement & Recr.	51.6	54.1	55.4	51.1	51.3	47.7	45.5	47.9	49.5	52.6
% Change	6.1	2.5	1.3	(4.3)	0.2	(3.6)	(2.2)	2.4	1.6	2.4
Motion Pictures	23.7	24.6	25.9	25.2	21.9	25.9	34.2	38.2	41.2	42.8
% Change		0.9	1.3	(0.7)	(3.3)	4.0	8.3	4.0	3.0	1.9

Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

Table 5
(Table regarding New York MSA Location Quotients (which measure the regional concentration of employment in a particular industry))

Table 5
New York MSA Location Quotients

Sector	Location Quotient*
Security and Commodity Brokers	8.59
Apparel and Other Textile Products	2.68
Legal Services	2.43
Motion Pictures	2.43
Social Services	2.22
Educational Services	2.02
Depository Institutions	1.99
Local and lnterurban Passenger Transit	1.93
Miscellaneous Manufacturing Industries	1.91
Printing and Publishing	1.65
Communications	1.55
Apparel and Accessory Stores	1.46
Total Local Government	1.23
Engineering & Management Services	1.19
Business Services (incl. advertising, software & temp. workers)	1.18
Health Services	1.17
Insurance Carriers	1.16
Wholesale Trade	1.02
Amusement & Recreation Services	1.01

* A location quotient measures the regional concentration of employment in a particular industry. If employment in an industry were evenly distributed throughout the U.S., a region's location quotient would be 1.0. Mathematically, it is defined as the ratio of the percentage of total employment in industry x in a given region divided by the percentage of total employment in industry x nationally.

Sources: U.S. Bureau of Labor Statistics, Rosen Consulting Group (RCG)

Motion pictures is another highly concentrated industry in the New York metropolitan area. This is an export-oriented industry that has a large multiplier affect on the local economy. Among the largest employers in New York City are several major media and broadcasting companies, including Time Warner,

Westinghouse Electric, which owns CBS, and Walt Disney Company, which owns Capital Cities/ABC (see Table 6). The motion picture industry alone added 19,300 new jobs between 1992 and 1996 in the New York MSA, representing stunning growth averaging 17.1% per year.

The amusement and recreation services sector and hotel and lodging industry both benefit from tourism and visitor spending. New York has a plethora of theater and performing arts, which fuels growth in amusement and recreation. It is home to some of the world's most famous museums, including the Metropolitan Museum of Art, the Museum of Modern Art, the Guggenheim Museum, the Whitney Museum and the Museum of Natural History. In the tourism industry, during 1996, total visitor volume increased 1.8% to 30.3 million people, following growth of 3.0% during 1995. Visitor spending rose 5.4% to about $13 billion in 1996. This represents roughly 3.8% of the gross city product of $343.1 billion. Visitor volume and spending has benefited substantially from the dramatic decline in crime in New York City over the past three years. Reflecting the strength of visitor spending, the hotel and lodging industry is enjoying strong revenue growth. Hotel occupancy was up to 81.5% in 1996 from 79.5% in 1995 and the average daily room rate rose 10% to $170.50 during 1996 (see Figures 4 and 5). The number of hotel room nights filled grew from 14.8 million in 1993 to 17.6 million in 1996, representing a gain of 6% per year (see Figure).

Table 6
(Table regarding New York City's Top Employers by Employees)

Table 6
New York City Top Employers

Rank	Firm	Employees	Sector
1	Chase Manhattan Corp.	31,000	Banking
2	NYNEX Corp.	25,000	Telecommunications
3	Citicorp	19,000	Banking
4	Columbia University	14,800	Education
5	Consolidated Edison of NY	14,700	Utility
6	New York University	14,000	Education
7	Travelers Group	12,000	Insurance/Financial
8	Time Warner, Inc.	10,400	Media
9	Merrill Lynch & Company	8,900	Financial Services
10	Bank of New York	8,600	Banking
11	New York Times	8,200	Publisher
12	American Airlines	7,900	Airline
13	J.P. Morgan & Company	7,200	Financial Services
14	Bankers Trust New York	7,150	Banking
15	Morgan Stanley	5,800	Financial Services
15	Bear Stearns	5,800	Financial Services
16	Lefrak Organization	5,700	Real Estate Developer
17	Walt Disney Company	5,500	Entertainment
18	Metropolitan Life Insurance Co.	5,150	Insurance
19	American International Group	4,950	Insurance
20	Federated Department Stores	4,900	Retail
20	Equitable Companies	4,900	Insurance/Financial
21	Westinghouse Electric Corp.	4,800	Broadcasting

Source: ND International Trade

While health, social and educational services are mainly population-serving and thus do not create many office-occupying jobs, they contribute to growth in New York's economy. Health services added about 5,400 jobs between May of 1996 and 1997, even though growth in this sector has been tempered in recent years by restructuring in the City's public and private health industry. Among the leading medical facilities in Manhattan area Columbia-Presbyterian and Cornell Medical Centers and Memorial Sloan-Kettering Cancer Center. Manhattan is also home to several internationally recognized universities, including Columbia University, New York University, Rockefeller University and Fordham University. These and other local institutes graduate thousands of students each year, creating a large, high-level professional talent pool for New York employers.

Chart 4
(Bar Chart regarding New York City Hotel Occupancy Rates from 1990 through 1996)

Chart 5
(Bar Chart regarding New York City Average Daily Hotel Rates from 1990 through 1996)

Chart 6
(Bar Chart regarding New York City Hotel Room Nights Filled from 1991 through the forecast for 1997)

The Trade Sector

In absolute numbers, the trade sector is the second largest and fastest growing part of the metropolitan economy, with a gain of 6,300 jobs during the year ended in May 1997 for a 0.9% growth rate. About 68% of the metropolitan areas trade jobs are in the retail sector, where growth was an even stronger 1.5% during the 12 months ended in May of 1997. The retail industry has benefited from improved city services, reduced crime and an increase in the number of visitors and their spending volume. The improved health of the New York economy has stimulated spending by locals, and with about 169,000 households with income exceeding $150,000 per year, many New York City residents have significant disposable income with which to purchase goods and services. Increased spending by locals combined with a higher level of visitor spending caused retail sales growth in New York City to average 3.2% between 1994 and 1996, following four years of declining retail sales (see Figure 7).

Chart 7
(Chart regarding New York City's Annual Percent Change in Retail Sales from 1987 through 1996)

Attesting to the strength of the retail trade sector, a number of retailers are expanding in New York City and are adding new employees. Not only are big box discount retailers establishing a niche, but upscale designers are opening outlets. Kmart has opened stores on 34th Street west of 7th Avenue and at Astor Place in the North of Houston Street (NoHo) area. Upscale designers and manufacturers, such as Calvin Klein, Armani and Valentino, are also opening retail stores. Demand from designers has reportedly caused rents on Madison Avenue to rise 15% during each of the past three years to more than $300 per square foot per year. In some cases, rents are $400 per square foot per year on upper Madison Avenue and $500 per square foot on Fifth Avenue. Retail development is also moving into the downtown and Times Square areas. In downtown, Borders Books and Music has a new store in the World Trade Center, and in the Times Square area, Forest City/Ratner is building a 25-screen AMC multiplex with a Madame Tussaud's Wax museum that will contain 325,000 square feet of retail space. Next to this project, Disney has redeveloped the New Amsterdam Theatre. Also in the Times Square area, the Ford Motor Company will open a new 1,839-seat theater called the Ford Center for Performance Arts in the first quarter of 1998. In addition, Tishman Urban Development is building the 193,000 square-foot E-Walk retail complex in Times Square, and as part of he E-Walk project, Disney plans to build a 45-story hotel. The redevelopment of Times Square is expected to eventually create 20,000 jobs and to generate significant new taxes.

