

AMERIVEST PROPERTIES INC
Form 8-K
August 22, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 17, 2006

AmeriVest Properties Inc.

(Exact name of small business issuer as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

1-14462

(Commission File No.)

84-1240264

(I.R.S. Employer
Identification No.)

1780 South Bellaire Street, Suite 100, Denver, Colorado 80222

(Address of principal executive offices)

(303) 297-1800

(Registrant's telephone number)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

ITEM 1.01

ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On August 17, 2006, AmeriVest Properties Inc. completed the sale of its Greenhill Park office building in Dallas, Texas to Koll/PER, LLC (Koll/PER), a limited liability company owned by The Koll Company of Newport Beach, California and the Public Employee Retirement System of Idaho. Greenhill Park is the first property to close under the Purchase and Sale Agreement dated July 17, 2006 with Koll/PER, a copy of which was filed as Exhibit 21 to the Company's Form 10-Q for the period ended June 30, 2006.

Greenhill Park, a 248,249 square-foot Class A office property, was sold for \$29,800,000. The estimated cash proceeds of \$28.4 million, after closing costs and adjustments, will be available, subject to the payment of certain expenses and other costs, for distribution to stockholders under the approved plan of liquidation. The Board of Directors has not established any dates for the payment of liquidation distributions. There can be no assurance with respect to the timing or amount of any distribution or distributions by the Company, or that any other closings will occur under the Purchase and Sale Agreement or otherwise. This summary above is qualified in its entirety by the press release relating to the sale of Greenhill Park, which is included under Item 9.01(d) as Exhibit 99.1 to this Current Report on Form 8-K and incorporated into this Item by reference.

ITEM 2.01

COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

Please see the disclosure in Item 1.01 of this Current Report on Form 8-K, which is included in this Item by reference.

Pro forma financial information relating to this transaction is contained in Item 9.01(b) below.

ITEM 9.01

FINANCIAL STATEMENTS AND EXHIBITS

(b) Pro forma financial information (unaudited)

The following unaudited Pro Forma Condensed Consolidated Financial Statements are included with this report:

Pro Forma Condensed Consolidated Statement of Net Assets in Liquidation as of June 30, 2006 (unaudited)	F-1
Pro Forma Condensed Consolidated Statement of Changes in Net Assets in Liquidation for the period June 1, 2006 to June 30, 2006 (unaudited)	F-2
Pro Forma Condensed Consolidated Statements of Operations (Going Concern Basis):	
Year ended December 31, 2005 (unaudited)	F-3
Five months ended May 31, 2006 (unaudited)	F-4
Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited)	F-5

As a result of the approval of the plan of liquidation (the Plan) by our stockholders, we adopted the liquidation basis of accounting as of June 1, 2006, and for all subsequent periods. Accordingly, all assets have been adjusted to their estimated net realizable value. Liabilities, including estimated costs associated with implementing the Plan, have been adjusted to their estimated settlement amounts. The estimates of the Company's assets and liabilities will be periodically reviewed and adjusted as appropriate. The estimates for the valuation of real estate held-for-sale is based on the Purchase and Sale agreement with Koll/PER, net of estimated selling costs and other potential costs relating to the liquidation. Actual values realized for assets and settlement of liabilities may differ materially from the amounts estimated. Estimated future cash flows from property operations were made based on the anticipated sales dates of the assets. However, due to the uncertainty in the timing of the anticipated sales dates and the cash flows therefrom, revenues and expenses generated by operations may differ materially from amounts estimated. These amounts are presented in the accompanying statement of net assets. The net assets represent the estimated liquidation value of our assets available to our stockholders upon liquidation. The actual settlement amounts realized for assets and settlement of liabilities may differ materially, perhaps in adverse ways, from the amounts estimated. As such, it is not possible to predict the aggregate amount or timing of future distributions to stockholders and no assurance can be given that the eventual amount of distributions to be paid will equal or exceed the estimated net assets in liquidation included in the financial statements.

