

RECKSON ASSOCIATES REALTY CORP

Form 8-K/A

December 22, 2005

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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): October 7, 2005

**RECKSON ASSOCIATES REALTY CORP.  
and  
RECKSON OPERATING PARTNERSHIP, L.P.**

*(Exact name of each Registrant as specified in its Charter)*

Reckson Associates Realty Corp.  Maryland  
Reckson Operating Partnership, L.P.  Delaware  
*(State or other jurisdiction of incorporation or  
organization)*

Reckson Associates Realty Corp. -  
11-3233650  
Reckson Operating Partnership, L.P. -  
11-3233647  
*(IRS Employer ID Number)*

225 Broadhollow Road  
Melville, New York  
*(Address of principal executive offices)*

11747  
*(Zip Code)*

1-13762  
*(Commission File Number)*  
(631) 694-6900

*(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 registrants under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

[Back to Contents](#)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Current Report on Form 8-K/A hereby amends the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 14, 2005 to provide the required financial information relating to the acquisition of EAB Plaza, now known as Reckson Plaza, by a subsidiary of Reckson Associates Realty Corp. ("Reckson" or the "Company").

In addition, this Current Report on Form 8-K/A provides pro-forma financial information as of September 30, 2005, for the nine months ended September 30, 2005 and for the year ended December 31, 2004 to reflect: (i) the acquisition of Reckson Plaza on October 7, 2005; (ii) the acquisition of One Court Square on May 12, 2005 and the subsequent sale of a 70% interest therein on November 30, 2005; (iii) the transfer of 17 properties to a joint venture (the "RAOC JV") formed between Reckson and Reckson New York Property Trust on September 21, 2005, and the probable transfer of an additional eight properties to the RAOC JV in two separate tranches scheduled to close in January 2006 and October 2006, respectively; and (iv) the disposition of 100 Wall Street on December 20, 2005 (collectively, the "Acquisitions and Dispositions").

#### **Item 9.01. Financial Statements and Exhibits**

(a) Financial Statements of Property Acquired

Report of Independent Auditors

Statements of Revenues and Certain Expenses of EAB Plaza for the nine months ended September 30, 2005 and the year ended December 31, 2004

Notes to the Statements of Revenues and Certain Expenses of EAB Plaza

(b) Pro-Forma Financial Information

Pro-Forma Balance Sheet at September 30, 2005

Pro-Forma Statement of Income for the nine months ended September 30, 2005

Pro-Forma Statement of Income for the year ended December 31, 2004

(c) Exhibits

23.1 Consent of Beck & Company, LLC

---

[Back to Contents](#)

INDEX TO FINANCIAL STATEMENTS

|  |                      |
|--|----------------------|
| <a href="#">Report of Independent Auditors</a>   | <a href="#">F-2</a>  |
| <a href="#">Statements of Revenues and Certain Expenses of EAB Plaza for the nine months ended September 30, 2005 and the year ended December 31, 2004</a> | <a href="#">F-3</a>  |
| <a href="#">Notes to the Statements of Revenues and Certain Expenses of EAB Plaza</a>  | <a href="#">F-4</a>  |
| <a href="#">Pro-Forma Financial Information</a>  | <a href="#">F-6</a>  |
| <a href="#">Pro-Forma Balance Sheet at September 30, 2005</a>  | <a href="#">F-7</a>  |
| <a href="#">Pro-Forma Statement of Income for the nine months ended September 30, 2005</a>   | <a href="#">F-9</a>  |
| <a href="#">Pro-Forma Statement of Income for the year ended December 31, 2004</a>   | <a href="#">F-11</a> |

---

F-1

[Back to Contents](#)

**BECK & COMPANY, LLC  
120 WEST 45TH STREET  
NEW YORK, NY 10036**

**REPORT OF INDEPENDENT AUDITORS**

**Board of Directors and Stockholders of  
Reckson Associates Realty Corp.**

We have audited the statement of revenues and certain expenses of the property known as EAB Plaza, Uniondale, New York (the "Property") for the year ended December 31, 2004. The financial statement is the responsibility of the Property's owner. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain expenses was prepared for the purpose of complying with Rule 3-14 of Regulation S-X of the Securities and Exchange Commission for inclusion in Form 8-K of Reckson Associates Realty Corp., and is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Property, as described in Note 1, for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States.