Finance, Insurance and Real Estate Employment

Following several years of acquisitions and mergers in the commercial banking industry, employment in the metropolitan areas overall finance, insurance and real estate (FIRE) sector has turned the corner, with a 1.2% gain between May of 1996 and 1997. Half of New York City's top 23 employers are financial institutions (see Table 6). According to Pensions and Investments magazine, four of the ten largest money managers in the United States, ranked by total assets, are based in Manhattan, and the Securities Industry Association reports that 23 of the 25 largest U.S. securities firms are based in Manhattan. In addition, according to The American Banker, three of the nations top four commercial banks are based in Manhattan.

Consolidation has occurred among some FIRE sector industries, including commercial banks and insurance companies. Commercial banks have consolidated to be competitive with non-bank institutions that now offer bank-like depository and lending services. For example, the merger of

Chase Manhattan Bank and Chemical Banking Corporation is causing the loss of 4,000 jobs in the greater New York area. Because many of these jobs are retail banking jobs, such as tellers, the effect on the office market has been minimized. On a positive note for the FIRE sector, the consolidation of commercial banks has created a much more competitive set of players in New York City, and in some cases, consolidation of FIRE sector employers has translated to new jobs for New York City. The consolidation of Mutual of New York's operations has resulted in the relocation of 350 jobs to New York City. Other companies in the FIRE sector, specifically international banks, are increasing their presence in Manhattan. Foreign financial institutions, such as Deutsche Bank and UBS Securities, have been hiring aggressively in Manhattan.

The securities industry represents 4% of the overall employment base in the metropolitan area. Although it represents only a small part of the economy, this industry is highly concentrated in the New York metropolitan area, and many of the worlds most active underwriters are based in Manhattan or have a strong presence there. Others, such as San Francisco-based Montgomery Securities, have fairly recently established a presence in Manhattan. Wall Street accounts for almost 14% of the city's total wages. Because per person wages on Wall Street average $150,000, the multiplier effect of these jobs on other employment sectors is large. The number of jobs in the securities and commodities brokers employment sector in the New York metropolitan area increased an average of 2.7% per year between 1991 and 1996, rising from a recession trough of 131,500 in 1991 to 153,700 jobs in May of 1997. Growth in this industry was instrumental in turning the New York metropolitan economy around following the recession in the early 1990s.

The securities industry has been very strong, and the recent acceleration of initial public offerings and other investment banking activities should lead to additional growth in this industry. n the long term, both the finance and securities industries will contribute to local economic growth because of New York's position as an international center of finance and securities innovation.

The Transportation, Communications, Public Utilities and Manufacturing Sectors

Employment in the New York metropolitan areas transportation, communications and public utilities (TCPU) sector increased 0.6% between May of 1996 and 1997. The communications part of this sector has been affected by the merger of several Bell operating companies across the nation, the merger of cable and entertainment firms, of publishers and broadcasters and of broadcasters and entertainment firms. Some of the mergers have resulted in new jobs for the New York metropolitan area as companies consolidate operations from other cities. For example, the combined Bell Atlantic and Nynex will be headquartered in New York City.

The New York metropolitan area has gradually shed manufacturing jobs. Because New York is an urban center with high operating costs and difficult transportation access, it is an unfavorable site for manufacturing, and many traditional manufacturers have relocated. Both textiles and publishing have moved out of the city. Many manufacturing firms have returned a large volume of industrial space to the market, with such space gradually being converted to office or residential uses. An increasing proportion of the manufacturing jobs in New York are actually white-collar management or staff positions.

The Public Sector

New York City's government is reinventing itself. About 78% of the metropolitan areas total government employment is in local government, and the remaining 22% is state and federal government employment. Intense efforts to streamline the government and to provide services more efficiently have caused local government employment to decline by about 55,900 jobs, or 10.5%, between 1990 and May of 1997.

The strong growth in private sector employment, coupled with a much more disciplined approach to city services and expenditures, have resulted in both a greatly improved outlook for New York City's budget and higher quality of city services. In May, Mayor Giuliani announced a New York City budget surplus of $856 million for the fiscal year ending June 30, 1997. This increase in revenues comes in spite of reduced taxes. Among the taxes that have been reduced or eliminated are the commercial occupancy tax (on tenants), taxes on proprietorships and partnerships, hotel occupancy taxes, transfer taxes and gains taxes.

The overall business climate in New York has improved significantly as a result of both private sector initiatives and public sector programs. The most visible private sector initiatives have been the Business Improvement Districts (BIDs). A BID is formed by a group of employers in a geographic area with the express purpose of improving the business environment in the area through heightened security, improved street cleaning and lighting and other business-enhancing services. Following on the success of three large BIDs in the Grand Central Terminal, Penn Station and Times Square areas, approximately 33 additional BIDs in New York City have been created.

In addition, a number of public sector efforts have been launched to improve New York City's business environment, specifically to retain the existing base of employers and attract additional employers. For example, the New York Economic Development Department has been involved with 23 transactions since mid-1994, amounting to the retention of 55,482 jobs as of November of 1996. Most recently, in April of 1997, Standard & Poor's Corporation agreed to keep its 2,057 employees in Manhattan through the year 2019 in exchange for a package of tax incentives and energy discounts.

New York also has a large diplomatic community, affiliated with the United Nations and local consulates. A report published by the New York City Commission for the United Nations and Consular Corps reported that the United Nations Headquarters, Agencies, Missions and Consulates spent about $1.5 billion in the New York metropolitan area during 1994 with an indirect impact of $3 billion. New York City also hosts the largest Consulate community in the world, which attracts private sector foreign businesses. The large diplomatic community contributes to New York's position as an important international center of business and politics.

Employment Outlook

The outlook for the New York metropolitan economy is strong. Private sector employment in the metropolitan area will grow at an average rate of 1.4% in 1997 and 1998 and will continue to increase at about 0.9% annually through 2001 (see Table 7). The strong growth of the national

economy will fuel activity in the finance sector, which includes the securities industry. However, much of the growth will continue to occur in the services sector, especially in industries such as advertising, law, software, motion pictures, hotels and tourism. Specifically, because of the large number of corporate headquarters in New York and the city's position as the center for much of the intellectual and creative aspects of business, local business services such as advertising will benefit disproportionately from continued strong growth in the national economy. Strong growth in small businesses, such as those in the new media industry, will further enhance the growth prospects for business services and, generally, other industries which provide services to businesses.

Table 7
(Table regarding New York MSA Employment Forecast from 1995 through the forecast for 2001).

