

CapLease, Inc.
Form S-3
December 23, 2010

As filed with the Securities and Exchange Commission on December 23, 2010

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

CAPLEASE, 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, New York 10018
(212) 217-6300
(Address and telephone number of principal executive offices)

Paul C. Hughes
Vice President, General Counsel and Corporate Secretary
CapLease, Inc.
1065 Avenue of the Americas
New York, New York 10018
(212) 217-6300
(Name, address and telephone number of agent for service)

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective as determined by the registrant.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the

following box. "

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. "

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 "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer x
 Non-accelerated filer " (Do not check if a smaller reporting company) Smaller reporting company "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered (1)	Proposed Maximum Aggregate Offering Price Per Unit (1)	Amount of Registration Fee (1)
Preferred Stock, par value \$0.01 per share		
Common Stock, par value \$0.01 per share		
Debt Securities(2)		
Total	\$ 500,000,000(3)	\$ 6,090.18(4)

- (1) The securities covered by this Registration Statement may be sold or otherwise distributed separately or together with any other securities covered by this Registration Statement. This Registration Statement covers offers, sales and other distributions of the securities listed in this table from time to time at prices to be determined, and shares of Common Stock issuable upon the exchange or conversion of shares of Preferred Stock or debt securities so offered or sold that are exchangeable for or convertible into shares of Common Stock. This Registration Statement also covers shares of Preferred Stock, shares of Common Stock and debt securities that may be offered or sold under delayed delivery contracts pursuant to which the counterparty may be required to purchase such securities, as well as such contracts themselves. Such contracts would be issued with the shares of Preferred Stock, shares of Common Stock and debt securities.
- (2) The debt securities covered by this Registration Statement may be senior or subordinated debt.
- (3) The aggregate maximum offering price of all securities issued under this Registration Statement will not exceed \$500,000,000. No separate consideration will be received for shares of Common Stock that are issued upon exchange or conversion of shares of Preferred Stock or debt securities.
- (4) Calculated under Rule 457(o) under the Securities Act of 1933, as amended. As discussed in the paragraph below, pursuant to Rule 415(a)(6) under the Securities Act of 1933, as amended, this Registration Statement includes, as of the date of filing of this Registration Statement, \$414,583,722 of unsold securities that had previously been registered and for which the registration fee had previously been paid. Accordingly, the amount of the registration fee has been calculated based on the proposed maximum aggregate offering price of the additional \$85,416,278 of securities registered on this Registration Statement.

Pursuant to Rule 415(a)(6) of the Securities Act of 1933, as amended, the securities registered pursuant to this Registration Statement include, as of the date of filing of this Registration Statement, \$414,583,722 of unsold preferred stock, common stock and debt securities previously registered on the registrant's Registration Statement on Form S-3 (Registration Statement No. 333-148653), which we refer to as the Prior Registration Statement. In connection with the registration of such unsold securities on the Prior Registration Statement, the registrant paid a registration fee of \$16,293.14 which will continue to be applied to such unsold securities. Pursuant to Rule 415(a)(6), the offering of the unsold securities registered under the Prior Registration Statement will be deemed terminated as of the date of effectiveness of this Registration Statement. If the registrant sells any of such unsold securities pursuant to the Prior Registration Statement after the date of this filing, and prior to the date of effectiveness, of this Registration Statement, the registrant will file a pre-effective amendment to this Registration Statement which will reduce the number of such unsold securities included on this Registration Statement and

increase the additional securities registered hereon so that the total amount of securities registered hereon will equal \$500,000,000, as reflected in footnote (3) to the table above, and will pay the additional registration fee resulting therefrom.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This registration statement contains three prospectuses. One of these prospectuses, which we refer to as the base prospectus, covers the offering, issuance and sale from time to time, in one or more series or classes of the following securities:

- shares of our preferred stock;
- shares of our common stock; and
- our debt securities, which may be senior or subordinated.

The specific terms of any securities to be offered pursuant to the base prospectus will be specified in a prospectus supplement.

A second prospectus, which we refer to as the common stock ATM prospectus with Brinson Patrick, covers up to 2,693,900 shares of our common stock that we may offer, issue and sell under a sales agreement that we have entered into with Brinson Patrick Securities Corporation. The common stock ATM prospectus with Brinson Patrick will be identical to the base prospectus in all respects, except that the common stock ATM prospectus with Brinson Patrick will contain a different cover page and a different plan of distribution section. The cover page and plan of distribution section to be contained in the common stock ATM prospectus with Brinson Patrick are set forth following the base prospectus included herein.

A third prospectus, which we refer to as the Series A preferred stock ATM prospectus with Brinson Patrick, covers up to 995,100 shares of our 8.125% Series A Cumulative Redeemable Preferred Stock that we may offer, issue and sell under the sales agreement with Brinson Patrick Securities Corporation. The Series A preferred stock ATM prospectus with Brinson Patrick will be identical to the base prospectus in all respects, except that the Series A preferred stock ATM prospectus with Brinson Patrick will contain a different cover page, a supplemental risk factor section and a supplemental federal income tax considerations section and a different plan of distribution section. The cover page, supplemental risk factor section, supplemental federal income tax considerations section and plan of distribution section to be contained in the Series A preferred stock ATM prospectus with Brinson Patrick are set forth following the common stock ATM prospectus with Brinson Patrick included herein.

