SL GREEN REALTY CORP
Form S-3/A
July 16, 2001

As filed with the Securities and Exchange Commission on July 16, 2001

Registra

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1

to
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

Maryland
(State or other jurisdiction of incorporation or organization) (I.R.S.

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420 Lexington Avenue
New York, New York 10170
(212) 594-2700

(Address, including zip code, and telephone number, including area code, of each registrant's p

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Stephen L. Green
Chairman and Chief Executive Officer
420 Lexington Avenue
New York, New York 10170
(212) 594-2700
(Name, address, including zip code, and telephone number, including area code, of ag

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Copy to:
Edward F. Petrosky, Esq.
James O'Connor, Esq
Sidley Austin Brown & Wood LLP
One World Trade Center
New York, New York 10048
(213) 839-5300

Approximate date of commencement of proposed sale to public: From time to time after this Re
effective.

If the only securities being registered on this form are being offered pursuant to dividend
plans, please check the following box./X/

If any of the securities being registered on this form are to be offered on a delayed or con
Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in conn
interest reinvestment plans, please check the following box./X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462
of 1933, please check the following box and list the Securities Act of 1933 registration statemen
effective registration statement for the same offering./ /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securitie
following box and list the Securities Act of 1933 registration statement number of the earlier ef
statement for the same offering./ /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the

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CALCULATION OF REGISTRATION FEE

Title of Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Price per Share (1)	Proposed M Aggregate O Price (
Shares of Common Stock, $.01 par value per share (2)	284,787	$28.18	$8,025,

(1) Estimated solely for purposes of calculating the registration fee.

(2) Pursuant to Rule 457(c) of the rules and regulations under the Securities Act of 1933, as a
is calculated based on the average of the high and low sale prices of SL Green Realty Corp.
York Stock Exchange for June 1, 2001

(3) Previously paid.

The Registrant hereby amends this Registration Statement on the date or dates as may be nec
effective date until the Registrant shall file a further amendment which specifically states th
Statement shall thereafter become effective with Section 8(a) of the Securities Act of 1933 or
Statement shall become effective on the date as the Commission, acting pursuant to said Section

The information contained in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any State where the offer or sale is not permitted.

SUBJECT TO COMPLETION,

PRELIMINARY PROSPECTUS DATED JULY 16, 2001

PROSPECTUS

284,787 Shares
SL GREEN
REALTY CORP.
Common Stock

This Prospectus relates to:

- the offer and sale from time to time by a selling shareholder of up to 44,772 shares of our common stock issued to that shareholder in exchange for units of limited partnership interest in SL Green Operating Partnership, L.P. and

- the offer and sale from time to time by certain shareholders of up to 240,015 shares of our common stock which may be offered from time to time by the selling shareholders named in this prospectus.

The registration of the shares does not necessarily mean that any of the unitholders will redeem their units or that any of the shares will be offered or sold by any of the selling shareholders. We will receive no proceeds of any sales of the shares, but will incur expenses in connection with the offering. See "Selling Shareholders" and "Plan of Distribution"

We will acquire units from the redeeming unitholders in exchange for shares of common stock that we issue. Upon any redemption, we may elect to pay cash for the units tendered rather than common shares.

Our common stock is listed on the New York Stock Exchange under the symbol SLG.

The selling shareholders from time to time may offer and sell the shares held by them directly or through agents or broker-dealers on terms to be determined at the time of sale. To the extent required, the names of any agent or broker-dealer and applicable commissions or discounts and any other required information with respect to any particular offer will be set forth in the section of this prospectus entitled "Plan of Distribution" or in an accompanying prospectus supplement. Each of the selling shareholders reserves the sole right to accept or reject, in whole or in part, any proposed purchase of the shares to be made directly or through agents.

See "Risk Factors" beginning on page 2 of this prospectus for a description of factors that should be considered by purchasers of the securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offence.

July __, 2001

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INFORMATION ABOUT SL GREEN

SL Green is a self managed real estate investment trust, which we refer to as a REIT, with in-house capabilities in property management, development, construction and acquisitions. We are the first such REIT to own, manage, lease, acquire and reposition only Class B office properties in Manhattan. We own all of our assets and conduct substantially all of our business through our operating partnership, SL Green Operating Partnership, L.P. We are the managing general partner of the operating partnership and as of March 31, 2001, we owned 91.5% of the outstanding partnership interests in the operating partnership.

