

SL GREEN REALTY CORP  
Form 8-K/A  
September 02, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K/A**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **September 2, 2010 (May 14, 2010)**

**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**

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(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.01. Completion of Acquisition or Disposition of Assets**

In May, 2010, Green Hill Acquisition LLC ( GHA ), a wholly owned subsidiary of SL Green Realty Corp. (the Company ), sold its 45% beneficial interest in Rock-Green Inc., the entity that held the property known as 1221 Avenue of the Americas located in Manhattan (the Property ), pursuant to a definitive stock purchase agreement (the Stock Purchase Agreement ). GHA sold its interest to a wholly owned subsidiary of the Canada Pension Plan Investment Board ( CPPIB ), for total consideration of \$577.4 million, of which approximately \$95.9 million represents the payment for existing reserves and the assumption of the Company s pro-rata share of in-place financing (the 1221 Disposition ).

The foregoing description of the Stock Purchase Agreement is qualified in its entirety by reference to the information set forth in Item 5. Other Information in the Company s Quarterly Report on Form 10-Q, previously filed with the Securities and Exchange Commission on May 10, 2010, and the Stock Purchase Agreement, a copy of which previously was filed as Exhibit 10.2 thereto.

**Item 9.01. Financial Statements and Exhibits**

(b) *Pro forma financial information*

The pro forma financial information related to the 1221 Disposition required as part of this item is being provided below as follows:

**Unaudited Pro Forma Condensed Consolidated Financial Statements**

Unaudited Pro Forma Condensed Consolidated Balance Sheet (Unaudited) as of June 30, 2010 4

Unaudited Pro Forma Condensed Consolidated Income Statement (Unaudited) for the six months ended June 30, 2010 5

Notes to Pro Forma Financial Information 6

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In May, 2010, Green Hill Acquisition LLC ( GHA ), a wholly owned subsidiary of SL Green Realty Corp. ( SL Green, we, or our ), sold its 45% beneficial interest in Rock-Green Inc., the entity which holds the property known as 1221 Avenue of the Americas, located in Manhattan (the Property ) to a wholly owned subsidiary of the Canada Pension Plan Investment Board ( CPPIB ), for total consideration of approximately \$577.4 million, of which approximately \$95.9 million represents the payment for existing reserves and the assumption of our pro-rata share of in-place financing. The sale generated proceeds to us of approximately \$500.9 million. We recognized a gain of approximately \$126.8 million on the sale of our interest.

The transactions which follow represent the use of the proceeds from the sale of our interest in Rock-Green Inc. No other transactions which occurred subsequent to June 30, 2010 have been included in these pro forma financial statements.

In May 2010, we entered into an agreement to acquire 125 Park Avenue, a 651,000 square foot Manhattan office tower overlooking New York City's Grand Central Terminal, for \$330 million. In connection with the acquisition, we will assume \$146.25 million of in-place financing. The 5.748% interest-only loan matures in October 2014. The acquisition of the property at 125 Park Avenue closed in August 2010.

In May 2010, we, along with CPPIB, acquired the 303,515 square foot property located at 600 Lexington Avenue, Manhattan, for \$193.0 million. In connection with the acquisition, we assumed \$49.85 million of in-place financing. The 5.74% interest-only loan matures in March 2014.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with, and are qualified in their entirety by, the notes thereto.

The unaudited pro forma condensed consolidated financial statements also give effect to SL Green's structured finance investments and early extinguishment of debt, but does not give effect to the results of operations of SL Green subsequent to June 30, 2010.

The accompanying unaudited pro forma condensed consolidated balance sheet as of June 30, 2010 has been prepared to reflect the effect of the acquisition of 125 Park Avenue described above, as if such transaction had occurred on June 30, 2010. The accompanying unaudited pro forma condensed consolidated statement of income for the six months ended June 30, 2010 has been prepared to reflect the effect of the acquisitions and disposition described above, as if such transactions had occurred on January 1, 2010.

In the opinion of management, the pro forma condensed consolidated financial information provides for all significant adjustments necessary to reflect the effects of the above transactions. The pro forma adjustments and the purchase price allocation, as presented, are based on estimates and certain information that is currently available to SL Green's management.

The pro forma information is unaudited and is not necessarily indicative of the consolidated results that would have occurred if the transactions and adjustments reflected therein had been consummated in the period or on the date presented, or on any particular date in the future, nor does it purport to represent the financial position, results of operations or cash flows for future periods.