/s/ Beck & Company, LLC

New York, New York  
December 20, 2005

[Back to Content](#)

EAB PLAZA, UNIONDALE, NEW YORK  
Statements of Revenues and Certain Expenses

|  | <b>Year<br/>Ended<br/>12/31/04</b> | <b>(Unaudited)<br/>Nine<br/>Months<br/>Ended<br/>9/30/05</b> |
|--|------------------------------------|--|
| Revenues:                              |                                    |  |
| Rents (Note 3)                         | \$ 29,562,565                      | \$ 21,645,488  |
| Tenant escalations and reimbursements  | 7,313,063                          | 4,163,734  |
|  | <hr/>                              | <hr/>  |
| Total revenues                         | 36,875,628                         | 25,809,222   |
|  | <hr/>                              | <hr/>  |
| Expenses:                              |                                    |  |
| Real estate taxes                      | 9,969,135                          | 7,780,666  |
| Utilities                              | 3,423,251                          | 3,155,923  |
| Cleaning                               | 1,436,913                          | 1,120,110  |
| Insurance                              | 615,383                            | 272,278  |
| Ground rent (Note 5)                   | 785,609                            | 589,207  |
| Salaries and benefits                  | 1,755,510                          | 1,241,421  |
| Repairs and maintenance                | 2,387,029                          | 1,639,830  |
| General and administrative             | 1,037,161                          | 658,978  |
|  | <hr/>                              | <hr/>  |
| Total certain expenses                 | 21,409,991                         | 16,458,413   |
|  | <hr/>                              | <hr/>  |
| Revenues in excess of certain expenses | \$ 15,465,637                      | \$ 9,350,809   |
|  | <hr/>                              | <hr/>  |

See notes to the financial statement.

[Back to Contents](#)

**EAB PLAZA, UNIONDALE, NEW YORK**  
**NOTES TO THE STATEMENTS OF REVENUES AND CERTAIN EXPENSES**

1. Organization and Significant Accounting Policies

Presented herein are the statements of revenues and certain expenses related to the operation of an office building known as EAB Plaza, which is located in Uniondale, New York (the "Property"). On October 7, 2005, a subsidiary of Reckson Associates Realty Corp. acquired the Property pursuant to a purchase agreement entered into on July 8, 2005.

The accompanying statements of revenues and certain expenses have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission for the acquisition of real estate properties. Accordingly, the statements of revenues and certain expenses exclude certain expenses that may not be comparable to those expected to be incurred by the Property in the proposed future operations of the aforementioned property. Items excluded consist of interest, depreciation, amortization and other expenses not directly associated with the future operations.

2. Use of Estimates in the Preparation of Statements of Revenues and Certain Expenses

The preparation of the statements of revenues and certain expenses in conformity with accounting principles generally accepted in the United States requires the Property's owner to make estimates and assumptions that affect the amounts reported in the statements of revenues and certain expenses and accompanying notes. Actual results could differ from those estimates.

3. Revenue Recognition

Minimum rental income is recognized on a straight-line basis over the term of the tenant leases. Space is leased to tenants under leases ranging from 1 to 11 years. The leases generally also require that the tenant reimburse the landlord for increases in certain operating costs, real estate taxes and ground rents above base year costs.

Three tenants individually, each occupy in excess of 10% and in the aggregate approximately 49% of the rentable space in the Property. Revenues therefrom aggregated approximately 43% of the Property's annual base rent. These leases expire at various dates between January 31, 2005 and March 2016.

4. Future Rental Income

Future minimum rental payments due from tenants under non-cancelable operating leases as of December 31, 2004 are as follows:

| Year<br>Ended |                |
|---------------|----------------|
| 2005          | \$ 24,968,888  |
| 2006          | 26,748,936     |
| 2007          | 22,697,659     |
| 2008          | 20,961,784     |
| 2009          | 19,764,218     |
| Thereafter    | 76,922,001     |
|               | \$ 192,063,486 |

[Back to Contents](#)**EAB PLAZA, UNIONDALE, NEW YORK****NOTES TO THE STATEMENTS OF REVENUES AND CERTAIN EXPENSES (continued)****5. Land Lease**

The Property is subject to a non-cancelable net operating lease with respect to the land under and surrounding the building for a term that expires on April 30, 2019. At the lessee's option, the lease may be extended for five additional, ten year terms and one final fourteen year extension until April 30, 2083. Rent under the land lease is payable monthly.

Future minimum rental payments due from the lessee under the land lease as of December 31, 2004 are as follows:

| Year<br>Ended |    |                      |
|---------------|----|----------------------|
| 2005          | \$ | 728,000              |
| 2006          |    | 728,000              |
| 2007          |    | 728,000              |
| 2008          |    | 728,000              |
| 2009          |    | 789,000              |
| Thereafter    |    | 7,644,000            |
|               |    | <u>\$ 11,345,000</u> |

**6. Unaudited Interim Financial Statement**

The statement of revenues and certain expenses for the nine months ended September 30, 2005 is unaudited, however, in the opinion of the Property owner, all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the statement of revenues and certain expenses for the interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for a full fiscal year.