The information in this prospectus is not complete and may be changed. We may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 23, 2010

PROSPECTUS

\$500,000,000

CapLease, Inc.

Preferred Stock, Common Stock and Debt Securities

Under this prospectus, we may offer, from time to time, in one or more series or classes the following securities:

- shares of our preferred stock;
- shares of our common stock; and
- our debt securities, which may be senior or subordinated.

We may offer these securities with an aggregate offering price of up to \$500,000,000, in amounts, at initial prices and on terms determined at the time of the offering. We may offer the securities separately or together, in separate series or classes and in amounts, at prices and on terms described in one or more supplements to this prospectus.

We may also provide you with one or more supplements to this prospectus including specific terms of the offering. Such terms may include limitations on direct or beneficial ownership and restrictions on transfer of our securities being offered that we believe are appropriate to preserve our status as a real estate investment trust, or REIT, for federal income tax purposes. The prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus and each applicable prospectus supplement carefully before you invest in the securities.

We may offer the securities directly to investors, through agents designated from time to time, or to or through underwriters or dealers. If any agents, underwriters, or dealers are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangement with, between or among them, will be set forth, or will be calculable from the information set forth, in an accompanying prospectus supplement. For more detailed information, see "Plan of Distribution" beginning on page 52.

Our common stock and 8.125% Series A Cumulative Redeemable Preferred Stock are each listed on the New York Stock Exchange under the symbols "LSE" and "LSE PrA," respectively. Each prospectus supplement will indicate if the securities offered thereby will be listed on any securities exchange.

Our executive offices are located at 1065 Avenue of the Americas, New York, New York 10018. Our telephone number is (212) 217-6300. We maintain an Internet web site at <http://www.caplease.com>.

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Investing in these securities involves risks. Before investing in these securities, you should carefully read and consider the “Risk Factors” on page 1 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is

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We have not authorized anyone to provide you with information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. We are offering to sell, and seeking offers to buy, only the securities covered by this prospectus, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date, regardless of the time and delivery of this prospectus or of any sale of the securities covered hereby.

You should read carefully the entire prospectus, as well as the documents incorporated by reference in the prospectus, before making an investment decision.

When used in this prospectus, except where the context otherwise requires, the terms “we,” “our,” “us” and “the Company” refer to CapLease, Inc. and its predecessors and subsidiaries.

RISK FACTORS

Investing in any securities offered pursuant to this prospectus involves risks. You should carefully consider the risk factors incorporated by reference to our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, and the other information contained in this prospectus and any prospectus supplement, as the same may be updated from time to time by our future filings under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), before acquiring any of such securities. The occurrence of any of these risks could cause you to lose all or part of your investment in the securities. Please also refer to the section entitled “Cautionary Statement Regarding Forward-Looking Statements.”

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a “shelf” registration process, which enables us, from time to time, to offer and sell in one or more offerings the securities described on the cover page of this prospectus. The aggregate public offering price of the securities we sell in these offerings will not exceed \$500,000,000. This prospectus contains a general description of the securities that we may offer. We may also file, from time to time, a prospectus supplement containing specific information about the terms of the offering. That prospectus supplement may contain additional risk factors or other special considerations applicable to the securities. Any prospectus supplement may also add, update or change information contained in this prospectus. If there is any supplement, you should read the information in that prospectus supplement.

You should read both this prospectus and any prospectus supplement together with additional information described below under the heading “Where You Can Find More Information.” Information filed with the SEC and incorporated by reference after the date of this prospectus, or information included in any prospectus supplement or an amendment to the registration statement of which this prospectus forms a part, may add, update, or change information in this prospectus or any prospectus supplement. If information in these subsequent filings, prospectus supplements or amendments is inconsistent with this prospectus or any prospectus supplement, the information incorporated by reference or included in the subsequent prospectus supplement or amendment will supersede the information in this prospectus or any earlier prospectus supplement. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of each document.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any materials we file with the SEC at the SEC’s Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC filings are also available at the Internet website maintained by the SEC at <http://www.sec.gov>. These filings are also available to the public from commercial document retrieval services.

This prospectus does not contain all of the information in our “shelf” registration statement. We have omitted parts of the registration statement in accordance with the rules and regulations of the SEC. For more detail about us and any securities that may be offered by this prospectus, you may examine the registration statement on Form S-3 and the exhibits filed with it at the locations listed in the previous paragraph.