The term "Class B" is generally used in the Manhattan office market to describe office properties which are more than 25 years old but are in good physical condition, enjoy widespread acceptance by high-quality tenants and are situated in desirable locations in Manhattan. Class B office properties can be distinguished from Class A properties in that Class A properties are generally newer properties with higher finishes and obtain the highest rental rates within their markets.

As of March 31, 2001, our wholly owned portfolio consisted of 20 Class B commercial properties encompassing approximately 7.8 million rentable square feet located primarily in midtown Manhattan, a borough of New York City ("Manhattan") (the "Properties") and one triple-net leased property located in Shelton, Connecticut. As of March 31, 2001, the weighted average occupancy (total occupied square feet divided by total available square feet) of the Properties was 99%. Our portfolio also includes ownership interests in unconsolidated joint ventures, which own five Class B commercial properties in Manhattan, encompassing approximately 2.2 million rentable square feet (97% occupied as of March 31, 2001). In addition, we continue to manage four office properties owned by third-parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

A variety of tenants who do not require or desire or who cannot afford Class A space are attracted to Class B office properties due to their prime locations, excellent amenities, distinguished architecture and relatively less expensive rental rates. Class B office space has historically attracted many smaller growth-oriented firms and has played a critical role in satisfying the space requirements of particular industry groups in Manhattan, such as the advertising, apparel, business services, engineering, not-for-profit, "new media" and publishing industries. By way of example, some of the tenants that currently occupy space in our properties include The City of New York, BMW of Manhattan, Inc., Metro North, New York Life Insurance Company, St. Luke's Roosevelt Hospital, CBS, Inc., Parade Publications, Dow Jones, Crain Communications, Ann Taylor, Escada, Cowles Business Media, Kallir, Philips, Ross Inc., MCI International, New York Presbyterian Hospital, Ross Stores, UNICEF, Gibbs & Co Inc. and Young Rubicam, Inc.

Our management team has developed a comprehensive knowledge of the Manhattan Class B office market, an extensive network of tenant and other business relationships and experience in acquiring underperforming office properties and repositioning them into profitable Class B properties through intensive full-service management and leasing efforts.

We were incorporated in the State of Maryland on June 10, 1997. Our executive offices are located at 420 Lexington Avenue, New York, New York 10170 and our telephone number is (212) 594-2700. We also maintain a Web site at www.slgreen.com.

RISK FACTORS

An investment in the shares of SL Green involves various risks.

o Future declines in the demand for office space in midtown Manhattan could adversely affect our results of operations and, consequently, our ability to make distributions to shareholders.

Most of our office properties are located in midtown Manhattan. As a result, our business is largely dependent on the condition of the New York City economy in general and the market for office space in midtown Manhattan, in particular. The New York City economy may not continue to grow. The market for office space in midtown Manhattan has experienced downturns, most recently in the late 1980's and the early 1990's. A similar downturn could result in a reduction of our revenue and thus adversely affect our ability to make distributions to shareholders.

We may be unable to renew leases or relet space as leases expire. When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if tenants do renew or we can relet the space, the terms of renewal or reletting, including the cost of required renovations, may be less favorable than current lease terms. Over the next five years, through the end of 2005, leases will expire on approximately 37.5% and 36.1% of the rentable square feet at our wholly owned and joint venture properties, respectively. As of March 31, 2001, approximately 2.9 million and 0.8 million square feet are scheduled to expire by December 31, 2005 at our wholly owned and joint venture properties, respectively and these leases currently have annualized escalated rental income totaling $85.8 million and $20.6 million, respectively. If we are unable to promptly renew the leases or relet this space at similar rates, our cash flow and ability to service debt and make distributions to shareholders would be adversely affected.

The expiration of long term leases or operating sublease interests could adversely affect our results of operation. Our interest in four of our properties is through either long-term leasehold or operating sublease interests in the land and the improvements, rather than by a fee interest in the land. Unless we can purchase a fee interest in the underlying land or extend the terms of these leases before their expiration, we will lose our right to operate these properties and our interest in the improvements upon expiration of the leases. These properties are 673 First Avenue, 420 Lexington Avenue, 711 Third Avenue and 1140 Avenue of the Americas. The average term of these long term leases, including our unilateral extension rights on two of the properties, is 48 years. Pursuant to the operating sublease arrangements, we, as tenant under the operating sublease, perform the functions traditionally performed by landlords with respect to our subtenants. We are responsible for not only collecting rent from our subtenants, but also maintaining the property and paying expenses relating to the property. The annualized escalated rents of these properties at March 31, 2001 totaled $74.4 million or 34.4% of SL Green's total annualized revenue.

