

Cole Credit Property Trust II Inc
Form 10-Q
August 14, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2007

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 000-51963

COLE CREDIT PROPERTY TRUST II, INC.

(Exact name of registrant as specified in its charter)

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Maryland

(State or other jurisdiction of

incorporation or organization)

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

(Address of principal executive offices)

20-1676382

(I.R.S. Employer

Identification No.)

(602) 778-8700

*(Registrant's telephone number,
including area code)*

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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. (Check one):

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

As of August 10, 2007, there were 67,488,628 shares of common stock, par value \$0.01, of Cole Credit Property Trust II, Inc. outstanding.

COLE CREDIT PROPERTY TRUST II, INC.

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PART I

FINANCIAL INFORMATION

The accompanying unaudited condensed consolidated interim financial statements as of and for the three months and six months ended June 30, 2007 have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements and should be read in conjunction with the audited financial statements and related notes thereto, included in the Company's annual report on Form 10-K for the year ended December 31, 2006. The financial statements herein should also be read in conjunction with the notes to the financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this report. The results of operations for the three months and six months ended June 30, 2007 are not necessarily indicative of the operating results expected for the full year. The information furnished in our accompanying condensed consolidated balance sheets and condensed consolidated statements of operations, stockholders' equity, and cash flows reflects all adjustments that are, in our opinion, necessary for a fair presentation of the aforementioned financial statements.

COLE CREDIT PROPERTY TRUST II, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2007	December 31, 2006
ASSETS:		
Real estate assets, at cost:		
Land	\$255,758,395	\$ 109,506,269
Buildings and improvements, less accumulated depreciation of \$11,947,392 and \$4,547,932, at June 30, 2007 and December 31, 2006, respectively	689,071,461	282,468,749
Real estate assets under direct financing leases, net of unearned income	18,073,546	
Acquired intangible lease assets, less accumulated amortization of \$5,788,065 and \$2,251,172 at June 30, 2007 and December 31, 2006, respectively	118,325,120	54,569,023
Total real estate assets	1,081,228,522	446,544,041
Cash and cash equivalents	78,018,587	37,566,490
Restricted cash	11,228,059	5,839,733
Rents and tenant receivables, less allowance for doubtful accounts of \$284,149 and \$75,000 at June 30, 2007 and December 31, 2006, respectively	4,762,857	2,432,536
Prepaid expenses, mortgage loan deposits and other assets	9,320,284	4,248,973
Deferred financing costs, less accumulated amortization of \$1,045,332 and \$565,946		
at June 30, 2007 and December 31, 2006, respectively	12,420,543	3,789,019
Total assets	\$ 1,196,978,852	\$ 500,420,792
LIABILITIES AND STOCKHOLDERS EQUITY:		
Mortgage notes payable	\$640,739,229	\$218,265,916
Accounts payable and accrued expenses	4,833,754	2,016,343
Escrowed investor proceeds	11,184,056	5,710,730
Acquired below market lease intangibles, less accumulated amortization of \$488,611 and \$96,484 at June 30, 2007 and December 31, 2006, respectively	18,783,867	2,649,374
Distributions payable	3,064,593	1,612,094
Deferred rent and other liabilities	1,695,548	408,582
Total liabilities	680,301,047	230,663,039
Redeemable Common Stock	9,868,517	3,521,256
STOCKHOLDERS EQUITY:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding at June 30, 2007 and December 31, 2006		
Common stock, \$.01 par value; 390,000,000 and 240,000,000 shares authorized, 59,633,576 and 30,691,204 shares issued and outstanding at June 30, 2007 and December 31, 2006, respectively	596,335	306,912
Capital in excess of par value	529,740,326	273,385,603
Accumulated distributions in excess of earnings	(23,527,373)	(7,456,018)
Total stockholders equity	506,809,288	266,236,497
Total liabilities and stockholders equity	\$ 1,196,978,852	\$ 500,420,792

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

COLE CREDIT PROPERTY TRUST II, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Revenues:				
Rental and other income				