## SL GREEN REALTY CORP.

## PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2010

(UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

|  | SL GREEN<br>REALTY<br>CORP.<br>HISTORICAL<br>(A) | 125 PARK<br>AVENUE<br>ADJUSTMENTS<br>(B) | SL GREEN<br>REALTY<br>CORP.<br>PRO FORMA |
|--|--|--|--|
| <b>ASSETS :</b>  |  |  |  |
| Real estate assets, net  | \$ 7,500,874                                     | \$ 330,000                               | \$ 7,830,874                             |
| Cash and cash equivalents  | 339,577  | (133,750)                                | 205,827                                  |
| Restricted cash  | 157,515  | (50,000)                                 | 107,515                                  |
| Investment in marketable securities  | 72,993   |  | 72,993                                   |
| Tenant and other receivables, net  | 22,734   |  | 22,734                                   |
| Related party receivables  | 6,026  |  | 6,026                                    |
| Deferred rents receivable, net   | 184,739  |  | 184,739                                  |
| Structured finance investments   | 867,393  |  | 867,393                                  |
| Investments in unconsolidated joint ventures   | 775,765  |  | 775,765                                  |
| Deferred costs, net  | 147,605  |  | 147,605                                  |
| Other assets   | 332,813  |  | 332,813                                  |
| <b>Total Assets</b>  | <b>\$ 10,408,034</b>                             | <b>\$ 146,250</b>                        | <b>\$ 10,554,284</b>                     |
| <b>LIABILITIES AND EQUITY:</b>   |  |  |  |
| Mortgage notes payable   | \$ 2,800,866                                     | \$ 146,250                               | \$ 2,947,116                             |
| Revolving credit facility  | 800,000  |  | 800,000                                  |
| Senior unsecured notes   | 858,081  |  | 858,081                                  |
| Accrued interest and other liabilities   | 24,645   |  | 24,645                                   |
| Accounts payable and accrued expenses  | 144,168  |  | 144,168                                  |
| Deferred revenue/ gain   | 325,228  |  | 325,228                                  |
| Capitalized lease obligations  | 16,979   |  | 16,979                                   |
| Deferred land lease payable  | 18,140   |  | 18,140                                   |
| Dividend and distributions payable   | 14,228   |  | 14,228                                   |
| Security deposits  | 39,617   |  | 39,617                                   |
| Junior subordinate deferrable debentures held by trust   | 100,000  |  | 100,000                                  |
| <b>Total liabilities</b>   | <b>5,141,952</b>                                 | <b>146,250</b>                           | <b>5,288,202</b>                         |
| <b>Commitments and Contingencies</b>   |  |  |  |
| Noncontrolling interests in operating partnership  | 66,640   |  | 66,640                                   |
| <b>EQUITY</b>  |  |  |  |
| Series C preferred stock, \$0.01 par value, \$25.00 liquidation preference, 11,700 issued and outstanding at June 30, 2010 | 274,000  |  | 274,000                                  |
| Series D preferred stock, \$0.01 par value, \$25.00 liquidation preference, 4,000 issued and outstanding at June 30, 2010  | 96,321   |  | 96,321                                   |
| Common stock, \$0.01 par value, 160,000 shares authorized, 81,570 issued and outstanding at June                           | 816  |  | 816                                      |

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|  |    |            |    |            |
|--|----|------------|----|------------|
| 30, 2010   |    |            |    |            |
| Additional paid in capital                       |    | 3,563,980  |    | 3,563,980  |
| Treasury stock (3,360 shares at June 30, 2010)   |    | (302,705)  |    | (302,705)  |
| Accumulated other comprehensive income           |    | (30,305)   |    | (30,305)   |
| Retained earnings                                |    | 1,081,895  |    | 1,081,895  |
| Total SL Green Realty Corp. stockholders' equity |    | 4,684,002  |    | 4,684,002  |
| Noncontrolling interests in other partnerships   |    | 515,440    |    | 515,440    |
| Total equity                                     |    | 5,199,442  |    | 5,199,442  |
| Total liabilities and equity                     | \$ | 10,408,034 | \$ | 146,250 \$ |
|  |    |            |    | 10,554,284 |