Table 7
New York MSA Employment Forecast (000)

	1995	1996	1997f	1998f	1999f	2000f	2001f
Total Nonagricultural	3820.3	3857.7	3915.3	3967.2	4009.8	4040.9	4076.2
% Change		1.0%	1.5%	1.3%	1.1%	0.8%	0.9%
Construction & Mining	112.1	114.2	117.1	118.8	118.8	119.2	119.9
% Change		1.9%	2.5%	1.5%	0.0%	0.3%	0.6%
Manufacturing	328.9	318.5	312.1	306.5	301.9	298.3	293.5
% Change		-3.2%	-2.0%	-1.8%	-1.5%	-1.2%	-1.6%
T.C.P.U	228.9	230.5	231.4	231.7	232.3	232.8	232.6
% Change		0.7%	0.4%	0.1%	0.3%	0.2%	-0.1%
Trade	667.6	673.7	681.8	687.2	692.0	694.1	696.9
% Change		0.9%	1.2%	0.8%	0.7%	0.3%	0.4%
F.I.R.E	505.5	504.1	508.6	511.7	514.2	515.3	516.8
% Change		-0.3%	0.9%	0.6%	0.5%	0.2%	0.3%
Services	1350.6	1401.1	1454.3	1503.8	1542.9	1573.7	1608.4
% Change		3.7%	3.8%	3.4%	2.6%	2.0%	2.2%
Total Private	3193.8	3242.2	3305.4	3359.7	3402.3	3433.4	3468.1
% Change		1.5%	1.9%	1.6%	1.3%	0.9%	1.0%
Government	626.5	615.5	610.0	607.5	607.5	607.5	608.1
% Change		-1.8%	-0.9%	-0.4%	0.0%	0.0%	0.1%

Sources: Bureau of Labor Statistics, Rosen Consulting Group (RCG)

The Office Market

Summary

Manhattan is the largest office market in the country, with an overall stock of more than 375 million square feet in the Midtown, Midtown South and Downtown submarkets. The amount of space in Manhattan exceeds the combination of the next six largest central business districts in the nation, those of Chicago, the District of Columbia, Boston, San Francisco, Philadelphia and Los Angeles. Within Manhattan, 45.7% of the space is classified as Class B space (see Table 8).* Almost 74% of the Class B space is located in the Midtown and Midtown South submarkets combined, and about one fourth of the Class B space is located in Downtown.**

Table 8
(Table regarding Manhattan Office Market Overview showing Class A and B stock, Class A and B 2nd Quarter vacancy rates and 2nd Quarter Rents per square foot, for different areas of Manhattan)

Table 8
Manhattan Office Market Overview

	% of Stock		2Q97 Vacancy Rate		2Q97 Rent/SF	
	Class A	Class B	Class A	Class B	Class A	Class B
MT+MTS	70.2%	73.9%	10.1%	11.3%	$37.42	$24.44
Midtown (MT)	67.9%	48.3%	10.0%	11.4%	$37.88	$26.57
Midtown South (MTS)	2.4%	25.7%	13.3%	11.2%	$27.40	$20.35
Downtown	29.8%	26.1%	13.5%	18.8%	$28.19	$22.42
Total	54.3%*	45.7%*	11.1%	13.3%	$34.08	$23.70

* Represents proportion of total Class A + Class B Stock
Sources: RELocate, Rosen Consulting Group (RCG)

Improved job growth in recent years, resulting from the recovery of the national and New York metropolitan economies, has caused office market conditions in Manhattan to strengthen. The overall Class B vacancy rate fell from 17.8% in 1992 to 13.3% in the second quarter of 1997, a rate that is only moderately higher than the Class A vacancy rate of 11.1% (see Table 9). At 11.2%, Midtown South has the lowest Class B vacancy rate, followed by Midtown, with an 11.4% Class B vacancy rate. When combined, the second quarter 1997 Class B vacancy rate for Midtown and Midtown South is 11.3%. Contributing to demand in the Midtown area are existing Midtown Manhattan businesses that are expanding, as well as some traditional Downtown tenants, such as banks and securities firms, which have moved to Midtown in search of greater amenities and improved access to transportation.

Table 9
(Table regarding summary of Manhattan Office Market Vacancy Rates for 1991 through the forecast for 2001)

Table 9
Summary of Manhattan Office Market Vacancy Rates

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Class B												
Total	17.0%	17.8%	17.4%	15.6%	15.1%	13.1%	13.3%	11.4%	10.0%	9.0%	8.2%	7.3%
MT+MTS	15.7%	17.3%	16.4%	14.0%	12.8%	11.5%	11.3%	9.7%	8.4%	7.4%	6.6%	5.7%
Midtown(MT)	15.0%	16.8%	15.9%	14.2%	12.9%	11.3%	11.4%	9.5%	8.2%	7.2%	6.4%	5.5%
Midtown South (MTS)	17.1%	18.1%	17.4%	13.7%	12.8%	11.9%	11.2%	10.1%	8.8%	7.7%	6.9%	6.0%
Downtown	20.7%	19.3%	20.3%	20.2%	21.3%	17.8%	18.8%	16.0%	14.7%	13.6%	12.8%	11.9%
Class A												
Total	18.1%	15.7%	14.8%	14.8%	15.2%	13.3%	11.1%	10.7%	8.7%	7.9%	7.2%	6.3%
MT + MTS	17.8%	14.4%	13.2%	13.6%	14.6%	12.2%	10.1%	9.6%	7.6%	7.1%	6.5%	5.9%
Midtown (MT)	18.3%	14.8%	13.6%	12.1%	14.3%	12.0%	10.0%	9.5%	7.5%	7.0%	6.5%	5.8%
Midtown South (MTS)	3.4%	2.6%	2.7%	55.9%	23.1%	18.6%	13.3%	13.1%	11.2%	9.6%	8.5%	7.1%
Downtown	18.8%	18.9%	18.5%	17.5%	16.8%	15.9%	13.5%	13.3%	11.4%	9.8%	8.6%	7.3%

Sources: RELocate, Rosen Consulting Group (RCG)

During the next several years, overall market conditions will tighten further, Class A rents will rise, and tenants will have fewer options for available Class A space. As a result, we anticipate that demand for Class B space will increase, especially in buildings with modern infrastructure and good locations, but which offer rents that are less expensive than those in the Class A market. Additional demand, combined with a lack of new construction for the near term, leads us to believe that the overall Manhattan Class B vacancy rate will fall to 7.3% by 2001 and that the Class B vacancy rate in the combined area of Midtown and Midtown South will fall to 5.7% by 2001 (see Table 10).

Table 10
(Table regarding Manhattan Class B Office Market Trends from 1991 through the forecast for 2001)

