

CapLease, Inc.  
Form 10-Q  
May 08, 2013

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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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, 2013

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 52-2414533  
(State or (I.R.S.  
Other Employer  
Jurisdiction of Identification  
No.)

Incorporation  
or  
Organization)

1065 Avenue 10018  
of the  
Americas,  
New York,  
NY  
(Address of (ZIP Code)  
Principal  
Executive  
Offices)

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

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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 x No o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes x No o

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):

Large accelerated filer o    Accelerated filer x    Non-accelerated filer o    Smaller reporting company o  
(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 o No x

As of May 8, 2013, there were 88,845,604 shares of common stock of CapLease, Inc., \$0.01 par value per share, outstanding ("Common Stock").

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## CapLease, Inc.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

CapLease, Inc. and Subsidiaries  
Consolidated Balance Sheets  
As of March 31, 2013 (unaudited) and December 31, 2012

(Amounts in thousands, except share and per share amounts)	As Of March 31, 2013	As Of December 31, 2012
<b>Assets</b>		
Real estate investments, net	\$1,541,969	\$1,541,416
Loans held for investment, net	25,334	26,972
Commercial mortgage-backed securities	59,929	62,318
Cash and cash equivalents	71,869	30,177
Other assets	85,155	89,560
<b>Total Assets</b>	<b>\$1,784,256</b>	<b>\$1,750,443</b>
<b>Liabilities and Equity</b>		
Mortgages on real estate investments	\$1,020,207	\$1,012,075
Credit agreements	57,009	67,655
Secured term loan	66,485	72,417
Convertible senior notes	19,210	19,210
Other long-term debt	30,930	30,930
<b>Total Debt Obligations</b>	<b>1,193,841</b>	<b>1,202,287</b>
Intangible liabilities on real estate investments	32,486	33,032
Accounts payable and other liabilities	25,294	27,926
Dividends and distributions payable	9,683	8,826
<b>Total Liabilities</b>	<b>1,261,304</b>	<b>1,272,071</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, 2,647,000 and 3,447,182 shares issued and outstanding, respectively	59,743	79,776
Series B cumulative redeemable preferred, liquidation preference \$25.00 per share, 2,941,073 shares issued and outstanding	71,665	71,665
Series C cumulative redeemable preferred, liquidation preference \$25.00 per share, 1,700,000 and 0 shares issued and outstanding, respectively	39,702	-
Common stock, \$0.01 par value, 500,000,000 shares authorized, 79,454,301 and 73,658,045 shares issued and outstanding, respectively	795	737
Additional paid in capital	350,425	325,824
Accumulated other comprehensive loss	(399)	(666)
<b>Total Stockholders' Equity</b>	<b>521,931</b>	<b>477,336</b>
Non-controlling interest in consolidated subsidiaries	1,021	1,036
<b>Total Equity</b>	<b>522,952</b>	<b>478,372</b>
<b>Total Liabilities and Equity</b>	<b>\$1,784,256</b>	<b>\$1,750,443</b>

See notes to consolidated financial statements.



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

For the Three Months  
Ended March 31,



d deliberations, and an appreciation of the role of the corporation in society. The Committee will consider candidates meeting these criteria who are suggested by directors



**COMPENSATION OF NAMED EXECUTIVE OFFICERS**

**SUMMARY COMPENSATION TABLE**

**NARRATIVE DISCLOSURE TO SUMMARY COMPENSATION TABLE**



**OUTSTANDING EQUITY AWARDS AT YEAR END**

**Option  
Exercise  
Price Per  
Share (\$)**

**DIRECTOR COMPENSATION**

**NARRATIVE TO DIRECTOR COMPENSATION TABLE**

**EQUITY COMPENSATION PLAN INFORMATION**

**PROPOSAL NO. 2**

**APPROVAL AND ADOPTION OF**

**THE PRO-PHARMACEUTICALS, INC. 2009 INCENTIVE COMPENSATION PLAN**

the times at which each option or stock appreciation right will be exercisable, and provisions requiring forfeiture of unexercised options or stock appreciation rights a

and each other person whose compensation is required to be disclosed in our company's filings with the SEC by reason of that person being among the five highest

