

Cole Credit Property Trust II Inc
Form S-4/A
March 29, 2013
Table of Contents

Index to Financial Statements

As filed with the Securities and Exchange Commission on March 28, 2013

Registration No. 333-187122

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

COLE CREDIT PROPERTY TRUST II, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

Maryland (State or other jurisdiction of incorporation or organization)	6512 (Primary Standard Industrial Classification Code Number) 2325 East Camelback Road, Suite 1100 Phoenix, Arizona 85016 (602) 778-8700	20-1676382 (I.R.S. Employer Identification Number)
--	---	---

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

D. Kirk McAllaster, Jr.
Executive Vice President and Chief
Financial Officer
Cole Credit Property Trust II, Inc.
2325 East Camelback Road, Suite
1100
Phoenix, Arizona 85016
(602) 778-8700

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Gilbert G. Menna	John M. Loder	Julian Kleindorfer
Suzanne D. Lecaroz	Amanda McGrady Morrison	Bradley A. Helms
Goodwin Procter LLP	Ropes & Gray LLP	Latham & Watkins LLP
Exchange Place, 53 State Street	Prudential Tower, 800 Boylston Street	355 S. Grand Avenue
Boston, Massachusetts 02109	Boston, MA 02199-3600	Los Angeles, California 90071
Tel: (617) 570-1000	Tel: (617) 951-7000	Tel: (213) 485-1234

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

Fax: (617) 523-1231

Fax: (617) 951-7050

Fax: (213) 891-8763

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the closing of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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, 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(d) 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. "

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. (Check one):

Large Accelerated filer "

Non-accelerated filer (Do not check if a small reporting company)

Accelerated filer "

Smaller reporting company "

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Issuer Third Party Tender Offer) "

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 that 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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Index to Financial Statements

The information in this joint proxy statement/prospectus is not complete and may be changed. Cole Credit Property Trust II, Inc. may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities nor should it be considered a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 28, 2013

JOINT PROXY STATEMENT/PROSPECTUS

To the Stockholders of Cole Credit Property Trust II, Inc. and the Stockholders of Spirit Realty Capital, Inc.:

Cole Credit Property Trust II, Inc., which we refer to as CCPT II, Spirit Realty Capital, Inc., which we refer to as Spirit, Cole Operating Partnership II, LP and Spirit Realty, L.P. have entered into an agreement and plan of merger dated as of January 22, 2013, as it may be amended from time to time, which we refer to as the merger agreement and which is attached as Annex A to this joint proxy statement/prospectus and incorporated herein by reference. Pursuant to the merger agreement, CCPT II and Spirit will combine through a merger of Spirit with and into CCPT II, with CCPT II surviving the merger. If completed, the merger will create one of the largest publicly traded triple-net-lease real estate investment trusts, or REIT, in the United States with a pro forma enterprise value of approximately \$7.1 billion as of January 18, 2013. The combined company will be named Spirit Realty Capital, Inc. and is expected to trade on the New York Stock Exchange, or NYSE, under the symbol SRC. The current management team of Spirit will continue on as the management team of the combined company following the merger. The obligations of CCPT II and Spirit to effect the merger are subject to the satisfaction or waiver of several conditions set forth in the merger agreement.

If the merger is completed pursuant to the merger agreement, each Spirit stockholder will receive 1.9048 shares of CCPT II common stock for each share of Spirit common stock held immediately prior to the effective time of the merger (which equates to an inverse exchange ratio of 0.525 shares of Spirit common stock for one share of CCPT II common stock). CCPT II stockholders will continue to hold their existing shares of CCPT II common stock. The exchange ratio is fixed and will not be adjusted to reflect changes in the value of CCPT II common stock or the stock price of Spirit common stock occurring prior to the completion of the merger. CCPT II common stock is not currently listed on a securities exchange and Spirit common stock is listed on the NYSE under the symbol SRC. Based on the closing price of Spirit common stock on the NYSE of \$17.82 on January 18, 2013, the last trading date before the announcement of the proposed merger, the inverse exchange ratio represented approximately \$9.36 in Spirit common stock for each share of CCPT II common stock. Based on the closing price of Spirit common stock on the NYSE of \$19.17 on March 25, 2013, the latest practicable date before the date of this joint proxy statement/prospectus, the inverse exchange ratio represented approximately \$10.06 in Spirit common stock for each share of CCPT II common stock.