Table 10

Manhattan Class B Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f
Total Manhattan										
Total Stock	172,940	172,940	173,028	173,028	173,028	173,028	173,028	173,028	173,028	173,028
New Construction	185	0	88	0	0	0	0	0	0	0
Net Absorption		(1,342)	666	3,105	1,008	3,304	(232)	3,096	2,272	1,824
Occupied Stock	143,542	142,200	142,866	145,971	146,979	150,283	150,051	153,379	155,652	157,476
Vacancy Rate	17.0%	17.8%	17.4%	15.6%	15.1%	13.1%	13.3%	11.4%	10.0%	9.0%
Avg. Asking Rent	$ 23.21	$ 22.23	$ 22.15	$ 22.02	$ 22.32	$ 22.54	$ 23.70	$ 23.71	$ 24.66	$ 25.93
% Change		-4.2%	-0.4%	-0.6%	1.4%	1.0%		5.2%	4.0%	5.1%
Midtown + Midtown South										
Total Stock	127,829	127,829	127,917	127,917	127,917	127,917	127,917	127,917	127,917	127,917
New Construction	185	0	88	0	0	0	0	0	0	0
Net Absorption		(1,978)	1,144	3,032	1,532	1,711	219	2,289	1,680	1,349
Occupied Stock	107,755	105,777	106,921	109,954	111,485	113,197	113,416	115,486	117,166	118,514
Vacancy Rate	15.7%	17.3%	16.4%	14.0%	12.8%	11.5%	11.3%	9.7%	8.4%	7.4%
Avg. Asking Rent	$ 23.17	$ 22.24	$ 21.89	$ 22.15	$ 22.78	$ 23.00	$ 24.44	$ 24.39	$ 25.60	$ 27.17
% Change		-4.0%	-1.6%	1.2%	2.8%	1.0%		6.1%	5.0%	6.1%
Midtown										
Total Stock	83,436	83,436	83,524	83,524	83,524	83,524	83,524	83,524	83,524	83,524
New Construction	185	0	88	0	0	0	0	0	0	0
Net Absorption		(1,552)	833	1,403	1,128	1,303	(92)	1,495	1,097	881
Oocupied Stock	70,954	69,402	70,235	71,638	72,766	74,069	73,977	75,563	76,660	77,541
Vacancy Rate	15.0%	16.8%	15.9%	14.2%	12.9%	11.3%	11.4%	9.5%	8.2%	7.2%
Avg. Asking Rent	$ 26.29	$ 25.25	$ 24.86	$ 24.78	$ 25.42	$ 25.05	$ 26.57	$ 26.62	$ 28.00	$ 29.77
% Change		-4.0%	-1.5%	-0.3%	2.6%	1.5%		6.3%	5.2%	6.3%
Midtown South										
Total Stock	44,393	44,393	44,393	44,393	44,393	44,393	44,393	44,393	44,393	44,393
New Construction	0	0	0	0	0	0	0	0	0	0
Net Absorption		(426)	311	1,629	404	408	311	794	583	468
Occupied Stock	36,802	36,376	36,686	38,316	38,720	39,128	39,439	39,922	40,505	40,974
Vacancy Rate	17.1%	18.1%	17.4%	13.7%	12.8%	11.9%	11.2%	10.1%	8.8%	7.7%
Avg. Asking Rent	$ 18.05	$ 16.97	$ 16.77	$ 17.01	$ 17.77	$ 19.31	$ 20.35	$ 20.42	$ 21.36	$ 22.60
% Change		-6.0%	-1.2%	1.4%	4.5%	8.7%		5.7%	4.6%	5.8%

	2000f	2001f
Total Manhattan		
Total Stock	173,028	173,028
New Construction	0	0
Net Absorption	1,374	1,567
Occupied Stock	158,850	160,418
Vacancy Rate	8.2%	7.3%
Avg. Asking Rent	$ 27.46	$ 29.28
% Change	5.9%	6.6%
Midtown + Midtown South		
Total Stock	127,917	127.917
New Construction	0	0
Net Absorption	1,016	1,159
Occupied Stock	119,530	120,689
Vacancy Rate	6.6%	5.7%
Avg. Asking Rent	$ 29.04	$ 31.30
% Change	6.9%	7.8%
Midtown		
Total Stock	83,524	83,524
New Construction	0	0
Net Absorption	663	757
Oocupied Stock	78,204	78,961
Vacancy Rate	6.4%	5.5%
Avg. Asking Rent	$ 31.90	$ 34.46
% Change	7.1%	8.0%
Midtown South		
Total Stock	44,393	44,393
New Construction	0	0
Net Absorption	353	402
Oocupied Stock	41,326	41,728
Vacancy Rate	6.9%	6.0%
Avg. Asking Rent	$ 24.09	$ 25.90
% Change	6.6%	7.5%

Demand Analysis

In order to capture the actual demand in the Manhattan Class B office market, we have utilized three measures (see Table 11). The first is gross leasing activity, which involves summing up all the leases signed in the market. This measures all leases, including renewals of existing leases and relocations within the market and, as a result, may lead to some double counting of space. It also includes pre-leasing of space in new buildings. However, it is a good measure of the overall health of the office mrketplace. A second measure, derived from the vacancy rate, is calculated net absorption. Calculated net absorption is a constructed data series created by examining the change in occupied stock. The change in occupied stock, in turn, is created by multiplying the occupancy rate (1- vacancy rate) by the total stock of space. It must be

emphasized that this is a constructed data series to approximate historical net absorption. It is the best measure of net demand for office space. The third measure of office space demand is constructed from employment growth and is used to forecast office space demand. Specifically, job growth by office-using sectors is multiplied

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* Class B space generally meets 3-4 of the following criteria, while Class A space meets at least 5: geographic location-prominence of area; age of building- those built after 1975; tenant roster-industry leaders occupy a significant amount of space; building size-in excess of 250,000 square feet; average asking rent- consistently above the area's average; amenities-including concierge and security. Class B space generally includes older buildings in desirable locations that are in good physical conditions and that frequently have a high tenant roster. Class A buildings, on the other hand, are generally newer, have higher quality finishes and command higher rents. Examples of Class B buildings include the Graybar Building, the Kent Building, the Lincoln Building, the Fred French Building, Five and Seven Penn Plaza and 14 Wall Street.

** Midtown is defined as the north side of 32nd Street to 62nd Street, East River to the Hudson River, Midtown South is defined as Canal Street to the South Side of 32nd Street, East River to the Hudson River. Downtown is defined as Battery to Canal Street, East River to the Hudson River.

by an office space utilization factor, in this case 200 square feet per person for Class B space and 175 square feet per person for Class A space, to produce a forecasted net absorption of office space. All three measures of demand, gross leasing activity, calculated net absorption, and forecasted net absorption, must be viewed as proxies for demand because there are no official numbers to measure demand.

Table 11
(Table regarding Calculated/Forecasted Net Absorption and Gross Leasing Activity Summary from 1992 throught the forecast for 2001).

Table 11
Calculated/Forecasted Net Absorption and Gross Leasing Activity Summary

	1992	1993	1994	1995	1996	1997f	1998f	1999f	2000f	2001f
Calculated/Forecasted Net Absorption										
Class B										
Total	(1,342)	666	3,105	1,008	3,304	3,096	2,272	1,824	1,374	1,567
MT+MTS	(1,978)	1,144	3,032	1,532	1,711	2,289	1,680	1,349	1,016	1,159
Midtown	(1,552)	833	1,403	1,128	1,303	1,495	1,097	881	663	757
Midtown South	(426)	311	1,629	404	408	794	583	468	353	402
Downtown	636	(478)	72	(523)	1,592	807	592	476	358	409
Class A										
Total	4,828	2,343	14	(944)	3,890	5,419	3,977	3,193	2,405	2,743
MT + MTS	4,883	2,105	(572)	(1,408)	3,370	3,806	2,793	2,243	1,689	1,927
Midtown	4,848	2,107	2,006	(2,995)	3,149	3,542	2,699	2,167	1,632	1,862
Midtown South	35	(2)	(2,578)	1,587	222	264	94	75	57	65
Downtown	(55)	238	587	465	520	1,614	1,184	951	716	817
Gross Leasing Activity										
Total		22,077	26,788	22,680	28,524					
ClassB		10,722	12,516	10,654	12,876					
MT+MTS		8,651	10,439	9,016	10,349					
Midtown		5,749	6,850	6,139	6,997					
Midtown South		2,902	3,589	2,878	3,352					
Downtown		2,071	2,077	1,637	2,527					
Class A		11,354	14,271	12,026	15,647					
MT+MTS		8,618	11,127	9,322	12,227					
Midtown		8,562	11,067	8,175	11,560					
Midtown South		57	60	1,146	667					
Downtown		2,736	3,145	2,705	3,420					

Sources: RELocate, Rosen Consulting Group (RCG)

As Figures 8 and 9 show, gross leasing activity in Manhattan has been strong during the past several years. Between 1993 and 1996, gross leasing activity for the overall office market averaged 25 million square feet per year, and first half 1997 activity indicates that 1997 will be another strong year for leasing activity. This leasing activity signifies that the Manhattan office market is healthy.