We incorporate information into this prospectus by reference, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except to the extent superseded by information contained herein or by information contained in documents filed with or furnished to the SEC after the date of this prospectus. This prospectus incorporates by reference the documents set forth below, the file number for each of which is 1-32039, that have been previously filed with the SEC:

- our Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC on March 4, 2010;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 filed with the SEC on May 6, 2010, June 30, 2010 filed with the SEC on August 5, 2010, and September 30, 2010 filed with the SEC on November 5, 2010;
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our Current Reports on Form 8-K filed with the SEC on March 17, 2010, March 31, 2010, April 13, 2010, May 13, 2010, June 17, 2010, July 19, 2010, December 8, 2010 and December 9, 2010; and

- our Registration Statement on Form 8-A, which incorporates by reference the description of our common stock from our Registration Statement on Form S-11 (Reg. No. 333-110644), and all reports filed for the purpose of updating such description.

We also incorporate by reference into this prospectus additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus until we have sold all of the securities to which this prospectus relates or the offering is otherwise terminated (other than any portion of these documents that is furnished or otherwise deemed not to be filed). These documents may include annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as proxy statements.

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You may obtain copies of any of these filings through CapLease, Inc. as described below, through the SEC or through the SEC's Internet website as described above. Documents incorporated by reference are available without charge by accessing our Internet web site at <http://www.caplease.com> or by requesting them from us in writing or by telephone at:

CapLease, Inc.
1065 Avenue of the Americas
New York, New York 10018
(212) 217-6300
Attn: Investor Relations

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We may from time to time make written or oral forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, including statements contained in our filings with the SEC and in our press releases and webcasts. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “should,” “strategy,” “will” and other similar meaning. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we are hereby identifying important factors that could cause actual results and outcomes to differ materially from those contained in any forward-looking statement made by or on our behalf. Such factors include, but are not limited to:

- our ability to renew leases as they expire or lease-up vacant space;
- our ability to close new investment transactions that we have under contract;
- our ability to make additional investments in a timely manner or on acceptable terms;
- current credit market conditions and our ability to obtain long-term financing for our asset investments in a timely manner and on terms that are consistent with those we project when we invest in the asset;
 - access to capital markets and capital market conditions;
 - adverse changes in the financial condition of the tenants underlying our investments;
 - our ability to make scheduled payments on our debt obligations;
- increases in our financing costs (including as a result of LIBOR rate increases), our general and administrative costs and/or our property expenses;
 - changes in our industry, the industries of our tenants, interest rates or the general economy;
 - impairments in the value of the collateral underlying our investments; and
 - the degree and nature of our competition.

These risks and uncertainties should be considered in evaluating any forward-looking statement we may make from time to time. Any forward-looking statement speaks only as of its date. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statements in this section. We undertake no obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date made.

THE COMPANY

We are a diversified real estate investment trust, or REIT, that invests primarily in single tenant commercial real estate assets subject to long-term leases to high credit quality tenants. We focus on properties that are subject to a net lease, or a lease that requires the tenant to pay all or substantially all expenses normally associated with the ownership of the property, such as utilities, real estate taxes, insurance and routine maintenance. We also continue to be opportunistic and have made and expect to continue to make investments in single tenant properties where the owner has exposure to property expenses when we determine we can sufficiently underwrite that exposure and isolate a predictable cash flow.

We have two complementary business lines: owning single tenant properties and making first mortgage loans and other debt investments on single tenant properties. Tenants underlying our investments are primarily large public companies or their significant operating subsidiaries and governmental entities with investment grade credit ratings, defined as a published senior unsecured credit rating of BBB-/Baa3 or above from one or both of Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"). We also imply an investment grade credit rating for tenants that are not publicly rated by S&P or Moody's but (i) are 100% owned by an investment grade parent, (ii) for which we have obtained a private investment grade rating from either S&P or Moody's, or (iii) are governmental entity branches or units of another investment grade rated governmental entity.

As of September 30, 2010, some of the highlights of our investment portfolio were as follows:

- approximately \$2.0 billion total investment portfolio measured by carry value before depreciation and amortization;
- 81% owned real properties (approximately \$1.6 billion) and 19% primarily loans and mortgage securities (approximately \$365.0 million);
 - 61 owned properties aggregating approximately 10.4 million rentable square feet in 25 different states;
 - 31 different tenants within our single tenant owned property portfolio, which excludes three properties that we have classified as multi-tenant as each is no longer leased primarily by a single tenant; and
- weighted average underlying tenant remaining lease term of approximately eight years, including seven years in the owned property portfolio.

USE OF PROCEEDS

Unless otherwise provided in any applicable prospectus supplement, we intend to use the proceeds from the sale of securities under this prospectus for general corporate purposes, which may include the funding of future investments, the repayment of outstanding indebtedness, working capital and other general purposes.

**RATIO OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND
PREFERRED STOCK DIVIDENDS**

The following table sets forth our ratios of earnings to fixed charges and of earnings to combined fixed charges and preferred stock dividends for the periods indicated.

	Nine Months Ended September 30, 2010	2009	2008	Year Ended December 31, 2007	2006	2005
Ratio of earnings to fixed charges	0.93	0.85	0.78	0.97	1.12	1.06
Ratio of earnings to combined fixed charges and preferred stock dividends	0.88	0.82				