

SL GREEN REALTY CORP
Form 10-Q
May 10, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

o **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number: 1-13199

SL GREEN REALTY CORP.
(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

13-3956775

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

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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The number of shares outstanding of the registrant's common stock, \$0.01 par value, was 59,414,026 as of April 30, 2007.

SL GREEN REALTY CORP.

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PART I. FINANCIAL INFORMATION**ITEM 1. Financial Statements**

SL Green Realty Corp.
Condensed Consolidated Balance Sheets
(Amounts in thousands, except per share data)

	March 31 2007 (Unaudited)	December 31, 2006
Assets		
Commercial real estate properties, at cost:		
Land and land interests	\$ 1,235,607	\$ 439,986
Building and improvements	4,930,419	2,111,970
Building leasehold and improvements	1,093,514	490,995
Property under capital lease	12,208	12,208
	7,271,748	3,055,159
Less: accumulated depreciation	(297,365)	(279,436)
	6,974,383	2,775,723
Assets held for sale	96,101	
Cash and cash equivalents	499,728	117,178
Restricted cash	128,223	252,272
Tenant and other receivables, net of allowance of \$12,114 and \$11,079 in 2007 and 2006, respectively	53,040	34,483
Related party receivables	14,938	7,195
Deferred rents receivable, net of allowance of \$12,756 and \$10,925 in 2007 and 2006, respectively	103,267	96,624
Structured finance investments, net of discount of \$14,542 and \$14,804 in 2007 and 2006, respectively	688,303	445,026
Investments in unconsolidated joint ventures	743,978	686,069
Deferred costs, net	116,760	97,850
Other assets	207,064	119,807
Total assets	\$ 9,625,785	\$ 4,632,227
Liabilities and Stockholders' Equity		
Mortgage notes payable	\$ 2,156,575	\$ 1,190,379
Revolving credit facilities		
Term loans and unsecured notes	2,692,730	525,000
Accrued interest payable and other liabilities	36,784	10,008
Accounts payable and accrued expenses	169,736	138,181
Deferred revenue/gain	44,082	43,721
Capitalized lease obligation	16,430	16,394
Deferred land leases payable	17,095	16,938
Dividend and distributions payable	47,427	40,917
Security deposits	39,103	27,913
Liabilities related to assets held for sale	74,636	
Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities	5,394,598	2,109,451
Commitments and Contingencies		
Minority interest in Operating Partnership	75,996	71,731
Minority interests in other partnerships	580,424	56,162
Stockholders' Equity		
Series C preferred stock, \$0.01 par value, \$25.00 liquidation preference, 6,300 issued and outstanding at March 31, 2007 and December 31, 2006, respectively	151,981	151,981
Series D preferred stock, \$0.01 par value, \$25.00 liquidation preference, 4,000 issued and outstanding at March 31, 2007 and December 31, 2006, respectively	96,321	96,321
Common stock, \$0.01 par value 100,000 shares authorized and 59,182 and 49,840 issued and outstanding at March 31, 2007 and December 31, 2006, respectively	592	498

OTHER INFORMATION

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Additional paid-in-capital	2,886,092	1,809,893
Accumulated other comprehensive income	11,568	13,971
Retained earnings	428,213	322,219
Total stockholders' equity	3,574,767	2,394,883
Total liabilities and stockholders' equity	\$ 9,625,785	\$ 4,632,227

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

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SL Green Realty Corp.
Condensed Consolidated Statements of Income
(Unaudited, and amounts in thousands, except per share data)

	Three months Ended	
	March 31,	2006
2007		
Revenues		
Rental revenue, net	\$ 155,553	\$ 79,090
Escalation and reimbursement	28,612	13,927
Preferred equity and investment income	21,709	13,479
Other income	89,897	9,870
Total revenues	295,771	116,366
Expenses		
Operating expenses including approximately \$3,017 (2007) and \$2,833 (2006) paid to affiliates	49,572	27,795
Real estate taxes	31,229	17,708
Ground rent	7,265	4,921
Interest	57,591	17,491
Amortization of deferred financing costs	3,301	714
Depreciation and amortization	37,991	15,636
Marketing, general and administrative	34,247	12,986
Total expenses	221,196	97,251
Income from continuing operations before equity in net income of unconsolidated joint ventures, minority interest and discontinued operations	74,575	19,115
Equity in net income from unconsolidated joint ventures	9,354	9,968
Income from continuing operations before minority interest and discontinued operations	83,929	29,083
Equity in net gain on sale of interest in unconsolidated joint ventures/ real estate	31,509	
Minority interest in other partnerships	(3,922)	(851)
Minority interest in Operating Partnership attributable to continuing operations	(6,875)	(1,190)
Income from continuing operations	104,641	27,042
Net income from discontinued operations, net of minority interest	526	1,659
Gain on sale of real estate	47,229	
Net income	152,396	28,701
Preferred stock dividends	(4,969)	(4,969)
Net income available to common stockholders	\$ 147,427	\$ 23,732
Basic earnings per share:		
Net income from continuing operations before discontinued operations	\$ 1.20	\$ 0.51
Net income from discontinued operations	0.01	0.04
Gain on sale of real estate	0.83	
Gain on sale of unconsolidated joint ventures	0.56	
Net income available to common stockholders	\$ 2.60	\$ 0.55
Diluted earnings per share:		
Net income from continuing operations before discontinued operations	\$ 1.23	\$ 0.50
Net income from discontinued operations	0.01	0.04
Gain on sale of real estate	0.77	
Gain on sale of unconsolidated joint ventures	0.52	
Net income available to common stockholders	\$ 2.53	\$ 0.54
Dividends per share	\$ 0.70	\$ 0.60
Basic weighted average common shares outstanding	56,649	42,858
Diluted weighted average common shares and common share equivalents outstanding	60,930	46,608

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

SL Green Realty Corp.
Condensed Consolidated Statement of Stockholders Equity
(Unaudited, and amounts in thousands, except per share data)

	Series C Preferred Stock	Series D Preferred Stock	Common Stock Shares	Par Value	Additional Paid- In-Capital	Accumulated Other Comprehensiv Income	Retained Earnings	Total	Comprehensive Income
Balance at									
December 31, 2006	\$ 151,981	\$ 96,321	49,840	\$ 498	\$ 1,809,893	\$ 13,971	\$ 322,219	\$ 2,394,883	
Comprehensive Income:									
Net income							152,396	152,396	\$ 152,396
Net unrealized loss on derivative instruments						(2,403)	(2,403)	(2,403)	(2,403)
SL Green's share of joint venture net unrealized loss on derivative instruments									(270)
Preferred dividends							(4,969)	(4,969)	(4,969)
Redemption of units and DRIP proceeds			94	1	4,253			4,254	
Deferred compensation plan & stock award, net			18	1	476			477	
Amortization of deferred compensation plan					11,821			11,821	
Proceeds from stock options exercised			236	2	8,722			8,724	
Common stock issued in connection with Reckson acquisition			8,994	90	1,048,588			1,048,678	
Stock-based compensation fair value					2,339			2,339	
Cash distribution declared (\$0.70 per common share of which none represented a return of capital for federal income tax purposes)							(41,433)	(41,433)	(41,433)
Balance at March 31, 2007	\$ 151,981	\$ 96,321	59,182	\$ 592	\$ 2,886,092				