[Back to Contents](#)

**RECKSON ASSOCIATES REALTY CORP.**  
**PRO FORMA FINANCIAL INFORMATION**  
(Unaudited)

The accompanying financial statements present the unaudited pro-forma balance sheet of Reckson Associates Realty Corp. (the [Company]) as of September 30, 2005, and the unaudited pro-forma statements of income for the year ended December 31, 2004 and the nine months ended September 30, 2005.

The unaudited pro-forma balance sheet as of September 30, 2005 is presented as if the Acquisitions and Dispositions had occurred on September 30, 2005. The unaudited pro-forma statements of income for the year ended December 31, 2004 and the nine months ended September 30, 2005 are presented as if the Acquisitions and Dispositions occurred on January 1, 2004 and carried forward through September 30, 2005.

The pro-forma information is unaudited and is not necessarily indicative of the results which actually would have occurred if the aforementioned transactions had been consummated at the beginning of the period presented, nor does it purport to represent the financial position and results of operations for future periods. The pro-forma information should be read in conjunction with the historical financial statements of the Company.



[Back to Contents](#)

**Reckson Associates Realty Corp.**  
**Pro-Forma Balance Sheet**  
**September 30, 2005**  
**(Unaudited and in thousands, except share amounts)**

|  | One Court Square             |                                 | RECKSON<br>PLAZA                | LPT Transaction                 |                                 | 100 WALL St.                    |                                 | P<br>C |
|--|------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|--------|
|  | Reckson<br>Historical<br>(A) | Pro-Forma<br>Adjustments<br>(B) | Pro-Forma<br>Adjustments<br>(C) | Pro-Forma<br>Adjustments<br>(J) | Pro-Forma<br>Adjustments<br>(F) | Pro-Forma<br>Adjustments<br>(I) | Pro-Forma<br>Adjustments<br>(L) |        |
|  | \$ 385,457                   | \$ □                            | \$ □                            | \$ □                            | \$ □                            | \$ □                            | \$ □                            | \$     |
|  | 2,452,509                    | □                               | □                               | 220,684                         | □                               | □                               | □                               | □      |
|  | 101,371                      | □                               | □                               | □                               | □                               | □                               | □                               | □      |
|  | 81,981                       | □                               | □                               | 19,000                          | □                               | □                               | □                               | □      |
|  | 12,391                       | □                               | □                               | □                               | □                               | □                               | □                               | □      |
|  | 3,033,709                    | □                               | □                               | 239,684                         | □                               | □                               | □                               | □      |
|  | (516,399)                    | □                               | □                               | □                               | □                               | □                               | □                               | □      |
|  | 2,517,310                    | □                               | □                               | 239,684                         | □                               | □                               | □                               | □      |
|  | 669,596                      | (333,254)                       | (142,823)                       | □                               | (77,949)                        | (25,983)                        | (86,321)                        |        |
|  | 12,946                       | □                               | 47,304                          | □                               | (9,860)                         | 4,075                           | □                               |        |
|  | 166,219                      | □                               | □                               | (27,592)(K)                     | □                               | □                               | 30,000(M)                       |        |
|  | 57,642                       | □                               | □                               | □                               | □                               | □                               | □                               |        |
|  | 32,799                       | □                               | □                               | (6,994)                         | □                               | □                               | 98,787(M)                       |        |
|  | 11,157                       | □                               | □                               | □                               | □                               | □                               | □                               |        |
|  | 135,399                      | □                               | □                               | □                               | □                               | □                               | □                               |        |
|  | 179,884                      | □                               | □                               | (85,098)(K)                     | □                               | □                               | □                               |        |

Edgar Filing: RECKSON ASSOCIATES REALTY CORP - Form 8-K/A

|             |              |              |             |            |             |             |           |    |
|-------------|--------------|--------------|-------------|------------|-------------|-------------|-----------|----|
| ion         | 2,898        | □            | □           | □          | □           | □           | □         | □  |
|             | 77,282       | □            | □           | □          | □           | □           | 2,100(M)  | □  |
| ts          | \$ 3,863,132 | \$ (333,254) | \$ (95,519) | \$ 120,000 | \$ (87,809) | \$ (21,908) | \$ 44,566 | \$ |
| otes        | \$ 531,527   | \$ □         | \$ □        | \$ □       | \$ □        | \$ □        | \$ □      | \$ |
| ty          | 231,000      | (116,277)(E) | □           | 120,000(K) | (94,252)(G) | □           | □         | □  |
|             | 979,970      | □            | □           | □          | □           | □           | □         | □  |
| with held   | 407,841      | (222,878)    | (95,519)    | □          | (65,724)    | (21,908)    | (1,739)   | □  |
| nd ties     | 77,245       | □            | □           | □          | □           | □           | □         | □  |
| nd e        | 75,296       | □            | □           | □          | □           | □           | □         | □  |
| nd s        | 36,232       | □            | □           | □          | □           | □           | □         | □  |
|             | 2,339,111    | (339,155)    | (95,519)    | 120,000    | (159,976)   | (21,908)    | (1,739)   | □  |
| nd s nit he | 214,608      | □            | □           | □          | □           | □           | □         | □  |
|             | 1,200        | □            | □           | □          | □           | □           | □         | □  |
| he          | 33,719       | □            | □           | □          | □           | □           | □         | □  |
| riority     | 249,527      | □            | □           | □          | □           | □           | □         | □  |
| ts          | □            | □            | □           | □          | □           | □           | □         | □  |
| ers         | □            | □            | □           | □          | □           | □           | □         | □  |
| par         | □            | □            | □           | □          | □           | □           | □         | □  |