We anticipate that CCPT II will issue approximately 161,590,243 shares of common stock in connection with the merger, and will reserve approximately 3,321,442 shares of common stock in respect of Spirit equity awards that CCPT II will assume in connection with the merger. Upon completion of the merger, we estimate that former CCPT II stockholders will own approximately 56% of the issued and outstanding common stock of the combined company and former Spirit stockholders will own approximately 44% of the issued and outstanding common stock of the combined company.

In connection with the proposed merger, CCPT II and Spirit will each hold a meeting of their respective stockholders. At CCPT II's annual meeting, CCPT II stockholders will be asked to vote on (i) a proposal to approve the merger and the other transactions contemplated by the merger agreement, (ii) the election of three directors to hold office until the CCPT II 2014 annual meeting of stockholders and until their successors are duly elected and qualify or, if the merger is completed, the effective time of the merger and (iii) a proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. At Spirit's special meeting, Spirit stockholders will be asked to vote on (i) a proposal to approve the merger and the other transactions contemplated by the merger agreement and (ii) a proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

The record date for determining the stockholders entitled to receive notice of, and to vote at, the CCPT II annual meeting and the Spirit special meeting is March 27, 2013. The merger cannot be completed unless the CCPT II stockholders and Spirit stockholders each approve the merger and the other transactions contemplated by the merger agreement by the affirmative vote of the holders of at least a majority of the outstanding shares of CCPT II common stock entitled to vote and at least a majority of the outstanding shares of Spirit common stock entitled to vote.

CCPT II's board of directors, following the recommendation of a special committee of independent directors of CCPT II, has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the amendment and restatement of the CCPT II charter as part of the merger, are advisable, fair to, and in the best interests of CCPT II and its stockholders, and (ii) approved the merger agreement, the merger and the other transactions contemplated thereby. CCPT II's board of directors has also unanimously nominated the three directors to stand for election. CCPT II's board of directors unanimously recommends that CCPT II stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR ALL of the nominees for election as director and FOR the proposal to adjourn the meeting, if necessary or

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Spirit's board of directors has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Spirit and its stockholders, and (ii) approved the merger agreement, the merger and the other transactions contemplated thereby. Spirit's board of directors unanimously recommends that Spirit stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, and FOR the proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

This joint proxy statement/prospectus contains important information about CCPT II, Spirit, the merger, the merger agreement and the meetings. This document is also a prospectus for the shares of CCPT II common stock that will be issued to Spirit stockholders pursuant to the merger agreement. We encourage you to read this joint proxy statement/prospectus carefully before voting, including the section entitled Risk Factors beginning on page 22.

Whether or not you plan to attend CCPT II's annual meeting or Spirit's special meeting, as applicable, please submit a proxy to vote your shares as promptly as possible to make sure that your shares of CCPT II common stock and/or Spirit common stock, as applicable, are represented at the applicable meeting. Please review this joint proxy statement/prospectus for more complete information regarding the merger and CCPT II's meeting and Spirit's special meeting, as applicable.

Sincerely,

Christopher H. Cole

Thomas H. Nolan, Jr.

Chairman, President and Chief Executive Officer

Chairman and Chief Executive Officer

Cole Credit Property Trust II, Inc.

Spirit Realty Capital, Inc.

Neither the SEC, nor any state securities regulatory authority has approved or disapproved of the merger or the securities to be issued under this joint proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [], 2013, and is first being mailed to CCPT II and Spirit stockholders on or about [], 2013.

