

AMERIVEST PROPERTIES INC
Form SB-2/A
May 29, 2003
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As filed with the Securities and Exchange Commission on May 28, 2003

Registration No. 333-105183

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

FORM SB-2

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

AMERIVEST PROPERTIES INC.

(Name of small business issuer in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

6798
(Primary Standard Industrial
Classification Code Number)

84-1240264
(I.R.S. Employer
Identification Number)

1780 South Bellaire, Suite 100

Denver, Colorado 80222

(303) 297-1800

(Address and telephone number of principal executive offices)

1780 South Bellaire, Suite 100

Denver, Colorado 80222

(Address of principal place of business or intended place of business)

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Charles K. Knight

President

AmeriVest Properties Inc.

1780 South Bellaire, Suite 100

Denver, Colorado 80222

(303) 297-1800

(Name, address and telephone number of agent for service)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. " _____

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, \$.001 par value per share	5,750,000(1)	\$ 6.39(2)	\$ 36,685,000(2)	\$ 1,783.48(2)(3)

- (1) Includes 750,000 shares of common stock which may be purchased by the underwriters solely to cover overallocments, if any.
- (2) Calculated in accordance with Rule 457(c) of the Securities Act of 1933 based upon the average of the high and low reported sales prices of the Company's common stock on May 21, 2003 as reported by the American Stock Exchange.
- (3) The Registration Fee is being paid with respect to 3,450,000 shares of the Company's common stock. The Registration Fee with respect to 2,300,000 shares of the Company's common stock was previously paid with the initial filing of this Registration Statement on May 12, 2003.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We cannot sell these securities until the Securities and Exchange Commission declares our Registration Statement effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject To Completion, Dated May 28, 2003

PROSPECTUS

5,000,000 Shares

Common Stock

AmeriVest Properties Inc. is offering 5,000,000 shares of common stock.

Our common stock is listed on the American Stock Exchange under the symbol AMV. The last reported sale price of our common stock as reported on the American Stock Exchange on May 27, 2003 was \$6.50 per share.

Investing in our common stock involves risks that are described in the Risk Factors section beginning on page 5 of this prospectus.

PRICE \$ PER SHARE

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to AmeriVest	\$	\$

The underwriters may also purchase up to an additional 750,000 shares from AmeriVest Properties Inc. to cover overallotments, if any, at the public offering price, less the underwriting discount, following notice provided by the underwriters to AmeriVest within 30 days from the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares of common stock will be ready for delivery on or about _____, 2003.

RBC Capital Markets

Ferris, Baker Watts

Incorporated

BB&T Capital Markets

J.J.B. Hilliard, W.L. Lyons, Inc.

A PNC Company

Morgan Keegan & Company, Inc.

Stifel, Nicolaus & Company

Incorporated

, 2003.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

The following summary highlights information contained in this prospectus. You should read this entire prospectus carefully, including the Risk Factors section, the financial statements and the notes to the financial statements, before investing in shares of our common stock. Information in this prospectus assumes a public offering price of \$6.50 per share, based on the closing price of our common stock on the American Stock Exchange on May 27, 2003. Unless otherwise indicated, all information in this prospectus assumes that the underwriters will not exercise their overallotment option. Unless the context otherwise requires, all references to we, us, our company the company or AmeriVest refer collectively to AmeriVest Properties Inc. and its subsidiaries, considered as a single enterprise.

The Company

We are a self-administered real estate investment trust, or REIT, that owns 27 office properties. We market and lease premium office space to small and medium size businesses, and the design, finish and amenities of our core properties are specifically tailored for this target market. Our current properties, which include an aggregate of 1,564,090 rentable square feet, are located in Colorado, Texas, Arizona and Indiana.

Our current management team assumed control of our day-to-day operations on January 1, 2000, at which time we owned a portfolio of diversified properties. Since that time, we have focused our efforts on the acquisition, rehabilitation and development of multi-tenant office buildings targeting tenants with office space needs between 2,000 and 4,000 square feet. We have sold our non-office building assets, and since August 2000, all our assets have been office buildings.

We are headquartered in our Sheridan Center property at 1780 South Bellaire Street, Suite 100, Denver, Colorado 80222. Our telephone number is (303) 297-1800. Our Web site address is www.amvproperties.com. Information at our Web site is not and should not be deemed to be part of this prospectus.

