

CapLease, Inc.  
Form 8-K  
September 14, 2011

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 8, 2011

CAPLEASE, INC.  
(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation)	1-32039 (Commission File Number)	52-2414533 (I.R.S. Employer Identification No.)
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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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- 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))
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Item 2.01. Completion of Acquisition or Disposition of Assets.

As of September 8, 2011, CapLease, Inc. (the “Company”) has completed the previously announced sale of its March 2005 collateralized debt obligation transaction (“CDO”). The CDO sale, which generated total cash proceeds excluding accrued interest of approximately \$30.2 million, primarily included the transfer of the assets and liabilities comprising the CDO transaction to an affiliate of NorthStar Realty Finance Corp. It also included the prepayment of three cross-collateralized first mortgage loans by the borrower.

Item 9.01. Financial Statements and Exhibits.

The following pro forma financial information is filed as part of this report.

(b) Pro forma financial information

The unaudited pro forma financial statements set forth:

- the Pro Forma Condensed Consolidated Balance Sheet (unaudited) as of June 30, 2011;
- the Pro Forma Condensed Consolidated Statement of Operations (unaudited) for the year ended December 31, 2010;
- the Pro Forma Condensed Consolidated Statement of Operations (unaudited) for the six months ended June 30, 2011; and
- the notes to Pro Forma Condensed Consolidated Financial Statements (unaudited).

The unaudited pro forma condensed consolidated balance sheet of the Company as of June 30, 2011 assumes the sale of the Company’s March 2005 collateralized debt obligation (the “CDO”) was consummated on June 30, 2011. The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2010 and the six months ended June 30, 2011 assume the sale of the CDO occurred on January 1, 2010. The pro forma condensed consolidated financial statements do not purport to represent what the Company’s financial position or results of operations would have been if the sale had been consummated as of the dates indicated, nor do they purport to project the Company’s financial position or results of operations at any future date or for any future period. These pro forma condensed consolidated financial statements should be read in conjunction with the Company’s 2010 historical financial statements as included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011.

The pro forma financial statements are based upon assumptions contained in the notes thereto and should be read in conjunction with such notes.

CapLease, Inc. and Subsidiaries  
 Pro Forma Condensed Consolidated Balance Sheet  
 June 30, 2011  
 (Unaudited, in thousands)

	CapLease, Inc. Historical	Pro Forma Adjustments	CapLease, Inc. Pro Forma
<b>Assets</b>			
Real estate investments, net	\$ 1,408,133	\$ –	\$ 1,408,133
Loans held for investment, net	187,047	(151,317 ) <sup>a</sup>	35,730
Commercial mortgage-backed securities	102,369	(41,187 ) <sup>a</sup>	61,182
Cash and cash equivalents	67,452	29,791 <sup>a</sup>	97,243
Other assets	109,997	(32,780 ) <sup>a</sup>	77,217
<b>Total Assets</b>	<b>\$ 1,874,998</b>	<b>\$ (195,493 )</b>	<b>\$ 1,679,505</b>
<b>Liabilities and Equity</b>			
Mortgages on real estate investments	\$ 954,170	\$ 31,331 <sup>a</sup>	\$ 985,501
Collateralized debt obligations	232,511	(232,511 ) <sup>a</sup>	–
Credit agreement	80,388	(5,471 ) <sup>a</sup>	74,917
Secured term loan	94,428		94,428
Convertible senior notes	34,217		34,217
Other long-term debt	30,930		30,930
<b>Total Debt Obligations</b>	<b>1,426,644</b>	<b>(206,651 )</b>	<b>1,219,993</b>
Intangible liabilities on real estate investments	36,312		36,312
Accounts payable and other liabilities	21,118	(1,867 ) <sup>a</sup>	19,251
Dividends and distributions payable	6,061		6,061
<b>Total Liabilities</b>	<b>1,490,135</b>	<b>(208,518 )</b>	<b>1,281,617</b>
<b>Commitments and contingencies</b>			
<b>Stockholders' equity:</b>			
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, Series A cumulative redeemable preferred, liquidation preference \$25.00 per share, 3,204,900 shares issued and outstanding	73,880		73,880
Common stock, \$0.01 par value, 500,000,000 shares authorized, 68,055,665 shares issued and outstanding	682		682
Additional paid in capital	335,685	(2,371 ) <sup>a</sup>	333,314
Accumulated other comprehensive loss	(26,512 )	15,396 <sup>a</sup>	(11,116 )
<b>Total Stockholders' Equity</b>	<b>383,735</b>	<b>13,025</b>	<b>396,760</b>
Non-controlling interest in consolidated subsidiaries	1,128		1,128
<b>Total Equity</b>	<b>384,863</b>	<b>13,025</b>	<b>397,888</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,874,998</b>	<b>\$ (195,493 )</b>	<b>\$ 1,679,505</b>

CapLease, Inc. and Subsidiaries  
 Pro Forma Condensed Consolidated Statement of Operations  
 Year Ended December 31, 2010  
 (Unaudited, in thousands, except per share data)

	CapLease, Inc. Historical	Pro Forma Adjustments	CapLease, Inc. Pro Forma
Revenues:			
Rental revenue	\$ 125,662	\$ –	\$ 125,662
Interest income from loans and securities	27,620	(17,185 ) b	10,435
Tenant reimbursements	12,159		12,159
Other revenue	974		974
Total revenues	166,415	(17,185 )	149,230
Expenses:			
Interest expense	84,850	(12,015 ) b	72,835
Property expenses	24,715		24,715
Loss on investments	7,949		7,949
General and administrative expenses	10,659		10,659
General and administrative expenses-stock based compensation	2,541		2,541
Depreciation and amortization expense on real property	48,409		48,409
Other expenses	268	(181	