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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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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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