Compensation Committee may exclude the impact of an event or occurrence which the Compensation Committee determines should appropriately be excluded, including

Committee may, in its discretion, permit transfers for estate planning or other purposes subject to any applicable restrictions under Rule 16b-3.



tially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company common stock and Outstanding Compa

**2009 Incentive Compensation Plan**





ection 409A requirements, including, without limitation, discounted stock options, deferred stock and SARs that are not payable in shares of our company stock. It is

**PROPOSAL NO. 3**

**TO APPROVE AN AMENDMENT TO THE PRO-PHARMACEUTICALS  
ARTICLES OF INCORPORATION INCREASING THE NUMBER OF  
AUTHORIZED SHARES OF COMMON STOCK FROM 200,000,000 TO 300,000,000**

**PROPOSAL NO. 4**

**TO APPROVE AN AMENDMENT TO THE PRO-PHARMACEUTICALS  
ARTICLES OF INCORPORATION INCREASING THE NUMBER OF UNDESIGNATED  
AUTHORIZED SHARES OF PREFERRED STOCK FROM 10,000,000 TO 20,000,000**

*FOR THE APPROVAL OF THE PROPOSAL TO APPROVE AN AMENDMENT TO OUR ARTICLES OF INCORPORATION INCREASING THE NUMBER OF*

**PROPOSAL NO. 5**

**RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

**CHANGE OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**FEES PAID TO VITALE, CATURANO & COMPANY, P.C.**



**FEES PAID TO DELOITTE & TOUCHE, LLP**

**REPORT OF THE AUDIT COMMITTEE**

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**OTHER BUSINESS**

**SECTION 16(a) BENEFICIAL OWNERSHIP**

**REPORTING COMPLIANCE**

**STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING**

**DELIVERY OF VOTING MATERIALS**

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**EXHIBIT A**

**PRO-PHARMACEUTICALS, INC.**

**2009 INCENTIVE COMPENSATION PLAN**

**PRO-PHARMACEUTICALS, INC.**

**2009 INCENTIVE COMPENSATION PLAN**

**PRO-PHARMACEUTICALS, INC.**

**2009 INCENTIVE COMPENSATION PLAN**

Service was terminated by the Company for Cause shall be final and binding for all purposes hereunder.

A-1

A-2

quiring the Participant to be based at any office or location outside of fifty miles from the location of employment or service as of the date of Award, except for travel

A-3



A-4

Eligible Persons or Participants.

of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company and will not cause A

A-5

A-6

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accordance with procedures established by the Committee, on a deferred basis.

A-10

nt of the cash compensation surrendered), provided that any such determination to grant an Award in lieu of cash compensation must be made in compliance with Se

n the settlement date exceeds the exercise or grant price. Installment or deferred payments may be required by the Committee (subject to Section 7(e) of the Plan, incl

A-11



A-12

rest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing b

A-13

A-14

standing Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such entity resulting

A-15

h transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior

A-16

part under terms of such Award.

Company nor any of the Company's officers, directors, representatives or agents is granting any rights under the Plan to the Participant whatsoever, oral or written, expressed or implied.

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**EXHIBIT B**

Certificate of Amendment to Articles of Incorporation

for Nevada Profit Corporations

(Pursuant to NRS 78.385 and 78.390 After Issuance of Stock)

**ARTICLE III**

Authorized Shares

(must not be later than 90 days after the certificate is filed)

Theodore D. Zucconi, Chief Executive Officer and President

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**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF  
PRO-PHARMACEUTICALS, INC.**

**(Continued, and to be marked, dated and signed, on the other side)**

**PRO-PHARMACEUTICALS, INC.**

**q FOLD AND DETACH HERE AND READ THE REVERSE SIDE q**

