

Cole Credit Property Trust II Inc
Form 8-K/A
March 23, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 11, 2006

Cole Credit Property Trust II, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or other jurisdiction of incorporation or organization)

333-121094 (1933 Act)

(Commission File Number)

20-1676382

(I.R.S. Employer

Identification No.)

2555 East Camelback Road, Suite 400, Phoenix, Arizona 85016

(Address of principal executive offices)
(Zip Code)

(602) 778-8700

(Registrant's telephone number, including area code)

None

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, Cole Credit Property Trust II, Inc. (which may be referred to as the Registrant, the Company, we, our, and us) hereby amends the following Current Report on Form 8-K to provide the required financial information:

- (i) Current Report on Form 8-K filed on January 17, 2006 to provide the required financial information relating to our acquisition of a single-tenant retail building located in Lenexa, Kansas (the DB Lenexa Property), as described in such Current Report.

After reasonable inquiry, we are not aware of any material factors relating to the property discussed above that would cause the reported financial information relating to it not to be necessarily indicative of future operating results.

Item 9.01. Financial Statements and Exhibits.

- (a) Financial Statements of Business Acquired.

None.

- (b) Pro Forma Financial Information.

Pro Forma Consolidated Balance Sheet as of December 31, 2005 (Unaudited).

Pro Forma Consolidated Statement of Operations for the Year Ended December 31, 2005 (Unaudited).

Notes to Pro Forma Consolidated Financial Statements (Unaudited).

- (c) Shell Company Transactions.

None.

- (d) Exhibits.

None.

Summary Financial Data

DB Lenexa Property

On January 11, 2006, we acquired an approximately 12,083 square foot single-tenant freestanding retail building on an approximately 1.6 acre site located in Lenexa, Kansas, (the DB Lenexa Property). The purchase price of the DB Lenexa Property was approximately \$3.3 million, exclusive of closing costs. The acquisition was funded by net proceeds from the Company s ongoing public offering and an approximately \$2.6 million loan secured by the DB Lenexa Property.

In our Current Report on Form 8-K that we filed on January 17, 2006, regarding the acquisition of the DB Lenexa Property we indicated that we would file financial statements related to the acquisition by an amendment to the Form 8-K. We have since determined that as the DB Lenexa Property had no operating history prior to January 11, 2006, we are not required to file such statements.

Cole Credit Property Trust II, Inc.**Pro Forma Consolidated Balance Sheet****As of December 31, 2005****(Unaudited)**

The following unaudited Pro Forma Consolidated Balance Sheet is presented as if the Company had acquired the DB Lenexa Property and the prior acquisitions on December 31, 2005. Pursuant to a Registration Statement on Form S-11 under the Securities Act of 1933, as amended, the Company is offering for sale to the public on a best efforts basis a minimum of 250,000 and a maximum of 45,000,000 shares of its common stock at a price of \$10 per share, subject to volume and other discounts (the Offering). On September 23, 2005, the Company issued the initial shares under the Offering and commenced its principal operations. Prior to such date, the Company was considered a development stage company and did not have any operations.

This Pro Forma Consolidated Balance Sheet should be read in conjunction with the historical financial statements and notes thereto as filed in the Company's Annual Report on Form 10-K for the year ended December 31, 2005. The Pro Forma Consolidated Balance Sheet is unaudited and is not necessarily indicative of what the actual results of operations would have been had the Company completed the above transaction on December 31, 2005, nor does it purport to represent its future operations.

	December 31, 2005	Total Prior Acquisitions Pro Forma Adjustments	Current Acquisition Pro Forma Adjustments	Pro Forma December 31, 2005
	As Reported (a)	(b)	(c)	
ASSETS				
Real estate assets, at cost:				
Land	\$ 23,854,308	\$ 1,194,309	\$ 746,280	\$ 25,794,897
Buildings and improvements, less accumulated depreciation of \$151,472 at December 31, 2005	57,338,359	3,990,360	2,225,968	63,554,687
Intangible lease assets, less accumulated amortization of \$71,881 at December 31, 2005	10,425,618	624,956	382,057	11,432,631
Total real estate assets	91,618,285	5,809,625	3,354,305	100,782,215
Cash	4,575,144	(1,592,935)	(781,655)	2,200,554
Restricted Cash	1,813,804			1,813,804
Rents and tenant receivables	36,001			36,001
Prepaid expenses and other assets	11,928			11,928
Deferred financing costs, less accumulated amortization of \$17,964 at December 31, 2005	754,676	63,310	43,350	861,336
Total assets	\$ 98,809,838	\$ 4,280,000	\$ 2,616,000	\$ 105,705,838
LIABILITIES AND STOCKHOLDERS				
EQUITY				
Mortgage notes payable	\$ 66,804,041	\$ 4,280,000	\$ 2,616,000	\$ 73,700,041
Notes payable to affiliates	4,453,000			4,453,000
Accounts payable and accrued expenses	282,797			282,797
Due to affiliates	41,384			41,384