[Table of Contents](#)

[Index to Financial Statements](#)

Cole Credit Property Trust II, Inc.

2325 East Camelback Road, Suite 1100

Phoenix, Arizona 85016

(602) 778-8700

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 12, 2013

To the Stockholders of Cole Credit Property Trust II, Inc.:

An annual meeting of the stockholders of Cole Credit Property Trust II, Inc., a Maryland corporation, which we refer to as CCPT II, will be held at the Ritz-Carlton, Phoenix, 2401 E. Camelback Road, Phoenix, AZ 85016 on June 12, 2013, commencing at 10:00 a.m., local time, for the following purposes:

1. to consider and vote on a proposal to approve the merger of Spirit Realty Capital, Inc., a Maryland corporation, which we refer to as Spirit, with and into CCPT II with CCPT II continuing as the surviving entity, pursuant to the Agreement and Plan of Merger, dated as of January 22, 2013, as it may be amended from time to time, which we refer to as the merger agreement, by and among CCPT II, Spirit, Cole Operating Partnership II, LP and Spirit Realty, L.P. (a copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice), and the other transactions contemplated by the merger agreement, including the amendment and restatement of the CCPT II charter as part of the merger (a copy of the form of the CCPT II charter as so amended and restated is attached as Annex C to the joint proxy/prospectus accompanying this notice);
2. to elect the three directors nominated by the CCPT II board of directors each to serve until the earliest of the CCPT II 2014 annual meeting of stockholders and until their successors are duly elected and qualify or, if the merger is completed, the effective time of the merger; and
3. to consider and vote on a proposal to adjourn the annual meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

We do not expect to transact any other business at the annual meeting. CCPT II's board of directors has fixed the close of business on March 27, 2013 as the record date for determination of CCPT II stockholders entitled to receive notice of, and to vote at, CCPT II's annual meeting and any adjournments of the annual meeting. Only holders of record of CCPT II common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the CCPT II annual meeting.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of CCPT II common stock entitled to vote on such proposal. The election of a director requires the affirmative vote of holders of at least a majority of shares of CCPT II common stock present in person or by proxy at the meeting. Approval of the proposal to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal.

CCPT II's board of directors, following the recommendation of a special committee of independent directors of CCPT II, has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the amendment and restatement of the CCPT II charter as part of the merger, are advisable, fair to, and in the best interests of CCPT II and its stockholders and (ii) approved the merger agreement, the merger and the other transactions contemplated thereby. CCPT II's board of directors has also unanimously nominated the three directors to stand for election. CCPT II's board of directors unanimously recommends that CCPT II

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR ALL of the nominees for election as director, and FOR the proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the annual meeting, please submit a proxy to vote your shares as promptly as possible. To submit a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or, if the option is available to you, call the toll free telephone number listed on your proxy card or use the Internet as described in the instructions on the enclosed proxy card to submit your proxy. Submitting a proxy will assure that your vote is counted at the annual meeting if you do not attend in person. If your shares of CCPT II common stock are held in street name by your broker or other nominee, only your broker or other nominee can vote your shares of CCPT II common stock and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote or obtain a legal proxy from your broker or other nominee. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of CCPT II common stock. You may revoke your proxy at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the merger and CCPT II's annual meeting.

By Order of the Board of Directors of Cole Credit

Property Trust II, Inc.

Kenneth R. Christoffersen, Secretary

Phoenix, Arizona

[], 2013

Table of Contents

Index to Financial Statements

Spirit Realty Capital, Inc.