The unaudited Pro Forma Condensed Consolidated Statement of Net Assets in Liquidation of the Company as of June 30, 2006, reflects the financial position of the Company after giving effect to the disposition of Greenhill Park, as discussed in Item 2.01, as if such disposition took place on June 30, 2006. The unaudited Pro Forma Condensed Consolidated Statements of Operations for the fiscal year ended December 31, 2005 and the five months ended May 31, 2006 give effect to the disposition of Greenhill Park as if such disposition occurred on January 1, 2005.

The unaudited Pro Forma Condensed Consolidated Financial Statements have been prepared by the Company based upon historical financial statements of the Company, the operations of the property sold, and assumptions deemed proper by management and have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for the inclusion in the Form 8-K to be filed by AmeriVest Properties Inc.. The unaudited Pro Forma

Condensed Consolidated Financial Statements presented herein are shown for illustrative purposes only and are not necessarily indicative of the future financial position or future results of operations of the Company, or of the financial position or results of operations of the Company that would have actually occurred had the sale been consummated on the date indicated. The unaudited Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with the historical financial statements and related notes of the Company previously filed with the Securities and Exchange Commission.

(d) Exhibits.

Exhibit 99.1 Press Release dated August 17, 2006.

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SIGNATURES

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

AMERIVEST PROPERTIES INC.

Dated: August 22, 2006

By: /s/ Sheri D. Henry
Sheri D. Henry
Chief Financial Officer

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AMERIVEST PROPERTIES INC.

Condensed Consolidated Statement of Net Assets in Liquidation

June 30, 2006

(unaudited)

<u>ASSETS</u>	Historical	Pro Forma Adjustments	Pro Forma
Real estate assets	\$ 255,936,884	\$ (28,600,423)	(a) \$ 227,336,461
Cash and cash equivalents	2,110,527	(200)	(a)
		28,354,825	(b) 30,465,152
Escrow deposits	3,530,952	(310,870)	(a) 3,220,082
Accounts receivable	255,887	(77,803)	(a) 178,084
Prepaid expenses and other assets	538,767	(56,786)	(a) 481,981
Total assets	\$ 262,373,017	\$ (691,257)	\$ 261,681,760
<u>LIABILITIES</u>			
Secured mortgage loans and notes payable	\$ 126,440,168	\$	\$ 126,440,168
Accounts payable and accrued expenses	2,544,637	(104,594)	(a) 2,440,043
Accrued real estate taxes	2,395,972	(266,950)	(a) 2,129,022
Prepaid rents and security deposits	2,609,261	(319,713)	(a) 2,289,548
Estimated net liability for costs during the liquidation period	6,227,674	107,993	(c) 6,335,667
Total liabilities	140,217,712	(583,264)	139,634,448
Net assets in liquidation (available to common stockholders)	\$ 122,155,305	\$ (107,993)	\$ 122,047,312

See accompanying notes to the pro forma condensed consolidated financial statements.

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AMERIVEST PROPERTIES INC.

Condensed Consolidated Statement of Changes in Net Assets in Liquidation

June 30, 2006

(unaudited)

	Historical	Pro Forma Adjustments	Pro Forma
Net assets in liquidation on June 1, 2006	\$ 122,579,044	\$	\$ 122,579,044
Change in estimated net assets in liquidation	(423,739)	(107,993) ^(c)	(531,732)
Net assets in liquidation at June 30, 2006	\$ 122,155,305	\$ (107,993)	\$ 122,047,312

See accompanying notes to the pro forma condensed consolidated financial statements.

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AMERIVEST PROPERTIES INC.