Chart 8
(Bar Chart regarding Gross leasing activity for Manhattan Class A office from 1993 through the 2nd quarter of 1997)

Chart 9
(Bar Chart regarding Gross leasing activity for Manhattan Class B office from 1993 through the 2nd quarter of 1997)

Leasing activity for Class A space is strongest in Midtown, but for Class B space is fairly evenly divided between Midtown and Downtown (see Figures 10 to 17). Some traditional downtown tenants, such as banks and securities firms, have moved to Midtown locations because of their perceptions that Midtown amenities, such as a location that is more easily accessible to many employees, outweigh the cost savings of Downtown locations, although this trend has slowed. Other tenants generating strong demand for Midtown office space include those in the advertising, printing and publishing, legal services, and communications industries. Among the largest Midtown leases during 1996 were pre-leases by publisher Conde Nast and the law firm of Skadden, Arps, Slate Meagher & Flom at the new Four Times Square building. The lease rates on these transactions were not high enough to justify the construction. Rather, they reflect the financial incentives that the developer, the Durst Organization, received.

In Midtown South, gross leasing activity increased during 1996 and is on track to strengthen further during 1997. Midtown South is largely a market of Class B space. It is becoming more desirable because it offers less expensive office space than Midtown and an improving quality of life as older buildings are renovated and neighborhoods improve. In fact, Class B space in the Midtown South area with good infrastructure is performing better than the overall Class B market. In addition to its traditional base of small companies, Midtown South is increasingly attracting back office operations and even primary office operations of companies that are finding it difficult to locate large blocks of contiguous space in Midtown. For instance, America Online recently announced its decision to move its sales office to Midtown South. Another significant Midtown South transaction which recently occurred was the move of Credit Suisse First Boston to 11 Madison Avenue. Credit Suisse First Boston has consolidated several Manhattan offices into more than 1.6 million square feet in the building, which

had been vacated by Metropolitan Life Insurance during 1994. Other tenants signing large leases at 11 Madison Avenue are Alexander & Alexander Services, Wells, Rich and Green, and Emanuel/Emanuel Ungaro. As buildings such as 11 Madison Avenue are renovated to accommodate these "name" tenants, they have been reclassified as Class A space. In addition, moves by these "name" tenants are spurring other tenants to consider Midtown South locations.

Chart 10
(Bar Chart regarding Class A Net Absorption for Midtown & Midtown South from 1992 through the forecast for 2001)

Chart 11
(Bar Chart regarding Class B Net Absorption for Midtown & Midtown South from 1992 through the forecast for 2001)

Chart 12
(Bar Chart regarding Class A Net Absorption for Midtown Manhattan from 1992 through the forecast for 2001)

Chart 13
(Bar Chart regarding Class B Net Absorption for Midtown Manhattan from 1992 through the forecast for 2001)

Chart 14
(Bar Chart regarding Class A Net Absorption for Midtown South from 1992 through the forecast for 2001)

Chart 15
(Bar Chart regarding Class B Net Absorption for Midtown South from 1992 through the forecast for 2001)

Chart 16
(Bar Chart regarding Class A Net Absorption for Downtown Manhattan from 1992 through the forecast for 2001)

Chart 17
(Bar Chart regarding Class B Net Absorption for Downtown Manhattan from 1992 through the forecast for 2001)

Efforts to revitalize Downtown New York are beginning to pay off with increasing demand for office space. The Downtown Commercial Revitalization Program offers a mix of commercial rent tax, real estate tax, and energy expense relief to tenants who sign new or renew leases in buildings constructed before 1975. Most tenants considering Downtown are financial services companies, high tech start-up companies, and large tenants that have been forced out of Midtown by lack of

available space. For example, McGraw-Hill's Standard & Poors unit signed a 937,000 square-foot, 20-year lease at 55 Water Street in one of the largest Downtown leases in several years. Other notable leases have been signed by Chubb Insurance and Depository Trust Company for space at 55 Water Street. Numerous new media and high tech companies have leased space at 55 Broad Street, which has been transformed into the New York Information Technology Center, and beginning in early 1997, a public private partnership between the Alliance for Downtown New York, property owners, and the City of New York began developing Plug 'n' Go space in Downtown office buildings to provide space for high technology start-up companies. The Plug 'n' Go properties are pre-wired for Internet use, and are located in the same general area, creating a high technology start-up community. Tenants receive simplified leases and rebates of up to half of the real estate taxes. In April of 1997, additional buildings were joining the program as only six of 25 Plug 'n' Go spaces in the six original buildings were still available.

Another part of the Downtown revitalization program generating significant activity is the incentive to encourage the conversion of older, obsolete buildings to residential use. In fact, 19 buildings totalling 4.3 million square feet of space have been converted to residential use. Not only do residential conversions eliminate older, obsolete office space from the inventory, but as old office space is converted to residential uses, Downtown will become more of a 24-hour city, making it more attractive to office users and contributing further to the areas revitalization.

During the first half of 1997, Downtown rent growth has accelerated, even though vacancy rates have yet to fall significantly (see Table 12). Going forward, Downtown office market conditions will strengthen as obsolete space is renovated and converted to other uses. We expect the Downtown Class B vacancy rate to fall to 11.9% in 2001 and Downtown rent growth to accelerate to 5.6% per year by 2001.

Table 12
(Table regarding Downtown Manhattan Class B Office Market Trends from 1991 through the forecast for 2001)

Table 12
Downtown Manhattan Class B Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112	45,112
New Construction	0	0	0	0	0	0	0	0	0	0	0	0
Net Absorption		636	(478)	72	(523)	1,592	(451)	807	592	476	358	409
Occupied Stock	35,787	36,423	35,945	36,017	35,494	37,086	36,635	37,893	38,486	38.962	39,320	39,728
Vacancy Rate	20.7%	19.3%	20.3%	20.2%	21.3%	17.8%	18.8%	16.0%	14.7%	13.6%	12.8%	11.9%
Avg. Asking Rent	$23.30	$22.22	$ 22.74	$21.75	$ 21.53	$21.71	$ 22.42	$22.53	$23.15	$ 24.04	$25.16	$26.56
% Change		-4.6%	2.3%	-4.4%	-1.0%	0.8%		3.8%	2.7%	3.9%	4.7%	5.6%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

In recent years, strong growth in business services and the stabilization of the commercial banking industry have fueled net absorption throughout the office market. Office demand growth surged in 1996, causing calculated net absorption in Manhattan for the overall market to surpass 7.1 million square feet. About 3.3 million square feet, or about 46%, of this absorption occurred in Class B buildings (see Table 11 on page 19). Class B overall net absorption in Manhattan was negative during the first half of 1997, but we do not believe that this creates cause for concern.

Forecasted Demand Analysis

Forecasted net absorption is based on the number of office occupying jobs created. As Table 13 shows, FIRE sector employment growth was slightly weak through 1996, but it has picked up in 1997. Mergers continue in the banking industry, but many of the jobs lost are in the retail banking sector and involve employees working at retail branches, rather than in offices. In addition, other employment sectors, whose employees typically do not occupy office space, are more likely to occupy office space in New York. For example, manufacturing, textile and communications companies in New York frequently have a management presence in the city as opposed to physical operations. As a result, RCG conservatively estimates that 10% of private sector jobs, excluding FIRE and services, will occupy office space. Assuming each new employee occupies about 175 to 200 square feet, an average of 5.6 million square feet on net will be absorbed annually between 1997

and 2001. From 1991 through the second quarter of 1997, about one-third of the calculated net absorption in Manhattan has occurred in Class B space. Assuming that this trend will continue through 2001, net absorption will be sufficient to cause the overall Class B vacancy rate to fall to 73% in 2001 and rent growth to accelerate to about 6.6% per year.