16767 North Perimeter Drive, Suite 210

Scottsdale, Arizona 85260

(480) 606-0820

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 12, 2013

To the Stockholders of Spirit Realty Capital, Inc.:

A special meeting of the stockholders of Spirit Realty Capital, Inc., a Maryland corporation, which we refer to as Spirit, will be held at the Fairmont Scottsdale Princess, 7575 E. Princess Drive, Scottsdale, AZ 85255 on June 12, 2013 commencing at 10:00 a.m., local time, for the following purposes:

1. to consider and vote on a proposal to approve the merger of Spirit with and into Cole Credit Property Trust II, Inc., a Maryland corporation, which we refer to as CCPT II, with CCPT II continuing as the surviving entity pursuant to the Agreement and Plan of Merger, dated as of January 22, 2013, as it may be amended from time to time, which we refer to as the merger agreement, by and among CCPT II, Spirit, Cole Operating Partnership II, LP and Spirit Realty, L.P. (a copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice), and the other transactions contemplated by the merger agreement; and
2. to consider and vote on a proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

We do not expect to transact any other business at the special meeting. Spirit's board of directors has fixed the close of business on March 27, 2013 as the record date for determination of Spirit stockholders entitled to receive notice of, and to vote at, Spirit's special meeting and any adjournments of the special meeting. Only holders of record of Spirit common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the Spirit special meeting.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of Spirit common stock entitled to vote on such proposal. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal.

Spirit's board of directors has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Spirit and its stockholders, and (ii) approved the merger agreement, the merger and the other transactions contemplated thereby. Spirit's board of directors unanimously recommends that Spirit stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, and FOR the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting, please submit a proxy to vote your shares as promptly as possible. To submit a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or, if the option is available to you, call the

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

toll-free telephone number listed on your proxy card or use the Internet as described in the instructions on the enclosed proxy card to submit your proxy. Submitting a proxy will assure that your vote is counted at the special meeting if you do not attend in person. If your shares of Spirit common stock are held in street name by your broker or other nominee, only your broker or other nominee can vote your shares of Spirit common stock and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote or obtain a legal proxy from your broker or other nominee. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of Spirit common stock. You may revoke your proxy at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the merger and Spirit's special meeting.

By Order of the Board of Directors of Spirit Realty

Capital, Inc.

Joni G. Barrett, Vice President and Secretary

Scottsdale, Arizona

[], 2013

Table of Contents

Index to Financial Statements

ABOUT THIS DOCUMENT

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed by CCPT II with the Securities and Exchange Commission, which is referred to herein as the SEC, constitutes a prospectus of CCPT II for purposes of the Securities Act of 1933, as amended, which is referred to herein as the Securities Act, with respect to the shares of CCPT II common stock to be issued to Spirit stockholders in exchange for shares of Spirit common stock pursuant to the merger agreement. This joint proxy statement/prospectus also constitutes a proxy statement for each of CCPT II and Spirit for purposes of the Securities Exchange Act of 1934, as amended, which is referred to herein as the Exchange Act. In addition, it constitutes a notice of meeting with respect to the annual meeting of CCPT II stockholders and a notice of meeting with respect to the special meeting of Spirit stockholders.

You should rely only on the information contained in this document. No one has been authorized to provide you with information that is different from that contained in this document. This document is dated [], 2013. You should not assume that the information contained in this document is accurate as of any date other than that date. Neither our mailing of this document to CCPT II stockholders or Spirit stockholders nor the issuance by CCPT II of shares of its common stock to Spirit stockholders pursuant to the merger agreement will create any implication to the contrary.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding CCPT II has been provided by CCPT II and information contained in this joint proxy statement/prospectus regarding Spirit has been provided by Spirit.

