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SL GREEN REALTY CORP
Form 8-K/A
March 26, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
No. 1

CURRENT REPORT

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

Date of Report: January 10, 2001

SL GREEN REALTY CORP.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND
(STATE OF INCORPORATION)

1-13199
(COMMISSION FILE NUMBER)

13-3956775
(IRS EMPLOYER ID. NUMBER)

420 Lexington Avenue
New York, New York
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

10170
(ZIP CODE)

(212) 594-2700
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant hereby amends the following items, financial statements, exhibits or other portions of its Current Report on Form 8-K/A No.1, dated January 10, 2001 (filed with the Securities and Exchange Commission on January 25, 2001), as set forth in the pages attached hereto.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) and (b) FINANCIAL STATEMENTS OF PROPERTY ACQUIRED AND PRO FORMA FINANCIAL INFORMATION

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Pro Forma Balance Sheet
(Unaudited) as of December 31, 2000 F4

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Pro Forma Income Statement
(Unaudited) for the year ended December 31, 2000 F5

Notes to Pro Forma Financial Information F6

Report of Independent Auditors F7

Statement of Revenues and Certain Expenses of One Park Avenue
for the year ended December 31, 2000 F8

Notes to Statement of Revenues and Certain Expenses F9

SIGNATURES

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

SL GREEN REALTY CORP.

By: /s/ Thomas E. Wirth

Thomas E. Wirth
Chief Financial Officer

Date: March 26, 2001

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SL GREEN REALTY CORP.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The unaudited pro forma consolidated balance sheet of SL Green Realty Corp. (the "Company") as of December 31, 2000 has been prepared as if the Company's acquisition of the fee and mortgage interests of One Park Avenue ("One Park") had been consummated on December 31, 2000. The unaudited pro forma consolidated income statement for the year ended December 31, 2000 is presented as if the Company's acquisition of One Park occurred on January 1, 2000 and the effect was carried forward through the year.

On September 29, 2000, the Company announced that it had signed an agreement to acquire various ownership and mortgage interests in the 913,000 square foot, 20-story office building at One Park Avenue, New York, New York. The purchase was consummated on January 10, 2001. The property One Park is located between 32nd and 33rd Streets in the Grand Central sub-market of midtown Manhattan.

The pro forma consolidated 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 Company's acquisition of One Park had occurred on January 1, 2000 and 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. These pro forma consolidated financial statements should be read in conjunction with the Company's 2000 Annual Report on Form 10-K.

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SL GREEN REALTY CORP.
 PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
 AS OF DECEMBER 31, 2000
 (UNAUDITED)
 (IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

| | SL GREEN REALTY CORP. HISTORICAL (A) | PURCHASE OF ONE PARK (B) | C PR AS |
|---|--|--------------------------------|---------------|
| ASSETS: | | | |
| Commerical real estate properties at cost: | | | |
| Land and land interests | \$ 125,572 | \$ 46,768 | \$ |
| Buildings and improvements | 618,637 | 187,074 | |
| Building leasehold | 139,393 | | |
| Property under capital lease | 12,208 | | |
| | ----- | ----- | ----- |
| | 895,810 | 233,842 | 1 |
| Less accumulated depreciation | (78,432) | | |
| | ----- | ----- | ----- |
| | 817,378 | 233,842 | 1 |
| Properties held for sale | 10,895 | | |
| Cash and cash equivalents | 10,793 | | |
| Restricted cash | 86,823 | | |
| Tenant and other receivables, net of allowance of \$1,723 | 7,580 | | |
| Related party receivables | 917 | | |
| Deferred rents receivable, net of allowance for tenant credit loss of \$4,860 | 45,816 | | |
| Investment in and advances to affiliates | 6,373 | | |
| Mortgage loans receivable and preferred equity investment, net of \$3,321 discount | 51,293 | | |
| Investments in unconsolidated joint ventures | 65,031 | | |
| Deferred costs, net | 40,113 | | |
| Other assets | 18,142 | | |
| | ----- | ----- | ----- |
| Total Assets | \$ 1,161,154 | \$ 233,842 | \$ 1 |
| | ===== | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Mortgage notes payable | \$ 414,342 | \$ 150,000 | \$ |
| Revolving credit facilities | 46,374 | 83,842 | |
| Accrued interest payable | 2,349 | | |
| Accounts payable and accrued expenses | 24,818 | | |
| Deferred compensation awards | 2,833 | | |
| Deferred revenue | 1,112 | | |
| Capitalized lease obligations | 15,303 | | |
| Deferred land lease payable | 13,158 | | |
| Dividend and distributions payable | 12,678 | | |
| Security deposits | 19,014 | | |
| | ----- | ----- | ----- |
| Total liabilities | 551,981 | 233,842 | |
| Commitments and Contingencies | | | |
| Minority interest in Operating Partnership | 43,326 | | |
| 8% Preferred Income Equity | | | |
| Redeemable SharesSM \$0.01 par value \$25.00 mandatory liquidation | | | |

