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SL GREEN REALTY CORP

Form 8-K/A

July 13, 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: June 7, 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, dated June 7, 2001 (filed with the Securities and Exchange Commission on June 18, 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 March 31, 2001.....

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(c) EXHIBITS

None

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: July 13, 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 March 31, 2001 has been prepared as if the Company's acquisition of the fee interest in 317 Madison Avenue ("317 Madison") had been consummated on March 31, 2001. The unaudited pro forma consolidated income statements for the year ended December 31, 2000 and the three months ended March 31, 2001 are presented as if the Company's acquisition of 317 Madison occurred on January 1, 2000 and the effect was carried forward through the year and the three month period.

On June 7, 2001, the Company announced that it had acquired the 450,000 square foot, 22-story office building at 317 Madison, New York, New York. The property 317 Madison is located at the Northeast corner of Madison Avenue and 42nd Street in the Grand Central sub-market of midtown Manhattan.

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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 317 Madison 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 and the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001.

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SL GREEN REALTY CORP. PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2001 (UNAUDITED) (IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	SL GREEN REALTY CORP. HISTORICAL (A)	PURCHASE OF 317 MADISON (B)	COMPANY PROFORMA ADJUSTED
ASSETS:			
Commerical real estate properties at cost:			
Land and land interests	\$ 165,814	\$ 21,120	\$ 186,934
Buildings and improvements	785,280	84,480	869,760
Building leasehold	140,951		140,951
Property under capital lease	12,208		12,208
	-----	-----	-----
	1,104,253	105,600	1,209,853
Less accumulated depreciation	(81,409)		(81,409)
	-----	-----	-----
	1,022,844	105,600	1,128,444
Properties held for sale	82,153		82,153
Cash and cash equivalents	8,078		8,078
Restricted cash	43,445		43,445
Tenant and other receivables, net of allowance of \$2,141	8,940		8,940
Related party receivables	1,046		1,046
Deferred rents receivable, net of allowance for tenant credit loss of \$5,334	46,843		46,843
Investment in and advances to affiliates	6,919		6,919
Mortgage loans receivable and preferred equity investment, net of \$2,562 discount	92,982		92,982
Investments in unconsolidated joint ventures	72,673		72,673
Deferred costs, net	40,940		40,940
Other assets	16,650		16,650
	-----	-----	-----
Total Assets	\$ 1,443,513	\$ 105,600	\$ 1,549,113
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Mortgage notes payable	\$ 528,535		\$ 528,535
Revolving credit facilities	211,926	\$ 105,600	317,526

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Derivative Instruments at fair value	2,814		2,814
Accrued interest payable	3,676		3,676
Accounts payable and accrued expenses	22,122		22,122
Deferred compensation awards	1,838		1,838
Deferred revenue	2,073		2,073
Capitalized lease obligations	15,369		15,369
Deferred land lease payable	13,512		13,512
Dividend and distributions payable	12,746		12,746
Security deposits	20,137		20,137
	-----	-----	-----
Total liabilities	834,748	105,600	940,348
Commitments and Contingencies			
Minority interest in Operating Partnership	43,062		43,062
8% Preferred Income Equity			
Redeemable Shares(SM) \$0.01 par value \$25.00 mandatory liquidation preference, 25,000 authorized and 4,600 outstanding at March 31, 2001	110,888		110,888
STOCKHOLDERS' EQUITY			
Common stock, \$0.01 par value 100,000 shares authorized, 24,705 issued and outstanding at March 31, 2001	248		248
Additional paid - in capital	433,482		433,482
Deferred compensation plans	(8,393)		(8,393)
Officers' loans net	(1,007)		(1,007)
Accumulated other comprehensive loss	(2,409)		(2,409)
Retained earnings	32,894		32,894
	-----	-----	-----
Total stockholders' equity	454,815		454,815
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 1,443,513	\$ 105,600	\$ 1,549,113
	=====	=====	=====

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 THREE MONTH PERIOD ENDED MARCH 31, 2001 (UNAUDITED) (DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	SL GREEN REALTY CORP HISTORICAL (A)	317 MADISON ACQUISITION (B)	PRO FORMA ADJUSTMENTS
REVENUES			
Rental revenue	\$ 55,003	\$ 2,856	\$ (8) (C)
Escalation and reimbursement revenues	8,057	499	
Signage rent	350	--	
Investment income	3,274	--	