Business Strategy

We believe that office space for small to medium size businesses is a large and underserved market. According to data compiled by the Office of Advocacy of the U.S. Small Business Administration in 2000, 89% of all U.S. businesses employed fewer than 20 employees. As a result, we believe that many businesses have office space requirements of no more than 4,000 square feet.

Small to medium size businesses often have specific needs and limitations that are different than larger businesses. For example, small and medium size businesses cannot usually afford large corporate staffs to manage office leasing. Although these businesses have similar needs as larger firms, such as access to sophisticated technology, conference facilities, high quality telecommunications equipment and other amenities, they usually do not have a comparable budget to those firms. Our strategy is to focus on providing an office product targeted to this large market and its unmet needs in a cost effective manner. The key elements of our strategy include:

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Provide a Superior, Consistent Product We seek to provide a level of amenities to the small and medium size tenant in our office properties that usually only larger companies would be able to obtain, such as keyless entry card system, use of conference rooms with the latest

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telecommunications and presentation equipment and the ability to access high speed voice and data service from multiple telecom providers.

Simplify the Leasing Process Our leasing process is designed to meet the unique needs of a small to medium size tenant base with limited staffing through our no hassle leasing philosophy which reduces the per lease cost for us and the tenant.

Provide a High Level of Service With our deliberate focus on small to medium size tenants, we have developed a positive, service-oriented approach specifically tailored for our customer base.

Target Select Cities We target cities that meet specific criteria where we hope to build meaningful multi-property portfolios over the near term.

As a result of our focused strategy, we believe that our properties provide office space that is particularly attractive for small to medium size tenants. By executing on our strategy, we believe we have been able to maintain high occupancy rates while still maintaining strong rent per square foot trends in our core markets as compared to the general office market.

Properties

We own 27 office buildings totaling 1,564,090 square feet of rentable space. These properties are located in Denver, Colorado, Dallas, Texas, Phoenix, Arizona, Indianapolis, Indiana, and in a number of smaller cities in Texas. The geographic distribution of our property portfolio by rentable square footage at March 31, 2003 was approximately 46% in Colorado, 26% in Texas, 20% in Arizona and 8% in Indiana. Our core properties are set forth in the table below.

<u>Building</u>	<u>Location</u>	<u>Year Acquired</u>	<u>Rentable Square Feet</u>
Southwest Gas Building	Phoenix, AZ	2003	147,660
Chateau Plaza	Dallas, TX	2002	171,335
Centerra	Denver, CO	2002	186,431
Parkway Centre II	Plano, TX	2002	151,988
Kellogg Building	Littleton, CO	2001	111,695
Arrowhead Fountains	Peoria, AZ	2001	96,092
AmeriVest Plaza at Inverness	Englewood, CO	2001	118,720
Sheridan Center	Denver, CO	2000	141,008
Keystone Office Park	Indianapolis, IN	1999	96,520
Total			1,221,449

Dividends

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Since our initial public offering in November 1996, we have paid a cash dividend on our common stock each quarter. For the quarters ended September 30, 2002 through March 31, 2003, we paid a quarterly cash dividend of \$0.13 per share.

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Recent Developments

From January 1, 2000 through December 31, 2001, all of our properties were managed under a Property Management and Advisory Agreement with Sheridan Realty Advisors, LLC, or SRA, which also managed our day-to-day operations and assisted and advised our Board of Directors on real estate acquisitions and investment opportunities. Certain of our executive officers and directors own SRA. Effective January 1, 2002, we acquired the administrative and property management and accounting services business of SRA and, effective November 1, 2002, we acquired the remaining service functions of SRA and terminated the Property Management and Advisory Agreement, completing the full employment of SRA's employees by our company. As a result of the foregoing, we are now a completely self-administered REIT.

In February 2003, we acquired the Southwest Gas Building in Phoenix, Arizona for \$17 million. The Southwest Gas Building contains 147,660 rentable square feet on 7.38 acres of land. The principal tenant is Southwest Gas Corporation, which occupies approximately 41% of the building.

We are presently evaluating acquisition opportunities in Phoenix, Dallas and Denver; however, we have not entered into any binding agreements to acquire any additional property as of the date of this prospectus.

At our 2003 annual meeting, our stockholders approved the amendment and restatement of our Articles of Incorporation and adopted the AmeriVest Properties Inc. 2003 Long-Term Incentive Plan.

