

CapLease, Inc.
Form 10-Q
May 09, 2008

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2008

OR

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

For the transition period from _____ to _____

Commission file number 001-32039

CapLease, Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

52-2414533
(I.R.S. Employer Identification No.)

1065 Avenue of the Americas, New York, NY
(Address of Principal Executive Offices)

10018
(ZIP Code)

Registrant's Telephone Number, Including Area Code: (212) 217-6300

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

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

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

As of May 9, 2008, there were 44,744,280 shares of common stock of CapLease, Inc., \$0.01 par value per share, outstanding ("Common Stock").

CapLease, Inc.**Index to Form 10-Q**

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

CapLease, Inc. and Subsidiaries
Consolidated Balance Sheets
As of March 31, 2008 (unaudited) and December 31, 2007

(Amounts in thousands, except share and per share amounts)	As Of March 31, 2008	As Of December 31, 2007
Assets		
Real estate investments, net	\$ 1,549,335	\$ 1,563,570
Loans held for investment	292,251	269,293
Commercial mortgage-backed securities	168,409	198,187
Cash and cash equivalents	58,075	34,047
Asset held for sale	5,413	5,413
Structuring fees receivable	2,403	2,576
Other assets	75,280	85,183
Total Assets	\$ 2,151,166	\$ 2,158,269
Liabilities and Stockholders' Equity		
Mortgages on real estate investments	\$ 981,104	\$ 983,770
Collateralized debt obligations	268,236	268,227
Repurchase agreement obligations	231,111	232,869
Secured term loan	128,050	129,521
Convertible senior notes	75,000	75,000
Other long-term debt	30,930	30,930
Intangible liabilities on real estate investments	51,177	51,811
Accounts payable, accrued expenses and other liabilities	41,661	24,232
Dividends and distributions payable	9,712	9,634
Total Liabilities	1,816,981	1,805,994
Minority interest	2,550	2,616
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, Series A cumulative redeemable preferred, liquidation preference \$25.00 per share, 1,400,000 shares issued and outstanding	33,657	33,657
Common stock, \$0.01 par value, 500,000,000 shares authorized, 44,744,280 and 44,350,330 shares issued and outstanding, respectively	447	444
Additional paid in capital	330,778	341,578
Accumulated other comprehensive (loss)	(33,247)	(26,020)
Total Stockholders' Equity	331,635	349,659
Total Liabilities and Stockholders' Equity	\$ 2,151,166	\$ 2,158,269

See notes to consolidated financial statements.

CapLease, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

(Amounts in thousands, except per share amounts)	For the Three Months Ended March 31	
	2008	2007
Revenues:		
Rental revenue	\$ 34,362	\$ 24,122
Interest income from loans and securities	9,165	8,401
Property expense recoveries	2,760	2,492
Other revenue	189	149
Total revenues	46,476	35,164
Expenses:		
Interest expense	24,483	19,051
Property expenses	4,710	4,320
Loss on derivatives	2,060	11
General and administrative expenses	2,997	2,610
General and administrative expenses-stock based compensation	434	323
Depreciation and amortization expense on real property	13,427	8,203
Loan processing expenses	57	73
Total expenses	48,168	34,591
Income (loss) before minority interest and taxes	(1,692)	573
Minority interest in consolidated entities	14	1
Income (loss) from continuing operations	(1,678)	574
Income from discontinued operations	107	44
Net income (loss)	(1,571)	618
Dividends allocable to preferred shares		