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| | | | |
|---|--------------|------------|-------|
| preference, 25,000 authorized and 4,600 outstanding at December 31, 2000 | 110,774 | | |
| STOCKHOLDERS' EQUITY | | | |
| Common stock, \$0.01 par value 100,000 shares authorized, 24,516 issued and outstanding at December 31, 2000 | 246 | | |
| Additional paid - in capital | 428,698 | | |
| Deferred compensation plans | (5,037) | | |
| Retained earnings in excess of earnings | 31,166 | | |
| | ----- | ----- | ----- |
| Total stockholders' equity | 455,073 | | |
| | ----- | ----- | ----- |
| Total liabilities and stockholders' equity | \$ 1,161,154 | \$ 233,842 | \$ 1 |
| | ===== | ===== | ===== |

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

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SL GREEN REALTY CORP.
PRO FORMA CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2000
(UNAUDITED)
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

| | SL GREEN REALTY CORP HISTORICAL (A) | ONE PARK ACQUISITION (B) | PRO F ADJUSTM |
|--|---|--------------------------------|------------------|
| REVENUES | | | |
| Rental revenue | \$ 189,048 | \$ 24,963 | \$ (49 |
| Escalation and reimbursement revenues | 24,732 | 5,610 | |
| Signage rent | 2,137 | | |
| Investment income | 13,271 | | |
| Other income | 1,135 | 274 | |
| | ----- | ----- | ----- |
| Total revenues | 230,323 | 30,847 | (4 |
| | ----- | ----- | ----- |
| EXPENSES | | | |
| Operating expenses including \$4,644 to affiliates | 54,644 | 6,751 | |
| Real estate taxes | 28,850 | 4,380 | |
| Ground rent | 12,660 | | |
| Interest | 40,431 | | 16 |
| Depreciation and amortization | 32,511 | | 4 |
| Marketing, general and administrative | 11,561 | | |
| | ----- | ----- | ----- |
| Total expenses | 180,657 | 11,131 | 21 |
| | ----- | ----- | ----- |
| Income before equity in net income from affiliates, equity in net income of unconsolidated joint ventures, gain on sale, minority interest and extraordinary items | 49,666 | 19,716 | (21 |

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| | | | |
|---|-----------|-----------|--------|
| Equity in net income from affiliates | 378 | | |
| Equity in net income of unconsolidated joint ventures | 3,108 | | |
| Equity in net gain on sale of joint venture property | 6,025 | | |
| Gain on sale of rental property/preferred investment | 35,391 | | |
| Minority interest | (7,430) | (1,696) | 1 |
| Extraordinary items, net of minority interest of \$81 | (921) | | |
| | ----- | ----- | ----- |
| Net income | 86,217 | 18,020 | (19 |
| Preferred stock dividends | (9,200) | | |
| Preferred stock accretion | (426) | | |
| | ----- | ----- | ----- |
| Net income available to common shareholders | \$ 76,591 | \$ 18,020 | \$ (19 |
| | ===== | ===== | ===== |
| BASIC EARNINGS PER SHARE: (G) | | | |
| Net income before gain on sale and extraordinary item | \$ 1.48 | | |
| Gain on sales | 1.70 | | |
| Extraordinary items | (0.04) | | |
| | ----- | | |
| Net income | \$ 3.14 | | |
| | ===== | | |
| DILUTED EARNINGS PER SHARE: (G) | | | |
| Net income before gain on sale and extraordinary item | \$ 1.66 | | |
| Gain on sales | 1.30 | | |
| Extraordinary items | (0.03) | | |
| | ----- | | |
| Net income | \$ 2.93 | | |
| | ===== | | |
| Basic weighted average common shares outstanding | 24,373 | | |
| | ===== | | |
| Diluted weighted average common shares and common share equivalents outstanding | 31,818 | | |
| | ===== | | |

The accompanying notes are an integral part of these pro forma financial statements

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SL GREEN REALTY CORP.
YEAR ENDED DECEMBER 31, 2000

(UNAUDITED)

NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEET

- (A) To reflect the consolidated balance sheet of SL Green Realty Corp. as reported on Form 10-K at December 31, 2000.
- (B) To reflect the January 10, 2001 purchase price allocation for the Company's acquisition of the property located at One Park as of December 31, 2000 for \$233.8 million. There was no independent valuation performed on this property. The purchase was financed through

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a \$150 million mortgage note collateralized by One Park with the remainder financed through the Company's revolving credit facility.

The mortgage interests have been recorded as a property since the mortgage interest provides the Company with all the cash flow from the property's operations.