ock,  
ue,  
0

ed

aid

d

sive  
e  
ock,

ers

and  
ers

|              |              |             |            |             |             |           |    |
|--------------|--------------|-------------|------------|-------------|-------------|-----------|----|
| 826          | □            | □           | □          | □           | □           | □         | □  |
| 1,342,637    | 5,070(D)     | □           | □          | 72,440(H)   | □           | 46,305(N) |    |
| (477)        | 831(D)       | □           | □          | (273)(H)    | □           | □         |    |
| (68,492)     | □            | □           | □          | □           | □           | □         |    |
| 1,274,494    | 5,901        | □           | □          | 72,167      | □           | 46,305    |    |
| \$ 3,863,132 | \$ (333,254) | \$ (95,519) | \$ 120,000 | \$ (87,809) | \$ (21,908) | \$ 44,566 | \$ |

(The accompanying notes and management's assumptions are an integral part of this statement)

[Back to Contents](#)

**Reckson Associates Realty Corp.  
Notes to Pro-Forma Balance Sheet  
September 30, 2005  
(Unaudited)**

- A** Represents the historical balance sheet of the Company at September 30, 2005.
- B** Represents adjustments to remove 70% of the assets and liabilities of the property located at One Court Square, Long Island City, New York (the "Court Square Property") resulting from the sale of a 70% interest in the Court Square Property to a joint venture (the "Court Square JV") for approximately \$329.7 million, including the assumptions of \$220.5 million of debt, and to repay outstanding borrowings under our unsecured credit facility with funds primarily received from the sale.
- C** Represents the adjustment related to the Company's 30% interest in the Court Square JV under the equity method of accounting.
- D** Represents the gain related to the sale of a 70% interest in the Court Square Property and the reclassification of the proportionate share of loss from accumulated other comprehensive (loss)/income to earnings.
- E** Consists of approximately \$109.2 million of net sales proceeds and approximately \$7.1 million of financing costs reimbursed by a group of institutional investors led by JPMorgan Investment Management.
- F** Represents adjustments to remove 75% of the assets and liabilities of eight properties intended to be contributed to a newly-formed joint venture, Reckson Australia Operating Company, LLC (the "RAOC JV") as if such transaction had occurred on September 30, 2005.
- G** Represents net cash sales proceeds to be received by the Company related to the transfer of a 75% interest in 8 of our properties to the RAOC JV.
- H** Represents the gain related to the transfer of a 75% interest in 8 of our properties to the RAOC JV and the reclassification of the proportionate share of gain from accumulated other comprehensive (loss)/income to earnings.
- I** Represents the adjustment related to the Company's 25% interest in the RAOC JV under the equity method of accounting.
- J** To record the acquisition of Reckson Plaza, formerly known as EAB Plaza, for approximately \$240 million, and an adjoining 82-acre development site for approximately \$19 million, as if the acquisition occurred on September 30, 2005.
- K** Includes the funding of the Reckson Plaza acquisition through borrowings under our unsecured credit facility of \$120 million, the satisfaction of a \$27.6 million mezzanine loan, cash of approximately \$106 million that was being held in an escrow account with a qualified intermediary pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, approximately \$16 million of real estate intangibles and approximately \$4.6 million of intangible lease assets recorded in accordance with FAS 141/142.
- L** Represents adjustments to reflect the sale of the property located at 100 Wall Street, New York, NY for approximately \$134 million, as if such sale had occurred on September 30, 2005.
- M** Represents \$2.1 million of financing costs related to the transfer of the mortgage debt at 100 Wall Street, New York, NY to two other of our properties as replacement collateral, the receipt of \$104 million in cash proceeds and the issuance of a \$30 million mezzanine loan to the purchaser.
- N** Represents the gain related to the sale of 100 Wall Street, New York, NY.