Table 13
(Table regarding New York MSA Office Employment Growth from 1991 through the forecast for 2001)

Table 13
New York MSA Office Employment Growth (000)

	1991	1992	1993	1994	1995	1996	1997f	1998f	1999f	2000f	2001f
Office Occupy. FIRE Jobs	528.1	508.0	505.0	513.3	505.5	504.1	508.6	511.7	514.2	515.3	516.8
Security & Commod. Brok.	131.5	133.2	137.8	148.6	147.5	150.0					
Depository Institutions	163.9	148.3	142.3	139.2	134.0	130.2					
Nondepository Institutions	9.7	9.1	9.3	9.5	9.5	9.5					
Office Occupy. Svcs. Jobs	674.7	663.3	676.2	693.0	710.0	742.0	780.8	807.3	828.3	844.9	863.5
Business Services	243.0	233.9	240.2	248.4	254.7	273.7					
Legal Services	76.5	74.6	74.4	73.8	72.7	73.1					
Membership Orgs.	61.6	61.1	61.7	62.1	63.0	64.4					
Engin. & Mgmt. Svcs.	100.9	98.4	100.3	102.9	106.0	111.1					
Other	192.7	195.3	199.6	205.8	213.6	219.7					
Other Private Sector Ofc.	527.9	517.9	520.5	525.0	529.2	537.0	547.1	556.7	564.6	570.7	577.6
Total Office Jobs in MSA	1,730.7	1,689.2	1,701.7	1,731.3	1,744.6	1,783.1	1,836.5	1,875.7	1,907.2	1,930.8	1,957.9
New Ofc. Jobs Created in MSA	(108.7)	(41.6)	(12.5)	29.6	13.4	38.5	53.4	39.2	31.5	23.7	27.0
New Ofc. Jobs Created in NYC	(94.6)	(36.2)	10.9	25.8	11.6	33.5	46.4	34.1	27.4	20.6	23.5

Sources: Bureau of Labor Statistics, Forecast-Rosen Consulting Group (RCG).

Supply Analysis

Improvement in the Manhattan office market is a function of both forecasted construction and demand growth. Currently, little construction is underway, planned or proposed, and all of the activity is occurring in Midtown. The only major project underway is the Durst Organizations 1.5 million square-foot Four Times Square office project that is scheduled for completion in 1999. The developer received tax incentives to make this project economically feasible. Limited build-to-suit construction is also occurring for tenants with specific needs. For example, LVMH, the parent of Louis Vuitton, is building a 23-story, 103,000 square-foot office building at 17 to 21 East 57th Street between Fifth and Madison Avenues. The building, scheduled for completion in the fourth quarter of 1997, will contain Louis Vuitton's flagship store on its ground floor. In addition, the German Mission to the United Nations is building a 23-story, 112,000 square-foot headquarters at 871 United Nations Plaza that will be completed in mid 1998.

Forecasted Supply Analysis

Several factors are limiting new construction, including the lack of available sites, the long lead time for new development, and current market rents that are well below those needed to justify new construction. Assuming development costs of approximately $358 per square foot, an expected return of 10%, and no tax incentives for development, an effective rent of approximately $55 is needed to make construction economically viable (see Table 14).

As leasing options diminish and the market anticipates strong increases in rents, construction activity will return to the market. Already, several office buildings have been proposed. As part of the Times Square Redevelopment Plan, office buildings could be constructed on the southwest and northwest corners of Seventh Avenue and 42nd Street. Another potential development site is on 42nd Street above the 42nd Street subway station between Seventh Avenue and Broadway. Given the success of its Four Times Square project, the Durst Organization may team up with developer George Klein to build on one of these sites. Another prime developable site is 383 Madison Avenue, where Chase Manhattan Bank is reportedly considering a build-to-suit. The site could hold a building of up to 800,000 square feet. In addition, the New York Metropolitan Transportation Authority is considering nine mixed-use proposals for the New York Coliseum Site, four of which include office components ranging from 1.2 million square feet to 700,000 square feet. However, given the long lead time for new construction, even if announced during 1997, none of these projects would be completed until at least 2000, at which time forecasted market rents could better justify new construction. Even if several of these buildings are constructed, because of the size of the market, the new supply will have little overall impact on the market.

Table 14
(Table regarding Midtown Manhattan Class A Office Market Economic Rents in 1996)

Table 14
Midtown Manhattan Class A Office Market
Economic Rents in 1996 ($/SF)

Land	$ 85.00
Hard Costs (Core & Shell)	150.00
Soft Costs	46.25
Tenant Improvements	50.00
Leasing Commissions	26.41

Total Development Costs	$357.66
NOI Necessary to Achieve 10% Return	35.77
Plus: Stabilized Vacancy (5%)	2.75
Plus: Expenses	16.50
Effective Rent Necessary to Achieve 10% Return	$ 55.02
1996 Midtown Class A Asking Office Rent	$ 38.76

Sources: RELocate, Cushman & Wakefield, Rosen Consulting Group Estimates

Rent Analysis

Compared to other major world business centers, office rents in Manhattan are relatively inexpensive, making the area attractive to foreign companies. A January 1997 world survey of office rents by Richard Ellis Company ranked Midtown Manhattan 13th and Downtown Manhattan 37th among major business centers around the world. Midtown Manhattan was less expensive than Bombay, Hong Kong, Tokyo, London, Moscow, New Delhi, Singapore, Beijing, Shanghai and Paris.

Rent growth is inversely related to the vacancy rate. When market conditions tighten and the market vacancy rate falls below the optimal vacancy rate, rent growth accelerates. The optimal vacancy rate is the vacancy rate at which neither excess supply or demand exists, and it is determined by examining the historical relationship between vacancy rates and rent growth. The combined Midtown and Midtown South Manhattan Class B office vacancy rate was at its highest in 1992, during which time average asking rents fell the most (see Figure 16). Since 1992, the Class B office vacancy rate has decreased, and as the actual vacancy rate has approached the optimal vacancy rate, average asking rents stabilized and began to rise again in 1995.

Chart 16
(Bar Chart regarding Office Vacancy Rates and Asking Rents for Midtown & Midtown South Class B for 1991 through the forecast for 2001)

To forecast rent growth, we use a stock-adjustment disequilibrium model in which we assume that future rent growth will be a function of inflation plus a coefficient times the difference between the optimal vacancy rate and the market vacancy rate. Based on our forecasted vacancy rates, we believe that, by 2001, the overall Class B vacancy rate will fall to 7.3% which will cause average asking rents to increase 6.6% during that year (see Table 15). Class B average asking rent growth in the combined Midtown and Midtown South areas will be 7.8% in 2001, while Downtown rent growth is forecasted to be 5.6% in 2001.

Table 15
(Table regarding summary of Manhattan Office Market Rent Growth from 1992 through the forecast for 2001).

