

SL GREEN REALTY CORP
Form 10-Q
August 10, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009

- 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 10170

(Address of principal executive offices) (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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

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The number of shares outstanding of the registrant's common stock, \$0.01 par value, was 76,833,561 as of July 31, 2009.

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PART I. FINANCIAL INFORMATION
ITEM 1. Financial Statements

SL Green Realty Corp.

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Condensed Consolidated Balance Sheets

(Amounts in thousands, except per share data)

	June 30, 2009 (Unaudited)	December 31, 2008
Assets		
Commercial real estate properties, at cost:		
Land and land interests	\$ 1,385,182	\$ 1,386,090
Building and improvements	5,560,966	5,544,019
Building leasehold and improvements	1,268,022	1,259,472
Property under capital lease	12,208	12,208
	8,226,378	8,201,789
Less: accumulated depreciation	(635,415)	(546,545)
	7,590,963	7,655,244
Assets held for sale	76,657	184,035
Cash and cash equivalents	676,768	726,889
Restricted cash	87,154	105,954
Tenant and other receivables, net of allowance of \$14,508 and \$16,898 in 2009 and 2008, respectively	31,666	30,882
Related party receivables	9,519	7,676
Deferred rents receivable, net of allowance of \$22,382 and \$19,648 in 2009 and 2008, respectively	156,685	145,561
Structured finance investments, net of discount of \$14,308 and \$18,764 and allowance of \$71,666 and \$57,016 in 2009 and 2008, respectively	534,518	679,814
Investments in unconsolidated joint ventures	978,340	975,483
Deferred costs, net	135,520	133,052
Other assets	317,260	339,763
Total assets	\$ 10,595,050	\$ 10,984,353
Liabilities		
Mortgage notes payable	\$ 2,570,085	\$ 2,591,358
Revolving credit facility	1,419,500	1,389,067
Senior unsecured notes	873,046	1,501,134
Accrued interest payable and other liabilities	38,177	70,692
Accounts payable and accrued expenses	125,267	133,100
Deferred revenue/gain	376,143	427,936
Capitalized lease obligation	16,791	16,704
Deferred land leases payable	17,831	17,650
Dividend and distributions payable	12,014	26,327
Security deposits	36,737	34,561
Liabilities related to assets held for sale		106,534
Junior subordinate deferrable interest debentures held by trusts that issued trust preferred securities	100,000	100,000
Total liabilities	5,585,591	6,415,063
Commitments and Contingencies		
Noncontrolling interests in operating partnership	89,035	87,330
Equity		
SL Green stockholders' equity:		
Series C preferred stock, \$0.01 par value, \$25.00 liquidation preference, 6,300 issued and outstanding at June 30, 2009 and December 31, 2008, respectively	151,981	151,981
Series D preferred stock, \$0.01 par value, \$25.00 liquidation preference, 4,000 issued and outstanding at June 30, 2009 and December 31, 2008, respectively	96,321	96,321
Common stock, \$0.01 par value 160,000 shares authorized and 80,180 and 60,404 issued and outstanding at June 30, 2009 and December 31, 2008, respectively (including 3,360 shares at both June 30, 2009 and December 31, 2008, held in Treasury, respectively)	802	604

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Additional paid-in-capital	3,481,518	3,079,159
Treasury stock at cost	(302,705)	(302,705)
Accumulated other comprehensive loss	(32,285)	(54,747)
Retained earnings	996,051	979,939
Total SL Green stockholders' equity	4,391,683	3,950,552
Noncontrolling interests in other partnerships	528,741	531,408
Total equity	4,920,424	4,481,960
Total liabilities and equity	\$ 10,595,050	\$ 10,984,353

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 June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenues				
Rental revenue, net	\$ 192,735	\$ 192,575	\$ 389,203	\$ 386,416
Escalation and reimbursement	31,534	30,007	65,292	59,966
Preferred equity and investment income	15,533	22,654	32,431	41,801
Other income	13,166	45,486	29,447	55,990
Total revenues	252,968	290,722	516,373	544,173
Expenses				
Operating expenses (including approximately \$4,293 and \$7,725 (2009) and \$3,405 and \$6,977 (2008) paid to affiliates)	52,441	54,744	107,923	108,415
Real estate taxes	36,751	32,760	73,700	65,284
Ground rent	8,046	7,826	16,092	16,075
Interest expense, net of interest income	57,012	73,604	117,276	149,650
Amortization of deferred financing costs	1,476	1,538	2,912	3,171
Depreciation and amortization	55,186	54,685	109,984	108,119
Loan loss reserves	45,577	5,000	107,577	5,000
Loss (gain) on equity investment in marketable securities	(126)		681	
Marketing, general and administrative	17,946	25,434	35,868	49,893
Total expenses	274,309	255,591	572,013	505,607
Income (loss) from continuing operations before equity in net income of unconsolidated joint ventures and discontinued operations	(21,341)	35,131	(55,640)	38,566
Equity in net income from unconsolidated joint ventures	16,828	17,822	29,901	37,247
Net gain (loss) on sale of interest in unconsolidated joint ventures/ real estate	(2,693)	93,481	6,848	93,481
Gain on early extinguishment of debt	29,321		77,033	
Income from continuing operations	22,115	146,434	58,142	169,294
Net income (loss) from discontinued operations	(538)	1,566	(604)	2,931
Gain on sale of discontinued operations			6,572	110,232
Net income	21,577	148,000	64,110	282,457
Net income attributable to noncontrolling interests in operating partnership	(382)	(5,383)	(1,702)	(10,235)
Net income attributable to noncontrolling interests in other partnerships	(3,683)	(3,457)	(7,160)	(6,815)
Net income attributable to SL Green	17,512	139,160	55,248	265,407
Preferred stock dividends	(4,969)	(4,969)	(9,938)	(9,938)
Net income attributable to SL Green common stockholders	\$ 12,543	\$ 134,191	\$ 45,310	\$ 255,469
Basic earnings per share:				
Net income from continuing operations before gain on sale and discontinued operations	\$ 0.24	\$ 0.73	\$ 0.53	\$ 0.97
Net income (loss) from discontinued operations, net of noncontrolling interest	(0.01)	0.03	(0.01)	0.05
Gain on sale of discontinued operations, net of noncontrolling interest			0.10	1.81

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Gain (loss) on sale of unconsolidated joint ventures/ real estate		(0.04)		1.54		0.11		1.54
Net income attributable to SL Green common stockholders	\$	0.19	\$	2.30	\$	0.73	\$	4.37

Diluted earnings per share:

Net income from continuing operations before gain on sale and discontinued operations	\$	0.23	\$	0.73	\$	0.53	\$	0.96
Net income (loss) from discontinued operations		(0.01)		0.03		(0.01)		0.05
Gain on sale of discontinued operations						0.10		1.81
Gain (loss) on sale of unconsolidated joint ventures/ real estate		(0.04)		1.53		0.11		1.53