Table of Contents

Index to Financial Statements

Table of Contents

	Page
<u>QUESTIONS AND ANSWERS</u>	v
<u>SUMMARY</u>	1
<u>The Companies</u>	1
<u>The Merger</u>	2
<u>Voting Agreements</u>	3
<u>Advisory and Property Management Matters Agreement</u>	4
<u>Recommendation of the CCPT II Board</u>	5
<u>Recommendation of the Spirit Board</u>	5
<u>Summary of Risk Factors Related to the Merger</u>	5
<u>Stockholders Entitled to Vote; Vote Required</u>	6
<u>Opinions of Financial Advisors</u>	7
<u>Treatment of the Spirit 2012 Incentive Award Plan and Restricted Shares</u>	9
<u>Directors and Management of CCPT II After the Merger</u>	9
<u>Share Ownership of Directors and Executive Officers of CCPT II</u>	9
<u>Share Ownership of Directors and Executive Officers of Spirit</u>	9
<u>Interests of CCPT II's Directors and Executive Officers in the Merger</u>	10
<u>Interests of Spirit's Directors and Executive Officers in the Merger</u>	10
<u>Listing of Shares of the Combined Corporation Common Stock; Delisting and Deregistration of Shares of Spirit Common Stock</u>	11
<u>No Stockholder Appraisal Rights in the Merger</u>	11
<u>Conditions to Completion of the Merger</u>	11
<u>Regulatory Approvals Required for the Merger</u>	12
<u>No Solicitation and Change in Recommendation</u>	12
<u>Termination of the Merger Agreement</u>	13
<u>Termination Fee and Expenses</u>	14
<u>Financing Related to the Merger</u>	14
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	15
<u>Accounting Treatment of the Merger</u>	15
<u>Comparison of Rights of Stockholders of CCPT II and Stockholders of Spirit</u>	15
<u>Selected Historical Financial Information of CCPT II</u>	16
<u>Selected Historical Financial Information of Spirit</u>	17
<u>Selected Unaudited Pro Forma Consolidated Financial Information</u>	18
<u>Unaudited Comparative Per Share Information</u>	19
<u>Comparative CCPT II and Spirit Market Price and Dividend Information</u>	20
<u>RISK FACTORS</u>	22
<u>Risk Factors Relating to the Merger</u>	22
<u>Risk Factors Relating to the Combined Corporation Following the Merger</u>	25
<u>Risks Related to the Combined Corporation's Operations</u>	25

Table of Contents

Index to Financial Statements

	Page
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	33
<u>THE COMPANIES</u>	35
<u>Cole Credit Property Trust II, Inc.</u>	35
<u>Spirit Realty Capital, Inc.</u>	79
<u>The Combined Corporation</u>	146
<u>THE CCPT II ANNUAL MEETING</u>	147
<u>Date, Time, Place and Purpose of CCPT II s Annual Meeting</u>	147
<u>Recommendation of the CCPT II Board</u>	147
<u>Record Date: Who Can Vote at CCPT II s Annual Meeting</u>	147
<u>Vote Required for Approval; Quorum</u>	147
<u>Abstentions and Broker Non-Votes</u>	148
<u>Manner of Submitting Proxy</u>	148
<u>Shares Held in Street Name</u>	149
<u>Revocation of Proxies or Voting Instructions</u>	149
<u>Tabulation of the Votes</u>	149
<u>Solicitation of Proxies</u>	149
<u>PROPOSALS SUBMITTED TO CCPT II STOCKHOLDERS</u>	150
<u>Merger Proposal</u>	150
<u>Election of Directors</u>	150
<u>The CCPT II Adjournment Proposal</u>	153
<u>Stockholder Proposals</u>	154
<u>Other Business</u>	154
<u>THE SPIRIT SPECIAL MEETING</u>	155
<u>Date, Time, Place and Purpose of Spirit s Special Meeting</u>	155
<u>Recommendation of the Spirit Board</u>	155
<u>Record Date: Who Can Vote at Spirit s Special Meeting</u>	155
<u>Vote Required for Approval; Quorum</u>	155
<u>Abstentions and Broker Non-Votes</u>	156
<u>Manner of Submitting Proxy</u>	156
<u>Shares Held in Street Name</u>	156
<u>Revocation of Proxies or Voting Instructions</u>	157
<u>Tabulation of the Votes</u>	157
<u>Solicitation of Proxies</u>	157
<u>PROPOSALS SUBMITTED TO SPIRIT STOCKHOLDERS</u>	158
<u>Merger Proposal</u>	158
<u>Spirit Adjournment Proposal</u>	158
<u>Other Business</u>	158
<u>THE MERGER</u>	159
<u>General</u>	159
<u>Background of the Merger</u>	159

