

SPIRIT FINANCE CORP
Form 10-Q
August 09, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2006**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **01-32386**

SPIRIT FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

20-0175773

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

**14631 N. Scottsdale Road, Suite 200
Scottsdale, Arizona**

(Address of principal executive offices)

85254

(Zip Code)

Registrant's telephone number, including area code: **(480) 606-0820**

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.

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

Edgar Filing: SPIRIT FINANCE CORP - Form 10-Q

As of July 31, 2006, 99,090,866 shares of the registrant's Common Stock, par value \$0.01 per share, were outstanding.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Spirit Finance Corporation
CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)

	June 30, 2006 (Unaudited)	December 31, 2005
Assets		
Investments, at cost:		
Real estate investments:		
Land and improvements	\$ 943,400	\$ 524,196
Buildings and improvements	1,456,824	881,386
Total real estate investments	2,400,224	1,405,582
Less: Accumulated depreciation	(39,486)	(22,729)
	2,360,738	1,382,853
Loans receivable	66,851	59,008
Net investments	2,427,589	1,441,861
Cash and cash equivalents	87,547	30,536
Lease intangibles, net	20,792	21,395
Deferred costs and other assets, net	25,423	19,633
Total assets	\$ 2,561,351	\$ 1,513,425
Liabilities and stockholders equity		
Liabilities:		
Secured credit facilities	\$	\$ 229,855
Mortgages and notes payable	1,613,694	664,929
Accounts payable, accrued expenses and other liabilities	15,742	11,639
Dividends payable	20,810	14,209
Total liabilities	1,650,246	920,632
Commitments and contingencies (Note 7)		
Stockholders equity:		
Preferred stock, \$0.01 par value per share, 125,000,000 shares authorized, no shares issued and outstanding		
Common stock, \$0.01 par value per share, 375,000,000 shares authorized, 99,094,866 (2006) and 67,663,071 (2005) shares issued and outstanding	991	677
Capital in excess of par value	970,431	640,289
Accumulated distributions in excess of net income	(52,331)	(33,607)
Accumulated other comprehensive loss	(7,986)	(14,566)
Total stockholders equity	911,105	592,793
Total liabilities and stockholders equity	\$ 2,561,351	\$ 1,513,425

See accompanying notes.

Spirit Finance Corporation
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Revenues:				
Rentals	\$ 40,162	\$ 16,008	\$ 72,061	\$ 29,073
Interest income on loans receivable	1,655	958	3,154	1,888
Other interest income	1,287	274	1,925	629
Total revenues	43,104	17,240	77,140	31,590
Expenses:				
General and administrative	4,046	3,240	8,324	5,825
Depreciation and amortization	9,827	3,999	17,995	7,090
Interest	19,569	3,341	33,265	5,877
Total expenses	33,442	10,580	59,584	18,792
Income from continuing operations	9,662	6,660	17,556	12,798
Discontinued operations:				
Income from discontinued operations	160	534	534	1,272
Net gains on sales of real estate	1,400	284	1,267	227
Total discontinued operations	1,560	818	1,801	1,499
Net income	\$ 11,222	\$ 7,478	\$ 19,357	\$ 14,297