Table 15
Summary of Manhattan Office Market Rent Growth

	1992	1993	1994	1995	1996	1997f	1998f	1999f	2000f	2001f
Class B										
Total	-4.2%	-0.4%	-0.6%	1.4%	1.0%	5.2%	4.0%	5.1%	5.9%	6.6%
MT+MTS	-4.0%	-1.6%	1.2%	2.8%	1.0%	6.1%	5.0%	6.1%	6.9%	7.8%
Midtown	-4.0%	-1.5%	-0.3%	2.6%	-1.5%	6.3%	5.2%	6.3%	7.1%	8.0%
Midtown South	-6.0%	-1.2%	1.4%	4.5%	8.7%	5.7%	4.6%	5.8%	6.6%	7.5%
Downtown	-4.6%	2.3%	-4.4%	-1.0%	0.8%	3.8%	2.7%	3.9%	4.7%	5.6%
Class A										
Total	-8.1%	-2.4%	0.1%	3.2%	-1.0	2.3%	4.0%	6.4%	7.0%	8.0%
MT+MTS	-9.9%	-3.5%	2.4%	7.2%	1.1%	3.9%	5.6%	6.6%	7.1%	7.8%
Midtown	-9.9%	-3.5%	5.9%	5.0%	1.1%	3.8%	5.9%	6.5%	7.0%	7.7%
Midtown South	-5.1%	2.1%	23.9%	0.4%	-0.5%	0.2%	2.2%	3.9%	5.0%	6.4%
Downtown	-2.7%	-0.1%	-4.4%	-6.6%	-3.9%	0.0%	2.0%	3.7%	4.9%	6.2%

Sources: RELocate, Rosen Consulting Group (RCG)

Forecasted Office Market Trends

The growth in demand for office space in Midtown Manhattan will be moderately strong over the next five years. Employment growth in the key office-consuming sectors such as finance, securities, legal services, and accounting will accelerate through 1997, before slowing through 1999 and increasing again through 2001. When combined with growth in other office occupying sectors, an average of 30,400 office space-consuming jobs will be created annually in New York City between 1997 and 2001. Assuming a coefficient of space used per office employee of 175 to 200 square feet, that one-third of the space absorbed is Class B space, and that about half of the Class B space is in Midtown with another fourth in each Midtown South and Downtown, the forecasted net absorption for Class B space would be almost two million square feet per year.

While demand for office space in Midtown will be strong, no significant new construction is expected until the Durst project is completed in 1999. As a result, we expect the Class B vacancy rate to fall to 5.7% in the combined Midtown and Midtown South areas, and 11.9% in Downtown by 2001. Even with a small amount of new construction between 1999 and 2001, the Class A vacancy rate is expected to fall to 5.9% in the combined Midtown and Midtown South areas, and 7.3% in Downtown by 2001 (see Appendix Tables A.2 to A.5). As the vacancy rates fall, growth in Class B average asking rents will accelerate to 7.8% in the combined Midtown and Midtown South areas and 5.6% in Downtown.

Based on the economic rents needed to justify new construction calculated in Table 14, we believe

that the potential exists for significant revenue growth in the Manhattan marketplace as rental and occupancy rates for office properties recover to levels that would provide a reasonable return on investment to a developer of a new Class A multi-tenant office building (see Table 16).

Table 16
(Table regarding Estimated Economic Rent Analysis Multi-tenant Office Buildings (Per Net Rentable Square Foot)).

Table 16
Estimated Economic Rent Analysis
Multi-tenant Office Buildings
(Per Net Rentable Square Foot)

Development Costs	$357.66
Estimated Economic Rents	$ 55.02
1996 Midtown Class A Asking Rental Rates	$ 38.76
Increase in Class A Rental Rates Necessary to Reach Economic Rent	$ 16.26
Percentage Increase in Class A Rental Rates Necessary to Reach Economic Rents	42.0%

Source: Rosen Consulting Group Estimates

Appendix

Table A.1
(Table regarding overall Manhattan Class A Office Market Trends from 1991 through the forecast for 2001)

Table A.1
Overall Manhattan Class A Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	204,871	204,871	205,284	205,284	205,284	205,284	205,284	205,284	205,284	206,784	207,784	208,784
New Construction	2,577	0	413	0	0	0	0	0	0	1,500	1,000	1,000
Net Absorption		4,828	2,343	14	(944)	3,890	4,471	5,419	3,977	3,193	2,405	2,743
Occupied Stock	167,799	172,627	174,970	174,985	174,041	177,931	182,402	183,350	187,327	190,520	192,925	195,669
Vacancy Rate	18.1%	15.7%	14.8%	14.8%	15.2%	13.3%	11.1%	10.7%	8.7%	7.9%	7.2%	6.3%
Avg. Asking Rent	$38.01	$34.92	$34.09	$34.12	$35.20	$34.83	$34.08	$35.63	$37.06	$39.43	$42.19	$45.55
% Change		-8.1%	-2.4%	0.1%	3.2%	-1.0%		2.3%	4.0%	6.4%	7.0%	8.0%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

Table A.2
(Table regarding Midtown & Midtown South Class A Office Market Trends from 1991 through the forecast for 2001)

Table A.2
Midtown and Midtown South Class A Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	143,752	143,752	144,165	144,165	144,165	144,165	144,165	144,165	144,165	145,665	146,665	147,665
New Construction	2,577	0	413	0	0	0	0	0	0	1,500	1,000	1,000
Net Absorption		4,883	2,105	(572)	(1,408)	3,370	2,998	3,806	2,793	2,243	1,689	1,927
Occupied Stock	118,170	123,053	125,158	124,585	123,177	126,547	129,546	130,353	133,146	135,389	137,078	139,004
Vacancy Rate	17.8%	14.4%	13.2%	13.6%	14.6%	12.2%	10.1%	9.6%	7.6%	7.1%	6.5%	5.9%
Avg. Asking Rent	$39.58	$35.66	$34.40	$35.23	$37.75	$38.17	$37.42	$39.65	$41.89	$44.65	$47.82	$51.53
% Change		-9.9%	-3.5%	2.4%	7.2%	1.1%		3.9%	5.6%	6.6%	7.1%	7.8%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

Table A.3
(Table regarding Midtown Manhattan Class A Office Market Trends from 1991 through the forecast for 2001)

Table A.3
Midtown Manhattan Class A Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	138,902	138,902	139,315	139,315	139,315	139,315	139,315	139,315	139,315	140,815	141,815	142,815
New Construction	2,577	0	413	0	0	0	0	0	0	1,500	1,000	1,000
Net Absorption		4,848	2,107	2,006	(2,995)	3,149	2,745	3,542	2,699	2,167	1,632	1,862
Occupied Stock	113,483	118,331	120,438	122,444	119,449	122,598	125,342	126,140	128,839	131,006	132,638	134,500

Vacancy Rate	18.3%	14.8%	13.6%	12.1%	14.3%	12.0%	10.0%	9.5%	7.5%	7.0%	6.5%	5.8%
Avg. Asking Rent	$39.69	$35.75	$34.49	$36.51	$38.34	$38.76	$37.88	$40.25	$42.62	$45.40	$48.59	$52.32
% Change		-9.9%	-3.5%	5.9%	5.0%	1.1%		3.8%	5.9%	6.5%	7.0%	7.7%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

Table A.4
(Table regarding Midtown South Manhattan Class A Office Market Trends from 1991 through the forecast for 2001)