Table of Contents

Index to Financial Statements

	Page
<u>Recommendation of the CCPT II Board and Its Reasons for the Merger</u>	176
<u>Recommendation of the Spirit Board and Its Reasons for the Merger</u>	179
<u>Opinion of CCPT II Special Committee's Financial Advisor</u>	183
<u>Opinions of CCPT II's Financial Advisors</u>	191
<u>Certain Prospective Financial Information Reviewed by CCPT II</u>	199
<u>Opinion of Spirit's Financial Advisor</u>	201
<u>Certain Prospective Financial Information Reviewed by Spirit</u>	208
<u>Interests of CCPT II's Directors and Executive Officers in the Merger</u>	210
<u>Interests of Spirit's Directors and Executive Officers in the Merger</u>	211
<u>Security Ownership of CCPT II's Directors and Executive Officers and Current Beneficial Owners</u>	212
<u>Security Ownership of Spirit's Directors and Executive Officers and Current Beneficial Owners</u>	213
<u>Regulatory Approvals Required for the Merger</u>	216
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	216
<u>Accounting Treatment</u>	239
<u>Listing of CCPT II Common Stock</u>	239
<u>Delisting and Deregistration of Spirit Common Stock</u>	239
<u>Restrictions on Sales of Shares of the Combined Corporation Common Stock Received in the Merger</u>	239
<u>Litigation Relating to the Merger</u>	240
<u>THE MERGER AGREEMENT</u>	241
<u>Form, Effective Time and Closing of the Merger</u>	241
<u>Organizational Documents of the Combined Corporation</u>	242
<u>Officers of the Combined Corporation</u>	242
<u>Board of Directors of the Combined Corporation</u>	242
<u>Merger Consideration; Effects of the Merger and the Partnership Merger</u>	242
<u>Representations and Warranties</u>	243
<u>Definition of Material Adverse Effect</u>	245
<u>Conditions to Completion of the Merger</u>	246
<u>Covenants and Agreements</u>	248
<u>Termination of the Merger Agreement</u>	261
<u>Financing Related to the Merger</u>	264
<u>Miscellaneous Provisions</u>	266
<u>VOTING AGREEMENTS</u>	267
<u>ADVISORY AND PROPERTY MANAGEMENT MATTERS AGREEMENT</u>	269
<u>NO APPRAISAL RIGHTS</u>	271
<u>DESCRIPTION OF CAPITAL STOCK</u>	272
<u>COMPARISON OF RIGHTS OF STOCKHOLDERS OF CCPT II AND STOCKHOLDERS OF SPIRIT PRE-MERGER AND RIGHTS OF STOCKHOLDERS OF THE COMBINED CORPORATION POST-MERGER</u>	278

Table of Contents

Index to Financial Statements

	Page
<u>STOCKHOLDER PROPOSALS</u>	290
<u>CCPT II 2013 Annual Stockholder Meeting and Stockholder Proposals</u>	290
<u>Spirit 2013 Annual Stockholder Meeting and Stockholder Proposals</u>	290
<u>The Combined Corporation Annual Stockholder Meeting and Stockholder Proposals</u>	290
<u>LEGAL MATTERS</u>	291
<u>EXPERTS</u>	292
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	293
<u>INDEX TO FINANCIAL STATEMENTS</u>	F-1

Annex A Agreement and Plan of Merger

Annex B Form of Amended and Restated Bylaws of the Combined Corporation

Annex C Form of Amended and Restated Charter of the Combined Corporation

Annex D Voting Agreement among Spirit Realty Capital, Inc., Cole Credit Property Trust II, Inc., Cole Operating Partnership II, LP and Macquarie Group (US) Holdings No. 1 Pty Ltd.

Annex E Voting Agreement among Spirit Realty Capital, Inc., Cole Credit Property Trust II, Inc., Cole Operating Partnership II, LP and TPG Axon Partners, LP

Annex F Voting Agreement among Spirit Realty Capital, Inc., Cole Credit Property Trust II, Inc., Cole Operating Partnership II, LP and TPG-Axon Spirit Holdings Ltd.