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

**SL GREEN REALTY CORP.**

## PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2010

(UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

|  | SL GREEN<br>REALTY<br>CORP.<br>HISTORICAL<br>(A) | ROCK-GREEN<br>INC.<br>HISTORICAL<br>(C) | 600 LEXINGTON<br>AVENUE<br>ADJUSTMENTS | 125 PARK<br>AVENUE<br>ADJUSTMENTS<br>(E) | SL GREEN<br>PRO FORMA<br>ADJUSTMENTS | SL GREEN<br>REALTY CORP.<br>PRO FORMA |
|--|--|---|--|--|--------------------------------------|---------------------------------------|
| <b>REVENUES:</b>   |  |   |  |  |                                      |                                       |
| Rental revenue, net  | \$ 398,306                                       | \$                                      | \$                                     | \$ 17,083                                | \$                                   | \$ 415,389                            |
| Escalation and reimbursement<br>revenues   | 61,429   |   |  |  |                                      | 61,429                                |
| Preferred equity and<br>investment income  | 41,167   |   |  |  | 1,671(F)                             | 42,838                                |
| Other income   | 17,453   |   |  |  |                                      | 17,453                                |
| <b>Total revenues</b>  | <b>518,355</b>                                   |   |  | <b>17,083</b>                            | <b>1,671</b>                         | <b>537,108</b>                        |
| <b>EXPENSES:</b>   |  |   |  |  |                                      |                                       |
| Operating expenses   | 113,385  | (9)                                     |  | 4,364                                    |                                      | 117,740                               |
| Real estate taxes  | 76,995   |   |  | 2,865                                    |                                      | 79,860                                |
| Ground rent  | 15,501   |   |  |  |                                      | 15,501                                |
| Interest expense, net of interest<br>income  | 115,128  |   |  | 4,262                                    | (4,911)(G)                           | 114,479                               |
| Amortization of deferred<br>financing costs  | 4,308  |   |  | 15                                       |                                      | 4,323                                 |
| Depreciation and amortization  | 113,957  | (39)                                    |  | 3,094                                    |                                      | 117,012                               |
| Loan loss reserves   | 10,985   |   |  |  |                                      | 10,985                                |
| Transaction related costs  | 5,162  |   |  |  |                                      | 5,162                                 |
| Marketing, general and<br>administrative   | 36,778   |   |  |  |                                      | 36,778                                |
| <b>Total expenses</b>  | <b>492,199</b>                                   | <b>(48)</b>                             |  | <b>14,600</b>                            | <b>(4,911)</b>                       | <b>501,840</b>                        |
| Income (loss) from continuing<br>operations before equity in net<br>income of unconsolidated joint<br>ventures and noncontrolling<br>interests | 26,156   | 48                                      |  | 2,483                                    | 6,582                                | 35,269                                |
| Equity in net income of<br>unconsolidated joint ventures   | 25,381   | (10,547)                                | 561(D)                                 |  |                                      | 15,395                                |
| Equity in net gain on sale of<br>interest in unconsolidated joint<br>venture   |  |   |  |  |                                      |                                       |
| Loss on equity in marketable<br>securities   | (285)  |   |  |  |                                      | (285)                                 |
| Loss on early extinguishment<br>of debt  | (1,389)  |   |  |  |                                      | (1,389)                               |
| <b>Income from continuing<br/>operations</b>   | <b>\$ 49,863</b>                                 | <b>\$ (10,499)</b>                      | <b>\$ 561</b>                          | <b>\$ 2,483</b>                          | <b>\$ 6,582</b>                      | <b>\$ 48,990</b>                      |
| <b>BASIC EARNINGS PER<br/>SHARE:</b>   |  |   |  |  |                                      |                                       |
|  | \$ 0.63  |   |  |  |                                      | \$ 0.62                               |



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Net income from continuing operations

DILUTED EARNINGS PER SHARE:

|                                       |    |      |    |      |
|---------------------------------------|----|------|----|------|
| Net income from continuing operations | \$ | 0.63 | \$ | 0.61 |
| Dividends per common share            | \$ | 0.20 | \$ | 0.20 |

|  |        |        |
|--|--------|--------|
| Basic weighted average common shares outstanding | 77,936 | 77,936 |
|--|--------|--------|

|   |        |        |
|---|--------|--------|
| Diluted weighted average common shares and common share equivalents outstanding | 79,771 | 79,771 |
|---|--------|--------|

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

**SL Green Realty Corp.**

**Notes To Unaudited Pro Forma**

**Condensed Consolidated Financial Statements**

**(Amounts in thousands)**

- (A) Represents the historical information for SL Green Realty Corp. as included on Form 10-Q as of and for the six months ended June 30, 2010, excluding the equity in net gain on the sale of an interest in an unconsolidated joint venture (\$126,769).
- (B) Represents the purchase price (\$330,000) and funds required to consummate our investment in 125 Park Avenue. As we do not yet have the necessary information, we have not performed a purchase price allocation. As such, the actual purchase price allocation may differ upon realization of any accrued costs and final fair value determination of certain intangible assets and liabilities. Real estate includes intangible assets for the value attributable to above- and below-market leases, and in-place leases. In connection with the acquisition, we will be assuming \$146,250 of in-place financing. The 5.748% interest-only loan matures in October 2014. We have not yet performed a fair value analysis of this financing.
- (C) Represents the elimination of the historical results of operations from our 45% equity interest in the entity which owned the property located at 1221 Avenue of the Americas, Manhattan, through May 12, 2010, the date of sale.
- (D) Represents our pro forma share of equity in the net earnings of the joint venture which acquired the property located at 600 Lexington Avenue, Manhattan. The pro forma adjustments cover the period from January 1, 2010 through May 20, 2010, the date of acquisition. In connection with the acquisition, the joint venture assumed \$49,850 of in-place financing. The 5.74% interest-only loan matures in March 2014.
- (E) Represents our pro forma results of operations for our investment in 125 Park Avenue without giving effect to the purchase price allocation. For purposes of the pro forma income statement the additions to real estate have been depreciated over 40 years.
- (F) Represents the pro forma adjustment to reflect a full six months of investment income on structured finance investments that closed between January 1, 2010 and May 14, 2010.
- (G) Represents the reduction in interest expense as a result of the early extinguishment of debt, primarily resulting from the tender offer completed in April 2010 and the repurchase of senior exchangeable debentures in June 2010 pursuant to their terms.



**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.

/s/ Gregory F. Hughes  
Gregory F. Hughes  
Chief Financial Officer

Date: September 2, 2010