Condensed Consolidated Statement of Operations

Year Ended December 31, 2005

(Going Concern Basis)

(unaudited)

	Historical	Pro Forma Adjustments	Pro Forma
Real Estate Operating Revenue:			
Rental revenues	\$ 34,869,604	\$ (3,855,555)(d)	\$ 31,014,049
Real Estate Operating Expenses:			
Property operating expenses			
Operating expenses	9,417,061	(1,516,398)(d)	7,900,663
Real estate taxes	4,728,154	(403,958)(d)	4,324,196
General and administrative expenses	4,720,958		4,720,958
Interest expense	11,996,147	(955,725)(d)	11,040,422
Depreciation and amortization expenses	12,763,733	(723,017)(d)	12,040,716
Strategic alternative expenses	708,491		708,491
Impairment of investment in real estate	4,889,082		4,889,082
Total operating expenses	49,223,626	(3,599,098)	45,624,528
Loss from continuing operations	(14,354,022)	(256,457)	(14,610,479)
Other Income:			
Interest income	114,095	(5,410)(d)	108,685
Total other income	114,095	(5,410)	108,685
Loss before discontinued operations	(14,239,927)	(261,867)	(14,501,794)
Discontinued operations	3,541,614		3,541,614
Net loss	\$ (10,698,313)	\$ (261,867)	\$ (10,960,180)
Net Loss per Share Basic and Diluted:			
Net loss before discontinued operations	\$ (0.59)	\$ (0.01)(d)	\$ (0.60)
Discontinued operations, net	0.15		0.15
Net loss	\$ (0.44)	\$ (0.01)	\$ (0.45)
Weighted Average Common Shares Outstanding:			
Basic	24,062,330		24,062,330
Diluted	24,062,330		24,062,330

See accompanying notes to the pro forma condensed consolidated financial statements.

AMERIVEST PROPERTIES INC.

Condensed Consolidated Statement of Operations

Five Months Ended May 31, 2006

(Going Concern Basis)

(unaudited)

	Historical	Pro Forma Adjustments	Pro Forma
Real Estate Operating Revenue:			
Rental revenues	\$ 14,548,386	\$ (1,652,049)	(d) \$ 12,896,337
Real Estate Operating Expenses:			
Property operating expenses			
Operating expenses	4,254,952	(647,259)	(d) 3,607,693
Real estate taxes	1,812,772	(183,997)	(d) 1,628,775
General and administrative expenses	2,084,652		2,084,652
Interest expense	3,533,086	(86,603)	(d) 3,446,483
Depreciation and amortization expenses	5,265,388	(403,492)	(d) 4,861,896
Strategic alternative and liquidation expenses	249,435		249,435
Total operating expenses	17,200,285	(1,321,351)	15,878,934
Loss from continuing operations	(2,651,899)	(330,698)	(2,982,597)
Other Income:			
Interest income	129,747		129,747
Total other income	129,747		129,747
Loss before discontinued operations	(2,522,152)	(330,698)	(2,852,850)
Discontinued operations	15,046,598		15,046,598
Net earnings	\$ 12,524,446	\$ (330,698)	\$ 12,193,748
Earnings per Share Basic and Diluted:			
Net loss before discontinued operations	\$ (0.10)	\$ (0.01)	(d) \$ (0.11)
Discontinued operations, net	0.62		0.62
Net earnings	\$ 0.52	\$ (0.01)	\$ 0.51
Weighted Average Common Shares Outstanding:			
Basic	24,124,735		24,124,735
Diluted	24,128,907		24,128,907

See accompanying notes to the pro forma condensed consolidated financial statements.

AMERIVEST PROPERTIES INC.

Notes to Pro Forma Condensed Consolidated Financial Statements

(unaudited)

(a) To eliminate the assets and liabilities included in the statement of net assets in liquidation of Greenhill Park as of June 30, 2006.

(b) Represents the proceeds from the disposition:

Sales proceeds	\$29,800,000
Closing costs	(1,445,175)
Cash received at closing	\$28,354,825

(c) To eliminate the change in estimated net assets in liquidation of Greenhill Park as of June 30, 2006.

(d) To eliminate the results of operations of Greenhill Park for the twelve months ended December 31, 2005 and the five months ended May 31, 2006. The pro forma results exclude the impact of the gain on the sale of the property.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated August 17, 2006.