Annex G Advisory and Property Management Matters Agreement

Annex H Opinion of Barclays Capital Inc.

Annex I Opinion of Gleacher & Company Securities, Inc.

Annex J Opinion of Morgan Stanley & Co. LLC

Annex K Opinion of UBS Securities LLC

Table of Contents

Index to Financial Statements

QUESTIONS AND ANSWERS

The following are some questions that CCPT II stockholders and Spirit stockholders may have regarding the proposals being considered at CCPT II's annual meeting and Spirit's special meeting and brief answers to those questions. CCPT II and Spirit urge you to read carefully this entire joint proxy statement/prospectus, including the Annexes, and the other documents to which this joint proxy statement/prospectus refers or incorporates by reference because the information in this section does not provide all the information that might be important to you. Unless stated otherwise, all references in this joint proxy statement/prospectus to CCPT II are to Cole Credit Property Trust II, Inc., a Maryland corporation; all references to the CCPT II Partnership are to Cole Operating Partnership II, LP, a Delaware limited partnership; all references to Spirit are to Spirit Realty Capital, Inc., a Maryland corporation; all references to the Spirit Partnership are to Spirit Realty, L.P., a Delaware limited partnership; all references to the CCPT II Board are to the board of directors of CCPT II; all references to the Spirit Board are to the board of directors of Spirit; all references to the merger agreement are to the Agreement and Plan of Merger, dated as of January 22, 2013, by and among Spirit, the Spirit Partnership, CCPT II and the CCPT II Partnership, as it may be amended from time to time, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated herein by reference; all references to the merger are to the merger of Spirit with and into CCPT II pursuant to the terms of the merger agreement; all references to the partnership merger are to the merger of the CCPT II Partnership with and into the Spirit Partnership pursuant to the terms of the merger agreement; and all references to the Combined Corporation are to CCPT II after the effective time of the merger which will be named Spirit Realty Capital, Inc.

Q: What is the proposed transaction?

A: CCPT II and Spirit are proposing a combination of their companies through the merger of Spirit with and into CCPT II, with CCPT II continuing as the surviving entity. The Combined Corporation will be named Spirit Realty Capital, Inc. CCPT II has applied to list the shares of the Combined Corporation, including the shares to be issued to Spirit stockholders in the merger, on the New York Stock Exchange, referred to herein as the NYSE, upon the closing of the merger. It is expected that the shares of the Combined Corporation common stock will trade on the NYSE under Spirit's current symbol SRC.

The merger agreement also provides for the merger of the CCPT II Partnership with the Spirit Partnership, with the Spirit Partnership continuing as the surviving entity.

Q: What will happen in the proposed transaction?

A: As a result of the merger, each issued and outstanding share of Spirit common stock will be converted automatically into the right to receive 1.9048 shares of common stock, par value \$0.01 per share, of the Combined Corporation, which equates to an inverse exchange ratio of 0.525 shares of Spirit common stock for one share of CPPT II common stock, as described under "The Merger Agreement Merger Consideration; Effects of the Merger and the Partnership Merger" beginning on page 242.

As a result of the partnership merger, each partnership unit of the CCPT II Partnership held by Cole REIT Advisors II, LLC, referred to herein as the Advisor (as the sole limited partner), will be converted into one validly issued share of the Combined Corporation common stock, and each partnership unit of the CCPT II Partnership held by CCPT II will automatically be retired and will cease to exist; each outstanding unit in the Spirit Partnership will remain outstanding; and the general partner interest of the Spirit Partnership will constitute the only general partner interests in the surviving partnership.

Q: How will CCPT II stockholders be affected by the merger and share issuance?