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Other income	310	43	
	-----	-----	-----
Total revenues	66,994	3,398	(8)
	-----	-----	-----
EXPENSES			
Operating expenses including \$893 to affiliates	15,826	1,216	
Real estate taxes	8,180	473	
Ground rent	3,159	--	
Interest	13,897	--	1,444 (D)
Depreciation and amortization	9,720	--	528 (E)
Marketing, general and administrative	3,547	--	
	-----	-----	-----
Total expenses	54,329	1,689	1,972
	-----	-----	-----
Income before equity in net loss from affiliates, equity in net income of unconsolidated joint ventures, gain on sale, minority interest and extraordinary items	12,665	1,709	(1,980)
Equity in net loss from affiliates	(269)		
Equity in net income of unconsolidated joint ventures	1,513		
Gain on sale of rental property	1,514		
	-----	-----	-----
Income before minority interest, extraordinary item and cumulative effect adjustment	15,423	1,709	(1,980)
Minority interest in operating property	(1,081)	(145)	168 (F)
	-----	-----	-----
Income before extraordinary item and cumulative effect adjustment	14,342	1,564	(1,812)
Extraordinary items, net of minority interest of \$8	(98)		
Cumulative effect of change in accounting principle	(532)		
	-----	-----	-----
Net income	13,712	1,564	(1,812)
Preferred stock dividends	(2,300)		
Preferred stock accretion	(114)		
	-----	-----	-----
Net income available to common shareholders	\$ 11,298	\$ 1,564	\$ (1,812)
	=====	=====	=====
BASIC EARNINGS PER SHARE: (G)			
Income before extraordinary item and cumulative effect adjustment	\$ 0.48		
Extraordinary items	--		
Cumulative effect of change in accounting principle	(0.02)		

Net income	\$ 0.46		
	=====		
DILUTED EARNINGS PER SHARE: (G)			
Income before extraordinary item and cumulative effect adjustment	\$ 0.47		
Extraordinary item	--		
Cumulative effect of change in accounting principle	(0.02)		

Net income	\$ 0.45		
	=====		
Basic weighted average common shares outstanding	24,639		
	=====		

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Diluted weighted average common shares and
common share equivalents outstanding

27,403
=====

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)	317 MADISON ACQUISITION (B)	PRO FORMA ADJUSTMENT
REVENUES			
Rental revenue	\$ 189,048	\$ 11,000	\$ 416
Escalation and reimbursement revenues	24,732	1,966	
Signage rent	2,137	--	
Investment income	13,271	--	
Other income	1,135	188	
	-----	-----	-----
Total revenues	230,323	13,154	416
	-----	-----	-----
EXPENSES			
Operating expenses including \$4,644 to affiliates	54,644	5,282	
Real estate taxes	28,850	1,945	
Ground rent	12,660		
Interest	40,431		5,776
Depreciation and amortization	32,511		2,112
Marketing, general and administrative	11,561		
	-----	-----	-----
Total expenses	180,657	7,227	7,888
	-----	-----	-----
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	5,927	(7,472)
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)	(510)	643
Extraordinary items, net of minority			
interest of \$81	(921)		
	-----	-----	-----
Net income	86,217	5,417	(6,829)
Preferred stock dividends	(9,200)		

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Preferred stock accretion	(426)		
	-----	-----	-----
Net income available to common shareholders	\$ 76,591	\$ 5,417	\$ (6,829)
	=====	=====	=====
BASIC EARNINGS PER SHARE:(G)			
Net income before gain on sale and extraordinary item	\$ 1.48		
Gain on sales	1.70		
Extraordinary item	(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 item	(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.
THREE MONTHS ENDED
MARCH 31, 2001
(UNAUDITED)

NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

- (A) To reflect the consolidated balance sheet of SL Green Realty Corp. as reported on Form 10-Q at March 31, 2001.
- (B) To reflect the June 7, 2001 purchase price allocation for the Company's acquisition of the property located at 317 Madison Avenue as of March 31, 2001 for \$105.6 million. There was no independent valuation performed on this property. The purchase was financed through the Company's revolving credit facility.

NOTES TO PRO FORMA CONSOLIDATED INCOME STATEMENT THREE MONTHS ENDED MARCH 31, 2001

- (A) To reflect the consolidated statement of income of SL Green Realty Corp. for the three month period ended March 31, 2001 as reported on the Company's Quarterly Report on Form 10-Q.
- (B) To reflect the historical operations of 317 Madison Avenue for the three months ended March 31, 2001.

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- (C) Rental income from 317 Madison Avenue adjusted to reflect straight line amounts commencing as of January 1, 2000.
- (D) To reflect the interest expense for borrowings under the Company's revolving credit facility (\$105.6 million at 5.47%).
- (E) To reflect straight line depreciation for 317 Madison Avenue based on an estimated useful life of 40 years.
- (F) To reflect the minority shareholders interest of 8.5% in the operating partnership.
- (G) Basic income per common share is calculated based on 24,639 weighted average common shares outstanding and diluted income per common share is calculated based on 27,403 weighted average common shares and common share equivalents outstanding.