Reliance on major tenants could adversely affect our results of operations. Giving effect to signed leases in effect as of March 31, 2001 for wholly owned properties as of that date, the five largest tenants, based on annualized rent, accounted for approximately 10.2% of our total annualized rental revenues and no one tenant accounted for more than 2.5% of that total. Our business would be adversely affected if any of these tenants became insolvent, declared bankruptcy or otherwise refused to pay rent in a timely fashion or at all.

o Our dependence on smaller and growth-oriented businesses to rent class b office space could adversely affect our cash flow.

Many of the tenants in our wholly owned properties are smaller, growth-oriented businesses that may not have the financial strength of larger corporate tenants. Smaller companies generally experience a higher rate of failure than large businesses. Growth-oriented firms may seek other office space, including Class A space, as they develop. Dependence on these companies could create a higher risk of tenant defaults, turnover and bankruptcies, which could adversely affect our distributable cash flow.

o Debt financing, financial covenants, degree of leverage, and increases in interest rates could adversely affect our economic performance.

Scheduled debt payments could adversely affect our results of operation. The total principal amount of our outstanding consolidated indebtedness was $740.5 million as of March 31, 2001, $44.9 million of which was borrowings under our secured credit facility, $167 million under our unsecured credit facility and $528.6 million of which was non-recourse mortgage loans on 11 of our properties. Cash flow could be insufficient to pay distributions at expected levels and meet the payments of principal and interest required under our current mortgage indebtedness and our credit facilities. Our secured credit facility matures on December 22, 2001. Our unsecured credit facility matures on June 27, 2003. The total principal amount of indebtedness outstanding at the joint venture properties was $274.6 million, of which our share was $128.4 million.

If we are unable to make payments under our secured or unsecured credit facilities, all amounts due and owing at such time shall accrue interest at a rate equal to 5% and 4%, respectively, higher than the rate at which each such loan was made. If a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the property, resulting in loss of income and asset value. Foreclosure on mortgaged properties or an inability to make scheduled payments under the credit facility would likely have a negative impact on our financial condition and results of operations.

We may not be able to refinance existing indebtedness, which in virtually all cases requires substantial principal payments at maturity. In December 2003, $11.3 million of debt on one of our wholly owned buildings will have matured and in 2004, $229 million of debt on other of our wholly owned buildings will have matured. In 2002, $64.6 million, and in 2003, $58.0 million of debt on three of our joint venture properties will have matured. At the present time we intend to refinance the debt associated with these properties on or prior to their respective maturity dates. If any principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow will not be sufficient in all years to repay all maturing debt. At the time of refinancing, prevailing interest rates or other factors such as the possible reluctance of lenders to make commercial real estate loans, may result in higher interest rates. Increased interest expense on the refinanced debt would adversely affect cash flow and our ability to service debt and make distributions to shareholders.

Financial covenants could adversely affect our ability to conduct our business. The mortgages on our properties contain negative covenants which limit our ability to further mortgage the property, to enter into new leases or materially modify existing leases, and to discontinue insurance coverage. In addition, our secured and unsecured credit facilities contain restrictions and requirements on our method of operations. Our secured and unsecured credit facilities also have requirements that designate total debt to assets ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt are maintained. Restrictions on our ability to conduct business could adversely affect our results of operations and our ability to make distributions to shareholders.

Rising interest rates could adversely affect our cash flow. Advances under our secured and unsecured credit facilities and certain property-level mortgage debt will bear interest at a variable rate. These variable rate borrowings totaled $361.9 million at March 31, 2001. Borrowings under our unsecured credit facility bear interest at a spread equal to the London Interbank Offered Rate ("LIBOR") plus from 137.5 basis points to 175 basis points, depending on our leverage ratio. Borrowings under our secured credit facility bear interest at a spread equal to the LIBOR plus 125 basis points. As of March 31, 2001 borrowings under the secured and unsecured facilities totaled $167.0 and $44.9 million and bore interest at 7.00% and 7.19%, respectively. Additionally, certain advances under property-level mortgage debt ($150.0 million) bear interest at a variable rate. We may incur indebtedness in the future that also bears interest at a variable rate or may be required to refinance our debt at higher rates. Accordingly, increases in interest rates above that which we anticipated based upon historical trends could adversely affect our ability to continue to make distributions to shareholders. At March 31, 2001, a hypothetical 100 basis point adverse move (increase) in interest rates along the entire interest rate curve would adversely effect our interest costs by approximately $4.0 million annually.