Table A.4
Midtown South Manhattan Class A Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849	4,849
New Construction	0	0	0	0	0	0	0	0	0	0	0	0
Net Absorption		35	(2)	(2,578)	1,587	222	254	264	94	75	57	65
Occupied Stock	4,686	4,722	4,719	2,141	3,728	3,950	4,203	4,213	4,307	4,383	4,440	4,504
Vacancy Rate	3.4%	2.6%	2.7%	55.9%	23.1%	18.6%	13.3%	13.1%	11.2%	9.6%	8.5%	7.1%
Avg. Asking Rent	$22.71	$21.55	$22.01	$27.26	$27.38	$27.23	$27.40	$27.28	$27.89	$28.97	$30.43	$32.37
% Change		-5.1%	2.1%	23.9%	0.4%	-0.5%		0.2%	2.2%	3.9%	5.0%	6.4%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

Table A.5
(Table regarding Downtown Manhattan Class A Office Market Trends from 1991 through the forecast for 2001)

Table A.5
Downtown Manhattan Class A Office Market Trends(000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120	61,120
New Construction	0	0	0	0	0	0	0	0	0	0	0	0
Net Absorption		(55)	238	587	465	520	1,473	1,614	1,184	951	716	817
Occupied Stock	49,629	49,574	49,813	50,399	50,864	51,383	52,856	52,997	54,181	55,132	55,848	56,665
Vacancy Rate	18.8%	18.9%	18.5%	17.5%	16.8%	15.9%	13.5%	13.3%	11.4%	9.8%	8.6%	7.3%
Avg. Asking Rent	$34.52	$33.60	$33.55	$32.09	$29.96	$28.79	$28.19	$28.79	$29.38	$30.47	$31.96	$33.94
% Change		-2.7%	-0.1%	-4.4%	-6.6%	-3.9%		0.0%	2.0%	3.7%	4.9%	6.2%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

Table A.6
(Table regarding overall Manhattan Class A and B Combined Office Market Trends from 1991 through the forecast for 2001)

Table A.6
Overall Manhattan Class A and B Combined Office Marks Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	377,812	377,812	378,313	378,313	378,313	378,313	378,313	378,313	378,313	379,813	380,813	381,813
New Construction	2,762	0	501	0	0	0	0	0	0	1,500	1,000	1,000
Net Absorption		3,486	3,009	3,119	65	7,193	4,239	8,516	6,249	5,018	3,779	4,311
Occupied Stock	311,341	314,827	317,836	320,955	321,020	328,214	332,452	336,729	342,979	347,996	351,776	356,086
Vacancy Rate	17.6%	16.7%	16.0%	15.2%	15.l%	13.2%	12.1%	11.0%	9.3%	8.4%	7.6%	6.7%
Avg. Asking Rent	$31.47	$28.73	$28.13	$28.41	$29.34	$29.25	$28.88	$30.00	$30.96	$32.83	$35.00	$37.58
% Change		-8.7%	-2.1%	1.0%	3.3%	-0.3%		2.5%	3.2%	6.0%	6.6%	7.4%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

Table A.7
(Table regarding Midtown and Midtown South Class A and B Combined Office Market Trends from 1991 through the forecast for 2001)

Table A.7
Midtown and Midtown South Class A and B Combined Office Marks Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	271,580	271,580	272,081	272,081	272,081	272,081	272,081	272,081	272,081	273,581	274,581	275,581
New Construction	2,762	0	501	0	0	0	0	0	0	1,500	1,000	1,000
Net Absorption		2,905	3,249	2,460	123	5,082	3,217	6,095	4,473	3,591	2,705	3,085
Occupied Stock	225,925	228,830	232,079	234,539	234,663	239,744	242,961	245,839	250,312	253,903	256,608	259,694
Vacancy Rate	16.8%	15.7%	14.7%	13.8%	13.8%	11.9%	10.7%	9.6%	8.0%	7.2%	6.5%	5.8%
Avg. Asking Rent	$32.37	$28.74	$27.84	$28.97	$31.18	$31.26	$30.96	$32.42	$33.85	$36.30	$39.06	$42.33
% Change		-11.2%	-3.1%	4.1%	7.6%	0.3%		3.7%	4.4%	7.2%	7.6%	8.4%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

Table A.8
(Table regarding Midtown Manhattan Class A and B Combined Office Market Trends from 1991 through the forecast for 2001)

Table A.8
Midtown Manhattan Class A and B Combined Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	222,338	222,338	222.839	222,839	222,839	222,839	222,839	222,839	222,839	224,339	225,339	226,339
New Construction	2,762	0	501	0	0	0	0	0	0	1,500	1,000	1,000
Net Absorption		3,296	2,941	3,409	(1,868)	4,451	2,653	5,037	3,796	3,048	2,295	2,618
Occupied Stock	184,437	187,733	190,673	194,082	192,215	196,666	199,319	201,703	205,499	208,547	210,842	213,461
Vacancy Rate	17.0%	15.6%	14.4%	12.9%	13.7%	11.7%	10.6%	9.5%	7.8%	7.0%	6.4%	5.7%
Avg. Asking Rent	$35.28	$31.49	$30.51	$31.66	$33.80	$33.81	$33.29	$35.12	$36.83	$39.48	$42.47	$45.99
% Change		-10.7%	-3.1%	3.8%	6.8%	0.0%		3.9%	4.9%	7.2%	7.6%	8.3%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

Table A.9
(Table regarding Midtown South Manhattan Class A and B Combined Office Market Trends from 1991 through the forecast for 2001)

Table A.9
Midtown South Manhattan Class A and B Combined Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	49,242	49,242	49,242	49,242	49,242	49,242	49,242	49,242	49,242	49,242	49,242	49,242
New Construction	0	0	0	0	0	0	0	0	0	0	0	0
Net Absorption		(391)	308	(949)	1,991	630	564	1,058	677	544	409	467
Occupied Stock	41,488	41,098	41,406	40,457	42,448	43,078	43,642	44,136	44,813	45,356	45,766	46,233
Vacancy Rate	15.7%	16.5%	15.9%	17.8%	13.8%	12.5%	11.4%	10.4%	9.0%	7.9%	7.1%	6.1%
Avg. Asking Rent	$18.15	$17.04	$16.86	$20.17	$19.36	$20.47	$21.16	$21.27	$22.16	$23.37	$24.84	$26.64
% Change		-6.1%	-1.1%	19.7%	-4.0%	5.7%		3.9%	4.2%	5.4%	6.3%	7.3%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.

Table A.10
(Table regarding Downtown Manhattan Class A and B Combined Office Market Trends from 1991 through the forecast for 2001).

Table A.10
Downtown Manhattan Class A and B Combined Office Market Trends (000)

	1991	1992	1993	1994	1995	1996	2Q97	1997f	1998f	1999f	2000f	2001f
Total Stock	106,231	106,231	106,231	106,231	106,231	106,231	106,231	106,231	106,231	106,231	106,231	106,231
New Construction	0	0	0	0	0	0	0	0	0	0	0	0
Net Absorption		581	(240)	659	(59)	2,112	1,022	2,421	1,777	1,426	1,074	1,225
Occupied Stock	85,416	85,997	85,757	86,416	86,358	88,469	89,491	90,890	92,667	94,093	95,167	96,393
Vacancy Rate	19.6%	19.0%	19.3%	18.7%	18.7%	16.7%	15.8%	14.4%	12.8%	11.4%	10.4%	9.3%
Avg. Asking Rent	$29.49	$28.71	$28.71	$27.34	$25.88	$25.59	$25.27	$25.85	$26.34	$27.21	$28.40	$29.90
% Change		-2.6%	-0.0%	-4.8%	-5.4%	-1.1%		1.0%	1.9%	3.3%	4.4%	5.3%

Sources: Historical data on construction, vacancy & rents-RELocate; Calculations and forecasts-RCG.