

Item 1.01. Entry into a Material Definitive Agreement.

On October 22, 2004, our wholly-owned subsidiary, Caplease, LP, entered into a Purchase and Sale Agreement with 10720-10750-10770 Columbia Pike Investors LLC (Seller), for the purchase of Seller s sole membership interest in Columbia Pike I, LLC, which owns, as its sole asset, a suburban office property known as Choice Centre. Seller is an unaffiliated third party. The purchase price of \$43.5 million was determined through arms-length negotiations. Choice Centre, located in Silver Spring, Maryland, includes 223,912 square feet of office space on 7.74 acres of land. The transaction, which is scheduled to close on or before November 22, 2004, is subject to customary due diligence and closing conditions.

We intend to finance this acquisition on a short-term basis with proceeds from our warehouse facility with Wachovia Bank, N.A.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAPITAL LEASE FUNDING, INC.

Date: October 27, 2004

By: /s/ Shawn P. Seale

Shawn P. Seale

Title: Senior Vice President, Chief Financial Officer and
Treasurer

