

CAPITAL LEASE FUNDING INC
Form 10-Q
May 10, 2007

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, 2007

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.)

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, 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

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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 1, 2007, there were 34,504,193 shares of common stock of Capital Lease Funding, Inc., \$0.01 par value per share, outstanding ("Common Stock").

Capital Lease Funding, Inc.

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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, 2007 (unaudited) and December 31, 2006

(Amounts in thousands, except share and per share amounts)	As Of March 31, 2007	As Of December 31, 2006
Assets		
Real estate investments, net	\$ 1,160,110	\$ 1,115,001
Loans held for investment	269,273	273,170
Securities available for sale	182,334	183,066
Cash and cash equivalents	10,044	4,425
Asset held for sale	5,413	2,942
Structuring fees receivable	3,093	3,253
Other assets	71,538	62,443
Total Assets	\$ 1,701,805	\$ 1,644,300
Liabilities and Stockholders' Equity		
Mortgages on real estate investments	\$ 829,580	\$ 794,773
Collateralized debt obligations	268,199	268,190
Repurchase agreement and other short-term financing obligations	224,427	195,485
Other long-term debt	30,930	30,930
Intangible liabilities on real estate investments	19,766	19,693
Accounts payable, accrued expenses and other liabilities	17,296	17,132
Dividends and distributions payable	7,646	7,582
Total liabilities	1,397,844	1,333,785
Minority interest	2,806	2,859
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, 34,413,061 and 34,091,829 shares issued and outstanding, respectively	344	341
Additional paid in capital	271,268	277,918
Accumulated other comprehensive loss	(4,114)	(4,260)
Total Stockholders' Equity	301,155	307,656
Total Liabilities and Stockholders' Equity	\$ 1,701,805	\$ 1,644,300

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	
	2007	2006
Revenues:		
Rental revenue	\$ 24,122	\$ 17,022
Interest income from loans and securities	8,401	8,214
Property expense recoveries	2,492	1,910
Gains on sale of mortgage loans and securities	–	645
Other revenue	149	557
Total revenues	35,164	28,348
Expenses:		
Interest expense	19,051	14,025
Property expenses	4,320	3,565
(Gain) loss on derivatives	11	(4)
General and administrative expenses	2,610	2,343
General and administrative expenses-stock based compensation	323	671
Depreciation and amortization expense on real property	8,203	5,378
Loan processing expenses	73	67
Total expenses	34,591	26,045
Income before minority interest and taxes	573	2,303
Minority interest in consolidated entities	1	–
Income from continuing operations	574	2,303
Income from discontinued operations	44	49
Net income	618	2,352
Dividends allocable to preferred shares	(711)	(711)
Net income (loss) allocable to common stockholders	\$ (93)	\$ 1,641
Earnings per share:		