[Back to Contents](#)

**Reckson Associates Realty Corp.**  
**Pro-Forma Statement of Income**  
**For the nine months ended September 30, 2005**  
**(Unaudited and in thousands, except share amounts)**

|   | One Court Square             |                                 | RECKSON<br>PLAZA                |                                 | LPT Transaction                 |                                 | 100 Wall<br>St.                 |       | Pro-Forma<br>Condensed |        |
|---|------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------|------------------------|--------|
|   | Reckson<br>Historical<br>(A) | Pro-Forma<br>Adjustments<br>(B) | Pro-Forma<br>Adjustments<br>(C) | Pro-Forma<br>Adjustments<br>(D) | Pro-Forma<br>Adjustments<br>(G) | Pro-Forma<br>Adjustments<br>(H) | Pro-Forma<br>Adjustments<br>(I) |       |                        |        |
| <b>Revenues:</b>                            |                              |                                 |                                 |                                 |                                 |                                 |                                 |       |                        |        |
| Property Operating Revenues:                |                              |                                 |                                 |                                 |                                 |                                 |                                 |       |                        |        |
| Base rents                                  | \$ 358,181                   | \$ (12,496)                     | \$ □                            | \$ 21,266                       | \$ (43,789)                     | \$ □                            | \$ □                            | \$ □  | \$ 323,162             |        |
| Tenant escalations and reimbursements       | 56,370                       | □                               | □                               | 4,164                           | (5,185)                         | □                               | □                               | □     | 55,349                 |        |
| Total property operating revenues           | 414,551                      | (12,496)                        | □                               | 25,430                          | (48,974)                        | □                               | □                               | □     | 378,511                |        |
| <b>Operating Expenses:</b>                  |                              |                                 |                                 |                                 |                                 |                                 |                                 |       |                        |        |
| Property operating expenses                 | 164,450                      | □                               | □                               | 15,845                          | (20,435)                        | □                               | □                               | □     | 159,860                |        |
| Marketing, general and administrative       | 24,597                       | (6)                             | □                               | 659                             | (1,916)                         | □                               | □                               | □     | 23,334                 |        |
| Depreciation and amortization               | 96,546                       | (6,148)                         | □                               | 6,659                           | (11,164)                        | □                               | □                               | □     | 85,893                 |        |
| Total operating expenses                    | 285,593                      | (6,154)                         | □                               | 23,163                          | (33,515)                        | □                               | □                               | □     | 269,087                |        |
| Operating income                            | 128,958                      | (6,342)                         | □                               | 2,267                           | (15,459)                        | □                               | □                               | □     | 109,424                |        |
| <b>Non-Operating Income &amp; Expenses:</b> |                              |                                 |                                 |                                 |                                 |                                 |                                 |       |                        |        |
| Gains on sales of real estate               | 85,512                       | □                               | □                               | □                               | □                               | □                               | □                               | □     | 85,512                 |        |
| Interest income on notes receivable         | 9,613                        | □                               | □                               | (2,963)                         | (E)                             | □                               | □                               | 3,375 | (J)                    | 10,025 |
| Investment income and other                 | 7,647                        | □                               | □                               | □                               | (450)                           | 404                             | (269)                           | □     | 7,332                  |        |
| Interest Expense                            | (82,810)                     | 7,680                           | □                               | (4,651)                         | (F)                             | 2,918                           | □                               | □     | (76,863)               |        |
| Amortization of deferred financing costs    | (3,177)                      | 186                             | □                               | □                               | 39                              | □                               | (357)                           | □     | (3,309)                |        |
| Total Non-Operating Income & Expenses       | 16,785                       | 7,866                           | □                               | (7,614)                         | 2,507                           | 404                             | 2,749                           | □     | 22,697                 |        |
|   | 145,743                      | 1,524                           | □                               | (5,347)                         | (12,952)                        | 404                             | 2,749                           | □     | 132,121                |        |