Our policy of no limitation on debt could adversely affect our cash flow. Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. As of March 31, 2001, assuming the conversion of all outstanding units of the operating partnership into shares of our common stock, our debt to market capitalization ratio, excluding our share of joint venture debt of $128.4 million, was approximately 46%. However, our policy is to incur debt only if upon this incurrence our debt to market capitalization ratio would be 55% or less. Our board of directors can alter or eliminate this policy and would do so if our board of directors determines that this action is in the best interests of our business. If this policy is changed and we become more highly leveraged, an increase in debt service that could adversely affect cash available for distribution to shareholders and could increase the risk of default on our indebtedness. In addition, any change that increases our debt to market capitalization percentage could be viewed negatively by investors. As a result, our share price could decrease.

We have established our debt policy relative to the total market capitalization of our business rather than relative to the book value of our assets. We use total market capitalization because we believe that the book value of our assets, which to a large extent is the depreciated original cost of our properties, our primary tangible assets, does not accurately reflect our ability to borrow and to meet debt service requirements. Our market capitalization, however, is more variable than book value, and does not necessarily reflect the fair market value of our assets at all times. We also will consider factors other than market capitalization in making decisions regarding the incurrence of indebtedness, such as the purchase price of properties to be acquired with debt financing, the estimated market value of our properties upon refinancing and the ability of particular properties and our business as a whole to generate cash flow to cover expected debt service.

Investments in mortgage loans could cause expenses which could adversely affect our results of operations. We own mortgage interests in three properties with an aggregate book value of $93.0 million at March 31, 2001. To the extent we invest in mortgage loans and preferred equity, such investments may or may not be recourse obligations of the borrower and generally will not be insured or guaranteed by governmental agencies or otherwise. In the event of a default under these obligations, we may have to foreclose our mortgages or protect our investments by acquiring title to a property and thereafter making substantial improvements or repairs in order to maximize the property's investment potential. Borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. Relatively high loan-to-value ratios and declines in the value of the property may prevent us from realizing an amount equal to its mortgage loan upon foreclosure.

Joint investments could be adversely affected by our lack of sole decision-making authority and reliance upon a co-venturer's financial condition. We co-invest with third parties through partnerships, joint ventures, co-tenancies or other entities, acquiring non-controlling interests in, or sharing responsibility for managing the affairs of, a property, partnership, joint venture, co-tenancy or other entity. Therefore, we will not be in a position to exercise sole decision-making authority regarding that property, partnership, joint venture or other entity. Investments in partnerships, joint ventures, or other entities may involve risks not present were a third party not involved, including the possibility that our partners, co-tenants or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, our partners or co-venturers might at any time have economic or other business interests or goals which are inconsistent with our business interests or goals. These investments may also have the potential risk of impasses on decisions such as a sale, because neither we nor the partner, co-tenant or co-venturer would have full control over the partnership or joint venture. Consequently, actions by such partner, co-tenant or co-venturer might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in specific circumstances be liable for the actions of our third-party partners, co-tenants or co-venturers. As of March 31, 2001, SL Green was participating in five unconsolidated joint ventures encompassing five properties and had an aggregate cost basis in the joint ventures totaling $72.7 million.

o Our shareholders' ability to effect changes in control of SL Green is limited.

Provisions of our articles of incorporation and bylaws could inhibit changes in control. A change of control of SL Green could benefit shareholders by providing them with a premium over the then-prevailing market price of the stock. However provisions contained in our articles of incorporation and bylaws may delay or prevent a change in control of SL Green. These provisions, discussed more fully below, are:

- o staggered board of directors;
- o ownership limitations for tax purposes;
- o the board of directors ability to issue additional common stock and preferred stock without shareholder approval; and
- o shareholder rights plan.

o Our board of directors is staggered into three separate classes. The board of directors of SL Green is divided into three classes. The terms of the class I, class II and class III directors expire in 2004, 2002 and 2003, respectively. Our classified board may deter changes in control because of the increased time period necessary for a third party to acquire control of the board.

o We have a share ownership limit for REIT tax purposes. To remain qualified as a REIT for federal income tax purposes, not more than 50% in value of our outstanding capital stock may be owned by five or fewer individuals at any time during the last half of any year. For this purpose, stock may be "owned" directly, as well as indirectly under certain constructive ownership rules, including, for example, rules that attribute stock held by one family member to another family member. To avoid violating this rule regarding share ownership limitations and maintain our REIT qualification, our articles of incorporatio