

CapLease, Inc.
Form 8-K/A
September 15, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

Amendment No. 1

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

1-32039

52-2414533

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

1065 Avenue of the Americas, New York, NY

10018

(Address of principal executive offices)

(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))

Explanatory Note

This amendment on Form 8-K/A amends and restates Item 9.01 of the Current Report on Form 8-K for CapLease, Inc. (the “Company”), as initially filed with the Securities and Exchange Commission on September 14, 2011 (the “Original Report”). The only change made to Item 9.01 of the Original Report is to remove three extraneous footnotes that appeared at the bottom of the Pro Forma Condensed Consolidated Statement of Operations (unaudited) for the six months ended June 30, 2011.

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 |
|---|------------------------------|--------------------------|-----------------------------|
| Assets | | | |
| Real estate investments, net | \$ 1,408,133 | \$ – | \$ 1,408,133 |
| Loans held for investment, net | 187,047 | (151,317) a | 35,730 |
| Commercial mortgage-backed securities | 102,369 | (41,187) a | 61,182 |
| Cash and cash equivalents | 67,452 | 29,791 a | 97,243 |
| Other assets | 109,997 | (32,780) a | 77,217 |
| Total Assets | \$ 1,874,998 | \$ (195,493) | \$ 1,679,505 |
| Liabilities and Equity | | | |
| Mortgages on real estate investments | \$ 954,170 | \$ 31,331 a | \$ 985,501 |
| Collateralized debt obligations | 232,511 | (232,511) a | – |
| Credit agreement | 80,388 | (5,471) a | 74,917 |
| Secured term loan | 94,428 | | 94,428 |
| Convertible senior notes | 34,217 | | 34,217 |
| Other long-term debt | 30,930 | | 30,930 |
| Total Debt Obligations | 1,426,644 | (206,651) | 1,219,993 |
| Intangible liabilities on real estate investments | 36,312 | | 36,312 |
| Accounts payable and other liabilities | 21,118 | (1,867) a | 19,251 |
| Dividends and distributions payable | 6,061 | | 6,061 |
| Total Liabilities | 1,490,135 | (208,518) | 1,281,617 |
| 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, 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) a | 333,314 |
| Accumulated other comprehensive loss | (26,512) | 15,396 a | (11,116) |
| Total Stockholders' Equity | 383,735 | 13,025 | 396,760 |
| Non-controlling interest in consolidated subsidiaries | 1,128 | | 1,128 |
| Total Equity | 384,863 | 13,025 | 397,888 |
| Total Liabilities and Equity | \$ 1,874,998 | \$ (195,493) | \$ 1,679,505 |

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) b | 87 |
| Total expenses | 179,391 | (12,196) | 167,195 |
| Loss on extinguishment of debt | (293) | | (293) |
| Loss from continuing operations | (13,269) | (4,989) | (18,258) |
| Income from discontinued operations | 77 | | 77 |
| Net loss before non-controlling interest in consolidated subsidiaries | (13,192) | (4,989) | (18,181) |
| Non-controlling interest in consolidated subsidiaries | 52 | | 52 |
| Net loss | (13,140) | (4,989) | (18,129) |
| Dividends allocable to preferred shares | (5,618) | | (5,618) |
| Net loss allocable to common stockholders | \$(18,758) | \$(4,989) | \$(23,747) |
| Earnings per share: | | | |
| Net loss per common share, basic and diluted | \$(0.33) | | \$(0.42) |
| Weighted average number of common shares outstanding, basic and diluted | 56,189 | | 56,189 |

CapLease, Inc. and Subsidiaries
Pro Forma Condensed Consolidated Statement of Operations
Six Months Ended June 30, 2011
(Unaudited, in thousands, except per share data)

| | CapLease, Inc. Historical | Pro Forma Adjustments | CapLease, Inc. Pro Forma |
|---|------------------------------|--------------------------|-----------------------------|
| Revenues: | | | |
| Rental revenue | \$64,952 | \$- | \$64,952 |
| Interest income from loans and securities | 12,613 | (7,743) b | 4,870 |
| Tenant reimbursements | 6,498 | | 6,498 |
| Other revenue | 445 | | 445 |
| Total revenues | 84,508 | (7,743) | 76,765 |
| Expenses: | | | |
| Interest expense | 40,869 | (5,803) b | 35,066 |
| Property expenses | 13,330 | | 13,330 |
| Loss on investments | 3,213 | | 3,213 |
| General and administrative expenses | 5,505 | | 5,505 |
| General and administrative expenses-stock based compensation | 1,468 | | 1,468 |
| Depreciation and amortization expense on real property | 24,747 | | 24,747 |
| Other expenses | 130 | (87) b | 43 |
| Total expenses | 89,262 | (5,890) | 83,372 |
| Net loss before non-controlling interest in consolidated subsidiaries | (4,754) | (1,853) | (6,607) |
| Non-controlling interest in consolidated subsidiaries | 19 | | 19 |
| Net loss | (4,735) | (1,853) | (6,588) |
| Dividends allocable to preferred shares | (3,255) | | (3,255) |
| Net loss allocable to common stockholders | \$(7,990) | \$(1,853) | \$(9,843) |
| Earnings per share: | | | |
| Net loss per common share, basic and diluted | \$(0.13) | | \$(0.16) |
| Weighted average number of common shares outstanding, basic and diluted | 62,521 | | 62,521 |

CapLease, Inc. and Subsidiaries
Notes to Pro Forma Condensed Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

The accompanying unaudited pro forma condensed consolidated financial statements are presented to reflect the sale of the Company's March 2005 collateralized debt obligation, including the prepayment in a related transaction of three cross-collateralized first mortgage loans.

The accompanying unaudited pro forma condensed consolidated balance sheet presents the historical financial information of the Company as of June 30, 2011 as adjusted for the sale as if it had occurred on June 30, 2011.

The accompanying unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2010 and the six months ended June 30, 2011 presents the historical operations of the Company as adjusted for the sale as if it had occurred on January 1, 2010.

2. Pro Forma Adjustments

The unaudited pro forma condensed consolidated financial statements reflect the following significant pro forma adjustments:

- (a) Adjustment to reflect the Company's sale of the assets and associated liabilities comprising the Company's March 2005 collateralized debt obligation transaction, including the prepayment in a related transaction of three cross-collateralized first mortgage loans. Adjustments also include the cash repayment of \$5,471 of borrowings on the Company's credit agreement against an approximately 16% participation in one of the prepaid loans. Adjustments also include a \$31,331 increase to mortgages on owned property investments. Because the property mortgages constitute part of the CDO collateral, they were previously eliminated in consolidation as intercompany debt. Adjustments also include a \$5,016 increase to commercial mortgage-backed securities for the fair value of Class A and Class B bonds in the CDO transaction which were previously purchased by the Company on the open market and were not included in the CDO sale.
- (b) Adjustment required for the removal of the interest income, interest expense and other expenses due to the sale of the assets and associated liabilities comprising the Company's March 2005 collateralized debt obligation transaction, including the loan prepayment transaction described above.

SIGNATURES

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

CapLease, Inc.

By: /s/ PAUL C. HUGHES
Paul C. Hughes
Vice President, General Counsel &
Corporate Secretary

DATE: September 15, 2011