|  |                   |                   |                   |                   |                    |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| Income before minority interests, equity in earnings of real estate joint ventures and discontinued operations |                   |                   |                   |                   |                    |                   |                   |                   |
| Minority partners' interests in consolidated partnerships  | (11,368)          | □                 | □                 | □                 | □                  | □                 | □                 | (11,368)          |
| Limited partners' minority interest in the Operating Partnership   | (4,646)           | (49)              | (32)              | 173               | 420                | (92)              | (18)              | (4,244)           |
| Equity in earnings of real estate joint ventures   | 482               | □                 | 975               | □                 | □                  | 2,436             | □                 | 3,893             |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u>  | <u>          </u> | <u>          </u> | <u>          </u> |
| Income before discontinued operations  | 130,211           | 1,475             | 943               | (5,174)           | (12,532)           | 2,748             | 2,731             | 120,402           |
| Discontinued operations (net of minority interests):   |                   |                   |                   |                   |                    |                   |                   |                   |
| Income from discontinued operations  | 4,671             | □                 | □                 | □                 | □                  | □                 | (2,184)           | 2,487             |
| Gains on sales of real estate  | 13,790            | □                 | □                 | □                 | □                  | □                 | □                 | 13,790            |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u>  | <u>          </u> | <u>          </u> | <u>          </u> |
| Net income   | <u>\$ 148,672</u> | <u>\$ 1,475</u>   | <u>\$ 943</u>     | <u>\$ (5,174)</u> | <u>\$ (12,532)</u> | <u>\$ 2,748</u>   | <u>\$ 547</u>     | <u>\$ 136,679</u> |
|  |                   |                   |                   |                   |                    |                   |                   |                   |
| Basic net income per weighted average share:   |                   |                   |                   |                   |                    |                   |                   |                   |
| Common   | \$ 1.59           |                   |                   |                   |                    |                   |                   | \$ 1.47           |
| Discontinued operations  | 0.23              |                   |                   |                   |                    |                   |                   | 0.20              |
|  | <u>          </u> |                   |                   |                   |                    |                   |                   | <u>          </u> |
| Basic net income per common share  | <u>\$ 1.82</u>    |                   |                   |                   |                    |                   |                   | <u>\$ 1.67</u>    |
|  |                   |                   |                   |                   |                    |                   |                   |                   |
| Basic weighted average common shares outstanding:  | 81,847,595        |                   |                   |                   |                    |                   |                   | 81,847,595        |
|  |                   |                   |                   |                   |                    |                   |                   |                   |
| Diluted net income per weighted average common share   | \$ 1.81           |                   |                   |                   |                    |                   |                   | \$ 1.66           |
|  |                   |                   |                   |                   |                    |                   |                   |                   |
| Diluted weighted average common shares outstanding   | 82,284,475        |                   |                   |                   |                    |                   |                   | 82,284,475        |
| (The accompanying notes and management's assumptions are an integral part of this statement)                   |                   |                   |                   |                   |                    |                   |                   |                   |

[Back to Contents](#)

**Reckson Associates Realty Corp.  
Notes to Pro-Forma Statement of Income  
For the nine months ended September 30, 2005  
(Unaudited)**

- A** Represents the historical statement of income of the Company for the nine months ended September 30, 2005.
- B** Represents adjustments to remove the results of operations of the Court Square Property resulting from the sale of a 70% interest in the Court Square Property as if such sale occurred on January 1, 2004.
- C** Represents the pro-forma equity in earnings of the Court Square JV for the nine months ended September 30, 2005.
- D** Represents adjustments for the purchase of Reckson Plaza as if this acquisition occurred on January 1, 2004 to (i) record the FAS 141 / 142 amortization expense adjustment on the tenanting costs, (ii) reflect ground rent recorded on a straight-line basis, (iii) record depreciation expense on the building based on an estimated useful life of 30 years, (iv) reduce interest income related to the \$27.6 million mezzanine loan that was satisfied as part of the acquisition, (v) record additional interest expense on \$120 million of borrowings made under our unsecured credit facility, and (vi) adjust the allocation of income between the general partner and limited partners under the limited partnership agreement.
- E** To remove interest income earned under a \$27.6 million mezzanine loan which is included in the historical balance.
- F** Calculated using the 30-day LIBOR rate on December 12, 2005 of 4.3675% + 80 basis points (5.1675%) on borrowings made under our unsecured credit facility of \$120 million.
- G** Represents adjustments to remove the results of operations of the properties contributed, or intended to be contributed, to the RAOC JV as if such transaction occurred on January 1, 2004.
- H** Represents adjustments to reflect the decrease in management fees to be earned from the properties transferred to the RAOC JV, additional recurring fees and the pro-forma equity in earnings of the RAOC JV for the nine months ended September 30, 2005.
- I** Represents adjustments to remove (i) the results of operations of the property located at 100 Wall Street, New York, NY, which was reflected as discontinued operations in the historical balance and (ii) management fee income earned by one of our service companies during 2005, as if such sale occurred on January 1, 2004.
- J** Represents interest income on a \$30 million mezzanine loan made to the purchaser of 100 Wall Street, New York, NY and is calculated at 15% per annum, as if such sale occurred on January 1, 2004.



