

CAPITAL LEASE FUNDING INC
Form 10-Q
May 10, 2006

**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, 2006

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

Capital Lease Funding, 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.)

110 Maiden Lane, New York, NY
**(Address of Principal Executive
Offices)**

10005
(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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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 10, 2006, there were 33,180,930 shares of common stock of Capital Lease Funding, Inc., \$0.01 par value per share, outstanding (“Common Stock”).

Capital Lease Funding, Inc.**Index to Form 10-Q**

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

Capital Lease Funding, Inc. and Subsidiaries
Consolidated Balance Sheets
As of March 31, 2006 (unaudited) and December 31, 2005

(Amounts in thousands, except share and per share amounts)	As Of March 31, 2006	As Of December 31, 2005
Assets		
Real estate investments, net	\$ 926,682	\$ 764,930
Mortgage and other real estate loans held for investment	270,547	297,551
Securities available for sale	133,947	137,409
Cash and cash equivalents	10,468	19,316
Assets held for sale	2,942	2,942
Structuring fees receivable	3,714	3,862
Other assets	68,008	60,478
Total Assets	\$ 1,416,308	\$ 1,286,488
Liabilities and Stockholders' Equity		
Accounts payable, accrued expenses and other liabilities	\$ 11,889	\$ 14,890
Repurchase agreement and other short-term financing obligations	192,495	129,965
Mortgages on real estate investments	623,146	551,844
Collateralized debt obligations	268,164	268,156
Other long-term debt	30,930	30,930
Intangible liabilities on real estate investments	16,024	14,419
Dividends payable	6,347	6,253
Total liabilities	1,148,995	1,016,457
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, 28,180,930 and 27,868,480 shares issued and outstanding, respectively	282	279
Common stock, additional paid in capital	234,517	237,843

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Accumulated other comprehensive loss	(1,143)	(1,748)
Total Stockholders' Equity	267,313	270,031
Total Liabilities and Stockholders' Equity	\$ 1,416,308	\$ 1,286,488

See notes to consolidated financial statements.

Capital Lease Funding, Inc. and Subsidiaries
Consolidated Income Statements
(Unaudited)

(Amounts in thousands, except per share amounts)	For the Three Months Ended March 31	
	2006 Unaudited	2005 Unaudited
Revenues:		
Rental revenue	\$ 17,022	\$ 4,336
Interest income from mortgage and other real estate loans and securities	8,214	6,106
Property expense recoveries	1,910	1,363
Gains on sale of mortgage loans	645	63
Other revenue	557	39
Total revenues	28,348	11,907
Expenses:		
Interest expense	14,025	3,542
Property expenses	3,565	1,783
General and administrative expenses	2,343	2,552
General and administrative expenses-stock based compensation	671	455
Depreciation and amortization expense on real property	5,378	