The Offering

Common Stock Offered	5,000,000 shares
Common Stock to be Outstanding after this Offering	16,565,534 shares (17,315,534 shares if the underwriters exercise their overallotment option in full).
Use of Proceeds	The net proceeds of this offering will be used to repay portions of our variable borrowings, which may include property-specific debt, a term loan and our line of credit and for general corporate purposes.
Dividend Policy	We intend to pay quarterly dividends, which will be at the discretion of our Board of Directors and will depend on a number of factors, including our operating results and financial condition. We cannot assure you that any dividends will be paid or that we will maintain our historical level of dividends.
AMEX Symbol	Our common stock trades on the American Stock Exchange under the symbol AMV.

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You should read the following information together with Selected Financial Information, Management's Discussion and Analysis of Financial Condition and Results of Operations, and our financial statements and the related notes included in this prospectus. Our historical results are not necessarily indicative of our results for any future period.

	Three Months Ended				
	March 31,		Years Ended		
	(unaudited)		December 31,		
	2003	2002	2002	2001	2000
Statement of Operations Data:					
Real estate operating revenue	\$ 6,814,528	\$ 3,626,052	\$ 16,385,965	\$ 10,944,383	\$ 7,222,437
Net income (loss)	\$ 404,964	\$ 390,962	\$ (157,274)(a)	\$ 1,488,493(b)	\$ 2,676,724(c)
Weighted average diluted shares outstanding	11,203,104	6,863,423	9,501,117	4,801,307	2,495,919
Diluted net income (loss) per share	\$ 0.04	\$ 0.06	\$ (0.02)	\$ 0.31	\$ 1.07
Dividends declared per share	\$ 0.13	\$ 0.125	\$ 0.51	\$ 0.50	\$ 0.49
Other Data:					
Funds from Operations (FFO)(d):					
Net income (loss)	\$ 404,964	\$ 390,962	\$ (157,274)	\$ 1,488,493	\$ 2,676,724
Depreciation and amortization expense	1,360,713	684,930	3,362,508	2,244,435	1,205,795
Share of depreciation of unconsolidated affiliates	19,935	6,562	46,087	29,634	59,635
Impairment of investment in real estate			275,000		
Gain on sale of real estate				(1,156,445)	(2,556,839)
FFO	\$ 1,785,612	\$ 1,082,454	\$ 3,526,321	\$ 2,606,117	\$ 1,385,315
Balance Sheet Data:					
Net investment in real estate	\$ 162,094,749	\$ 81,214,727	\$ 144,985,328	\$ 80,841,027	\$ 38,922,380
Total assets	175,763,526	88,550,769	157,183,587	88,002,488	42,363,797
Mortgage loans and notes payable	122,959,470	58,616,715	106,094,232	58,408,424	28,122,856
Stockholders' equity	45,237,178	24,653,836	43,895,800	24,996,985	11,358,503

(a) Includes a charge of \$1,367,380 (\$0.14 per diluted share) representing advisory fees and capital project fees earned by our former advisor, Sheridan Realty Advisor, LLC. Prior to 2002, these fees had been capitalized. Also includes a charge of \$275,000 (\$0.03 per diluted share) representing an impairment in the value of our building in Clint, Texas.

(b) Includes a gain of \$1,156,445 (\$0.24 per diluted share) recognized on the sale of non-core office buildings in Appleton, Wisconsin and Odessa, Texas; a charge of \$326,113 (\$0.07 per diluted share) representing an impairment of deferred rents receivable from a former significant tenant; and a charge of \$323,447 (\$0.07 per diluted share) representing the accelerated amortization of a lease commission related to that same tenant.

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- (c) Includes a gain of \$2,556,839 (\$1.02 per diluted share) recognized on the sale of our four self-storage facilities; and a charge of \$255,442 (\$0.10 per diluted share) recognized in accordance with a separation agreement between a former officer and us.
- (d) Funds from Operations (FFO) is calculated in accordance with the FFO definition from the National Association of Real Estate Investment Trusts (NAREIT) October 1999 White Paper (as amended in April 2002). See footnote (d) to the financial information set forth in Selected Financial Information for the complete definition of FFO and an explanation of its usefulness as a measurement of financial performance.

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RISK FACTORS

Before you invest in shares of our common stock, you should be aware that the occurrence of any of the events described in this risk factors section and elsewhere in this prospectus could have a material adverse effect on our business, financial condition and results of operations. You should carefully consider these risk factors, together with all other information included in this prospectus, before you decide to purchase shares of our common stock.

Our variable rate debt subjects us to interest rate risk.