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Acquired below market leases, less accumulated amortization of \$52	14,637			14,637
Distributions payable	195,209			195,209
Escrowed investor proceeds liability	1,813,804			1,813,804
Total liabilities	73,604,872	4,280,000	2,616,000	80,500,872
Stockholders' equity:				
Preferred stock, \$.01 par value, 10,000,000 shares authorized, none issued and outstanding at December 31, 2005				
Common stock, \$.01 par value, 90,000,000 share authorized, 2,832,387 issued and outstanding at December 31, 2005	28,324			28,324
Capital in excess of par value	25,291,233			25,291,233
Accumulated deficit	(114,591)			(114,591)
Total stockholders' equity	25,204,966			25,204,966
Total liabilities and stockholders' equity	\$ 98,809,838	\$ 4,280,000	\$ 2,616,000	\$ 105,705,838

Cole Credit Property Trust II, Inc.

Pro Forma Consolidated Statement of Operations

For the Year Ended December 31, 2005

(Unaudited)

The following unaudited Pro Forma Consolidated Statement of Operations is presented as if the Company had acquired the DB Lenexa Property and the prior acquisitions on January 1, 2005. The Company was considered a development stage company and did not have any operations prior to September 23, 2005, and as a result, a Pro Forma Consolidated Statement of Operations for the year ended December 31, 2004 has not been presented.

This Pro Forma Consolidated Statement of Operations should be read in conjunction with the historical financial statements and notes thereto as filed in the Company's Annual Report on Form 10-K for the year ended December 31, 2005. The Pro Forma Consolidated Statement of Operations is unaudited and is not necessarily indicative of what the actual results of operation would have been had the Company completed the above transaction on January 1, 2005, nor does it purport to represent its future operations.

	For the Year Ended	Total	Current		
	December 31, 2005	Prior Acquisitions	Acquisition		Pro Forma, For
	As Reported	Pro Forma	Pro Forma		the Year Ended
	(a)	Adjustments	Adjustments		December 31,
		(d)	(e)		2005
Revenues:					
Rental income	\$ 741,669	\$ 6,515,837	\$ 247,072	(f)	\$ 7,504,578
Expenses:					
General and administrative	156,252	2,000	2,000		160,252
Property and asset management fees	38,768	365,173	13,116	(g) (h)	417,057
Depreciation	151,472	1,536,112	74,916	(i)	1,762,500
Amortization	69,939	703,697	38,321	(i)	811,957
Total operating expenses	416,431	2,606,982	128,353		3,151,766
Real estate operating income	325,238	3,908,855	118,719		4,352,812
Other Income (Expense):					
Interest income	27,557				27,557
Interest expense	(467,386)	(3,454,011)	(127,204)	(j)	(4,048,601)
Total other income (expense)	(439,829)	(3,454,011)	(127,204)		(4,021,044)
Net Income (Loss)	\$ (114,591)	\$ 454,844	\$ (8,485)		\$ 331,768
Weighted average number of Common shares outstanding					
Basic and Diluted	411,909	2,420,478	(k)		2,832,387

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Net income (loss) per common share

Basic and Diluted

\$ (0.28)

\$ 0.12

Cole Credit Property Trust II, Inc.