NOTES TO PRO FORMA CONSOLIDATED INCOME STATEMENT

- (A) To reflect the consolidated statement of income of SL Green Realty Corp. for the year ended December 31, 2000 as reported on the Company's Annual Report on Form 10-K
- (B) To reflect the historical operations of One Park for the year ended December 31, 2000.
- (C) Rental income from One Park adjusted to reflect straight line amounts as of January 1, 2000.
- (D) To reflect the interest expense for borrowings under the mortgage note financing secured by One Park (\$150 million at 7.07%) and under the Company's revolving credit facility (\$83.8 million at 7.0%).
- (E) To reflect straight line depreciation for One Park based on an estimated useful life of 40 years.
- (F) To reflect the minority shareholders interest of 8.6% in the operating partnership.
- (G) Basic income per common share is calculated based on 24,373 weighted average common shares outstanding and diluted income per common share is calculated based on 31,818 weighted average common shares and common share equivalents outstanding.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
SL Green Realty Corp.

We have audited the statement of revenues and certain expenses of the property located at One Park Avenue, as described in Note 1, for the year ended December 31, 2000. The statement of revenues and certain expenses is the responsibility of management of the Property. Our responsibility is to express an opinion on the statement of revenues and certain expenses based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 8-K/A of SL Green Realty Corp., and is

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not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the statement of revenues and certain expenses referred to above presents fairly, in all material respects, the revenues and certain expenses of the Property, as described in Note 1 for the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ Ernst and Young LLP

New York, New York
March 19, 2001

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ONE PARK AVENUE
STATEMENT OF REVENUES AND CERTAIN EXPENSES
(DOLLARS IN THOUSANDS)
NOTE 1

YEAR ENDED DECEMBER 31, 2000

| | |
|--|----------|
| Revenues | |
| Rental revenue | \$24,963 |
| Escalations and reimbursement revenue | 5,610 |
| Other income | 274 |
| | ----- |
| Total revenues | 30,847 |
| | ----- |
| Certain expenses | |
| Real estate taxes | 4,380 |
| Utilities | 2,438 |
| Payroll and expenses | 286 |
| Cleaning and service contracts | 2,631 |
| Management fees | 185 |
| Repairs and maintenance | 314 |
| Professional fees | 144 |
| Insurance | 169 |
| Other operating expenses | 84 |
| | ----- |
| Total certain expenses | 11,131 |
| | ----- |
| Revenues in excess of certain expenses | \$19,716 |
| | ===== |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

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ONE PARK AVENUE

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NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES
(DOLLARS IN THOUSANDS)
FOR THE YEAR ENDED DECEMBER 31, 2000

1. BASIS OF PRESENTATION

Presented herein is the statement of revenues and certain expenses related to the operations of the property, located at One Park Avenue, in the Grand Central sub-market, in the borough of Manhattan in New York City (the "Property"). On January 10, 2001, SL Green Realty Corp. (the "Company") acquired the fee interest in the Property, which is subject to a ground lease position held by third-parties, and certain mortgage interests in the property for approximately \$233,800. As part of the transaction, SL Green acquired an option to purchase the ground lease position.

The accompanying statement of revenues and certain expenses 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 statement of revenues and certain expenses excludes certain expenses that may not be comparable to those expected to be incurred by the Company, in the proposed future operations of the Property. Items excluded consist of interest expense, amortization and depreciation.

2. USE OF ESTIMATES

The preparation of the statement of revenues and certain expenses in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that effect the amounts reported in the statement of revenues and certain expenses 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 recognized on a straight-line basis over the term of the lease. The excess of amounts recognized over amounts due pursuant to the underlying leases amounted to approximately \$1,539 for the year ended December 31, 2000.

4. CONCENTRATION OF REVENUE

Approximately 69% of the Property's rental revenue for the year ended December 31, 2000 was derived from five tenants.

5. MANAGEMENT AGREEMENTS

During 2000, Insignia/ESG managed the Property. The management fees were based on a fixed monthly fee collected for the year ended December 31, 2000.

The fee incurred for managing the Property for the year ended December 31, 2000 was approximately \$185.

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ONE PARK AVENUE
NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES (CONTINUED)
(DOLLARS IN THOUSANDS)

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with term

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expiration dates ranging from 2000 to 2015. 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 rents to be received over the next five years and thereafter for non-cancelable operating leases as of December 31, 2000 (exclusive of renewal option periods) are as follows:

| | | |
|------------|----|---------|
| 2001 | \$ | 27,222 |
| 2002 | | 26,604 |
| 2003 | | 21,652 |
| 2004 | | 21,992 |
| 2005 | | 19,703 |
| Thereafter | | 107,867 |
| | | ----- |
| | \$ | 225,040 |
| | | ===== |

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