NOTES TO PRO FORMA CONSOLIDATED INCOME STATEMENT YEAR ENDED DECEMBER 31, 2000

- (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 317 Madison Avenue for the year ended December 31, 2000.
- (C) Rental income from 317 Madison Avenue adjusted to reflect straight line amounts as of January 1, 2000.
- (D) To reflect the interest expense for borrowings under the Company's revolving credit facility (\$105.6 million at 5.47%).
- (E) To reflect straight line depreciation for 317 Madison Avenue 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 317 Madison 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

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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 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 & Young LLP

New York, New York
June 20, 2001

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317 Madison Avenue Statements of Revenues and Certain Expenses (Dollars in thousands) Note 1

	YEAR ENDED DECEMBER 31, 2000	THREE MONTHS ENDED MARCH 31, 2001
	-----	-----
		(Unaudited)
Revenues		
Rental revenue	\$11,000	\$ 2,856
Escalations and reimbursement revenue	1,966	499
Other income	188	43
	-----	-----
Total revenues	13,154	3,398
	-----	-----
Certain Expenses		
Property taxes	1,945	473
Utilities	1,592	378
Cleaning and service contracts	1,407	352
Payroll and expenses	472	129
Management fees (Note 5)	573	145
Repairs and maintenance	762	150
Professional fees	146	14
Insurance	85	24

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Other operating expenses	245	24
	-----	-----
Total certain expenses	7,227	1,689
	-----	-----
Revenues in excess of certain expenses	\$ 5,927	\$ 1,709
	=====	=====

SEE ACCOMPANYING NOTES.

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317 Madison Avenue Notes to Statements 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 317 Madison Avenue, located in the Grand Central South sub-market, in the borough of Manhattan in New York City, (the "Property"). On June 7, 2001, SL Green Realty Corp. (the "Company") acquired the Property, for an aggregate purchase price of approximately \$105,600.

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 revenues and 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 amortization and depreciation, interest expense, interest income on the general partner's level, professional fees that relate to the Partnership that owned the Property and the interest rate swap related to the loan.

2. USE OF ESTIMATES

The preparation of 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 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 recognized for the year ended December 31, 2000 and the three months ended March 31, 2001, amounted to approximately \$125 and \$5 (unaudited), respectively.

4. CONCENTRATION OF REVENUE

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There are no tenants that comprise more than 10% of the Property's rental revenue for the year ended December 31, 2000 and for the three months ended March 31, 2001, respectively.

5. MANAGEMENT AGREEMENTS AND RELATED PARTY TRANSACTIONS

Until June 6, 2001, Williamson, Pickett, Gross, Inc. managed the Property. The management fees were based on 1.5% of gross rents collected, as defined in the agreement. The fee incurred for managing the Property for the year ended December 31, 2000 and the three months ended March 31, 2001 was approximately \$189 and \$48 (unaudited), respectively.

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317 Madison Avenue
Notes to Statements of Revenues and Certain Expenses (continued)
(Dollars in thousands)

5. MANAGEMENT AGREEMENTS AND RELATED PARTY TRANSACTIONS (CONTINUED)

Pursuant to a separate agreement, the general partner performs supervisory and administrative services for an annual compensation of 3% of rent income, as defined in the agreement. The fee incurred for the year ended December 31, 2000 and the three months ended March 31, 2001 was approximately \$384 and \$97 (unaudited), respectively, and is included in management fees on the statement of revenues and certain expenses.

An affiliate of the prior owner occupies an office in the Property, free of rent.

6. LEASE AGREEMENTS

The Property is being leased to tenants under operating leases with term expiration dates ranging from 2001 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 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	\$ 11,379
2002	10,698
2003	10,045
2004	8,300
2005	6,404
Thereafter	10,690

	\$ 57,516

7. BENEFIT PLANS

The building employees are covered by multi-employer defined benefit pension funds and post-retirement health and welfare plans. Contributions to these plans amounted to \$74 and \$21 (unaudited) during the year ended December 31, 2000 and the three months ended March 31, 2001, respectively. Separate actuarial information regarding such plans, is not made available to the contributing

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employers by the union administrators or trustees, since the plans do not maintain separate records for each reporting unit.

8. INTERIM UNAUDITED FINANCIAL INFORMATION

The financial statement for the three months ended March 31, 2001 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 are not necessarily indicative of the results to be obtained for a full fiscal year.

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