Notes to Pro Forma Consolidated Financial Statements

December 31, 2005

(Unaudited)

- a. Reflects the Company's historical balance sheet as of December 31, 2005, and the historical results of operations of the Company for the year ended December 31, 2005. On September 23, 2005, the Company issued the initial shares under the Offering and commenced its principal operations. Prior to such date, the Company was considered a development stage company and did not have any operations.
- b. Reflects preliminary purchase price allocations related to the acquisition of a single-tenant retail building 100% leased to Academy Corp., located in Macon, Georgia (the AS Macon Property), which was previously reported in a Current Report, as amended, on Form 8-K/A filed on March 22, 2006.
- c. Reflects the preliminary purchase price allocations related to the acquisition of the DB Lenexa Property as if it had been acquired on December 31, 2005.
- d. Reflects the proforma results of operations for the following acquisitions: a single-tenant retail building 100% leased to Tractor Supply Company, located in Parkersburg, West Virginia (the TS Parkersburg Property), which was previously reported in a Current Report, as amended, on Form 8-K/A filed on December 9, 2005; a single-tenant retail building 100% leased to Walgreens, located in Brainerd, Minnesota (the WG Brainerd Property), which was previously reported in a Current Report, as amended, on Form 8-K/A filed on December 16, 2005; a single-tenant research and development building 100% leased to LDM Technologies, Inc., located in Auburn Hills, Michigan (the PT Auburn Hills Property), which was previously reported in a Current Report filed on December 20, 2005; a single-tenant retail building 100% leased to Rite Aid, located in Alliance, Ohio (the RA Alliance Property), three single-tenant retail buildings 100% leased to Walgreens, located in St. Louis, Missouri, collectively (the WG SL Properties), a single-tenant retail building 100% leased to Walgreens, located in Olivette, MO (the WG Olivette Property), a single-tenant retail building 100% leased to Walgreens located in Columbia, Missouri (the WG Columbia Property), a single-tenant retail building 100% leased to CVS Corporation located in Alpharetta, Georgia (the CV Alpharetta Property), a single-tenant retail building 100% leased to CVS Corporation located in Richland Hills, Texas (the CV RH Property), a single-tenant retail building 100% leased to Lowes Enterprises located in Enterprise, Missouri (the LO Enterprise Property), a single-tenant retail distribution facility 100% leased to FedEx Ground Packaging System, Inc. located in Rockford, Illinois (the FE Rockford Property), a single-tenant retail building 100% leased to La-Z-Boy located in Glendale, Arizona (the LZ Glendale Property), which were previously reported in a Current Report, as amended, on Form 8-K/A filed on December 23, 2005; and the AS Macon Property.
- e. Reflects the Pro Forma results of operations of the DB Lenexa Property for the year ended December 31, 2005.
- f. Represents the straight line rental revenues for the DB Lenexa Property in accordance with its lease agreement.
- g. Reflects the annualized asset management fee of 0.25% (a monthly rate of 0.02083%) of the DB Lenexa Property asset value payable to our Advisor.
- h.

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Reflects the property management fee equal to 2% of gross revenues of the DB Lenexa Property payable to an affiliate of our Advisor.

- i. Represents depreciation and amortization expense for the DB Lenexa Property. Depreciation and amortization expense are based on the Company's preliminary purchase price allocation. All assets are depreciated on a straight line basis. The estimated useful lives of our assets by class are generally as follows:

Building	40 years
Tenant improvements	Lesser of useful life or lease term
Intangible lease assets	Lesser of useful life or lease term

- j. Represents interest expense associated with the debt incurred to finance the acquisitions of the DB Lenexa Property. The loan terms are as follows:

<u>Loan Description</u>	<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
<i>Fixed Rate Tranche</i>	\$1,799,000	5.86%	January 11, 2011
<i>Variable Rate Tranche</i>	\$817,000	One Month LIBOR plus 2%	April 11, 2006

The variable rate tranche has a 90 day repayment term. As such, the interest expense for year ended December 31, 2005 includes only 90 days of interest expense relating to the variable rate tranche as it is scheduled to be paid down 90 days after the acquisition of the DB Lenexa Property.

- k. Represents a pro forma adjustment to the weighted average common shares outstanding to reflect all shares outstanding on December 31, 2005 as though they were issued on January 1, 2005. As the Company had insufficient capital at January 1, 2005 to acquire the respective properties which are included in the pro forma results of operations, it is necessary to assume all of the shares outstanding as of December 31, 2005 were outstanding on January 1, 2005. Each of the respective properties was acquired prior to December 31, 2005 and is included in the Company's consolidated balance sheet as of December 31, 2005.

SIGNATURE

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 thereunto duly authorized.

Dated: March 23, 2006

COLE CREDIT PROPERTY TRUST II, INC

By: /s/ Blair D. Koblenz
Name: Blair D. Koblenz
Title: Executive Vice President and Chief Financial Officer