[Back to Contents](#)

**Reckson Associates Realty Corp.**  
**Pro-Forma Statement of Income**  
**For the year ended December 31, 2004**  
**(Unaudited and in thousands, except share amounts)**

|  | <b>One Court Square</b>       |                                  | <b>Reckson Plaza</b>             | <b>LPT Transaction</b>           |                                  |                                  | <b>100 Wall St.</b>              |                            |
|--|-------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------|
|  | <b>Reckson Historical (A)</b> | <b>Pro-Forma Adjustments (B)</b> | <b>Pro-Forma Adjustments (C)</b> | <b>Pro-Forma Adjustments (F)</b> | <b>Pro-Forma Adjustments (G)</b> | <b>Pro-Forma Adjustments (H)</b> | <b>Pro-Forma Adjustments (I)</b> | <b>Pro-Forma Condensed</b> |
| <b>Revenues:</b>                                 |                               |                                  |                                  |                                  |                                  |                                  |                                  |                            |
| Property operating revenues:                     |                               |                                  |                                  |                                  |                                  |                                  |                                  |                            |
| Base rents                                       | \$ 440,953                    | \$ □                             | \$ 28,679                        | \$ (58,498)                      | \$ □                             | \$ 4,113                         | \$ (15,189)                      | \$ 400,058                 |
| Tenant escalations and reimbursements            | 73,862                        | □                                | 7,313                            | (5,905)                          | □                                | 293                              | (2,547)                          | 73,016                     |
| Total property operating revenues                | 514,815                       | □                                | 35,992                           | (64,403)                         | □                                | 4,406                            | (17,736)                         | 473,074                    |
| <b>Operating Expenses:</b>                       |                               |                                  |                                  |                                  |                                  |                                  |                                  |                            |
| Property operating expenses                      | 208,754                       | □                                | 20,433                           | (26,337)                         | □                                | 1,429                            | (7,833)                          | 196,446                    |
| Marketing, general and administrative            | 30,879                        | □                                | 1,037                            | (2,590)                          | □                                | 15                               | (530)                            | 28,811                     |
| Depreciation and amortization                    | 116,480                       | □                                | 8,956                            | (14,465)                         | □                                | 1,566                            | (3,513)                          | 109,024                    |
| Total operating expenses                         | 356,113                       | □                                | 30,426                           | (43,392)                         | □                                | 3,010                            | \$ (11,876)                      | 334,281                    |
| Operating income                                 | 158,702                       | □                                | 5,566                            | (21,011)                         | □                                | 1,396                            | \$ (5,860)                       | 138,793                    |
| <b>Non-Operating Income &amp; Expenses:</b>      |                               |                                  |                                  |                                  |                                  |                                  |                                  |                            |
| Interest income on notes receivable              | 7,129                         | □                                | (3,224)(D)                       | □                                | □                                | □                                | 4,500(J)                         | 8,405                      |
| Investment income and other                      | 12,157                        | □                                | □                                | (3,285)                          | 2,512                            | (8)                              | (592)                            | 10,784                     |
| Interest Expense                                 | (98,050)                      | □                                | (6,201)(E)                       | 2,649                            | □                                | □                                | 1                                | (101,601)                  |
| Amortization of deferred financing costs         | (3,822)                       | □                                | □                                | 33                               | □                                | □                                | (476)                            | (4,265)                    |
| <b>Total Non-Operating Income &amp; Expenses</b> | <b>(82,586)</b>               | <b>□</b>                         | <b>(9,425)</b>                   | <b>(603)</b>                     | <b>2,512</b>                     | <b>(8)</b>                       | <b>3,433</b>                     | <b>(86,677)</b>            |

Edgar Filing: RECKSON ASSOCIATES REALTY CORP - Form 8-K/A

|  |           |          |            |             |          |         |            |           |
|--|-----------|----------|------------|-------------|----------|---------|------------|-----------|
| Income (loss) before minority interests, preferred dividends and distributions, equity in earnings of real estate joint ventures and discontinued operations | 76,116    | □        | (3,859)    | (21,614)    | 2,512    | 1,388   | (2,427)    | 52,116    |
| Minority partners' interests in consolidated partnerships  | (18,507)  | □        | □          | □           | □        | □       | □          | (18,507)  |
| Limited partners' minority interest in the Operating Partnership   | (1,517)   | (65)     | 193        | 1,082       | (351)    | (69)    | 121        | (606)     |
| Distributions to preferred unitholders   | (541)     | □        | □          | □           | □        | □       | □          | (541)     |
| Equity in earnings of real estate joint ventures   | 603       | 1,300    | □          | □           | 4,506    | □       | □          | 6,409     |
| <hr/>  |           |          |            |             |          |         |            |           |
| Income (loss) before discontinued operations and dividends to preferred shareholders   | 56,154    | 1,235    | (3,666)    | (20,532)    | 6,667    | 1,319   | (2,306)    | 38,871    |
| Discontinued operations (net of minority interests):   |           |          |            |             |          |         |            |           |
| Income from discontinued operations  | 2,498     | □        | □          | □           | □        | (1,319) | □          | 1,179     |
| Gain on sales of real estate   | 11,776    | □        | □          | □           | □        | □       | □          | 11,776    |
| <hr/>  |           |          |            |             |          |         |            |           |
| Net income (loss)  | 70,428    | 1,235    | (3,666)    | (20,532)    | 6,667    | (0)     | (2,306)    | 51,826    |
| Dividends to preferred shareholders  | (12,236)  | □        | □          | □           | □        | □       | □          | (12,236)  |
| Redemption charges on Series A preferred stock   | (15,812)  | □        | □          | □           | □        | □       | □          | (15,812)  |
| <hr/>  |           |          |            |             |          |         |            |           |
| Net income (loss) allocable to common shareholders   | \$ 42,380 | \$ 1,235 | \$ (3,666) | \$ (20,532) | \$ 6,667 | \$ (0)  | \$ (2,306) | \$ 23,778 |
| <hr/>  |           |          |            |             |          |         |            |           |
| Basic net income per weighted average share:   |           |          |            |             |          |         |            |           |
| Common   | \$ 0.41   |          |            |             |          |         |            | \$ 0.16   |
| Discontinued operations  | 0.21      |          |            |             |          |         |            | 0.19      |
| <hr/>  |           |          |            |             |          |         |            |           |
| Basic net income per common share  | \$ 0.62   |          |            |             |          |         |            | \$ 0.35   |

---

|  |            |            |
|--|------------|------------|
| Basic weighted average common shares outstanding:    | 68,871,000 | 68,871,000 |
| Diluted net income per weighted average common share | \$ 0.61    | \$ 0.34    |
| Diluted weighted average common shares outstanding   | 69,235,000 | 69,235,000 |

(The accompanying notes and management's assumptions are an integral part of this statement)

[Back to Contents](#)

**Reckson Associates Realty Corp.  
Notes to Pro-Forma Statement of Income  
For the year ended December 31, 2004  
(Unaudited)**

- A** Represents the historical audited statement of income of the Company for the year ended December 31, 2004.
- B** Represents the pro-forma equity in earnings of the Court Square JV for the year ended December 31, 2004 as if such transaction occurred on January 1, 2004. There are no further adjustments to the historical audited statement of income for the year ended December 31, 2004 related to the Court Square Property as it was acquired during 2005.
- C** Represents adjustments for the purchase of Reckson Plaza as if this acquisition occurred on January 1, 2004 to (i) record the FAS 141 / 142 amortization expense adjustment on the tenanting costs, (ii) reflect ground rent recorded on a straight-line basis, (iii) record depreciation expense on the building based on an estimated useful life of 30 years, (iv) reduce interest income related to the \$27.6 million mezzanine loan that was satisfied as part of the acquisition, (v) record additional interest expense on \$120 million of borrowings made under our unsecured credit facility, and (vi) adjust the allocation of income between the general partner and limited partners under the limited partnership agreement.
- D** To remove interest income earned under a \$27.6 million mezzanine loan that is included in the historical balance.
- E** Calculated using the 30-day LIBOR rate on December 12, 2005 of 4.3675% + 80 basis points (5.1675%) on borrowings made under our unsecured credit facility of \$120 million.
- F** Represents adjustments to remove the results of operations of the properties contributed, or intended to be contributed, to the RAOC JV as if such transaction occurred on January 1, 2004.
- G** Represents adjustments to reflect the decrease in management fees to be earned from the properties transferred to the RAOC JV, additional recurring fees and one-time transactional fees and the pro-forma equity in earnings of the RAOC JV for the year ended December 31, 2004.
- H** Represents adjustments to the historical balances for the year ended December 31, 2004 to reflect changes to discontinued operations subsequent to December 31, 2004.
- I** Represents adjustments to (i) remove the results of operations of the property located at 100 Wall Street, New York, NY and (ii) management fee income earned by one of our service companies during 2004, as if such sale occurred on January 1, 2004.
- J** Represents interest income on a \$30 million mezzanine loan made to the purchaser of 100 Wall Street, New York, NY and is calculated at 15% per annum, as if such sale occurred on January 1, 2004.

F-12

---

[Back to Contents](#)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RECKSON ASSOCIATES REALTY CORP.

By: /s/ Michael Maturo

Michael Maturo  
Executive Vice President  
and Chief Financial Officer

RECKSON OPERATING PARTNERSHIP, L.P.

By: Reckson Associates Realty Corp.,  
its General Partner

By: /s/ Michael Maturo

Michael Maturo  
Executive Vice President  
and Chief Financial Officer

Date: December 22, 2005

---