A: After the merger, each CCPT II stockholder will continue to own the shares of CCPT II common stock that the stockholder held immediately prior to the merger. As a result, each CCPT II stockholder will own shares of common stock in the Combined Corporation, a larger company with more assets. However, because

Table of Contents

Index to Financial Statements

CCPT II will be issuing new shares of CCPT II common stock to Spirit stockholders in the merger, each outstanding share of CCPT II common stock immediately prior to the merger will represent a smaller percentage of the aggregate number of shares of the Combined Corporation common stock outstanding after the merger. Upon the completion of the merger, CCPT II stockholders will own approximately 56% of the issued and outstanding shares of common stock of the Combined Corporation and former Spirit stockholders will own 44% of the issued and outstanding shares of common stock of the Combined Corporation.

Q: Why am I receiving this joint proxy statement/prospectus?

A: The CCPT II Board and the Spirit Board are using this joint proxy statement/prospectus to solicit proxies of CCPT II and Spirit stockholders in connection with the merger agreement and the merger. In addition, CCPT II is using this joint proxy statement/prospectus as a prospectus for Spirit stockholders because CCPT II is offering shares of its common stock to be issued in exchange for shares of Spirit common stock in the merger. The merger cannot be completed unless:

the holders of CCPT II common stock vote to approve the merger and the other transactions contemplated by the merger agreement; and

the holders of Spirit common stock vote to approve the merger and the other transactions contemplated by the merger agreement. Each of CCPT II and Spirit will hold separate meetings of their respective stockholders to obtain these approvals, as well as, in the case of CCPT II stockholders, to consider another proposal unrelated to the merger transaction.

This joint proxy statement/prospectus contains important information about the merger and the other proposals being voted on at the stockholder meetings and you should read it carefully. The enclosed voting materials allow you to vote your shares of CCPT II common stock and/or Spirit common stock, as applicable, without attending your company's stockholders' meeting.

Your vote is important. You are encouraged to submit your proxy as promptly as possible.

In particular, unlike most other public companies, no large brokerage houses or affiliated groups of stockholders own substantial blocks of CCPT II's shares. As a result a large number of CCPT II stockholders must be present in person or by proxy at the annual meeting to constitute a quorum. **AS A RESULT, YOUR VOTE AS A CCPT II STOCKHOLDER IS VERY IMPORTANT EVEN IF YOU OWN ONLY A SMALL NUMBER OF SHARES.** Your immediate response will help avoid potential delays and may save CCPT II significant additional expense associated with soliciting stockholder votes.

Q: Why are CCPT II and Spirit proposing the merger?

A: Among other reasons, the CCPT II Board believes that the merger will provide CCPT II stockholders with full liquidity at an attractive valuation with no lock-up in one of the largest publicly-traded net lease real estate investment trusts, referred to herein as a REIT, and ongoing upside opportunity in the Combined Corporation. Similarly, the Spirit Board believes that the merger will create a number of significant financial and operational benefits including additional size and scale, broadened tenant credit profile, diversified tenant base, the absorption of operating expenses across a larger portfolio and increased financial strength and flexibility. To review the reasons of the CCPT II Board and the Spirit Board for the merger in greater detail, see "The Merger Recommendation of the CCPT II Board and Its Reasons for the Merger" beginning on page 176 and "The Merger Recommendation of the Spirit Board and Its Reasons for the Merger" beginning on page 179.

Table of Contents

Index to Financial Statements

Q: Who will be the board of directors and management of the Combined Corporation after the merger?

A: At the effective time of the merger, the number of directors that will comprise all of the members of the initial board of directors of the Combined Corporation will be up to nine, and all of the directors of Spirit immediately prior to the completion of the merger and up to two individuals designated by CCPT II and reasonably satisfactory to Spirit, are expected to comprise the board of directors of the Combined Corporation. As of the date of this joint proxy statement/prospectus, no determination has been made as to the identity of the two individuals to be designated by CCPT II. The management of Spirit immediately prior to the effective time of the merger will be the management of the Combined Corporation.

Q: Will CCPT II and Spirit continue to pay distributions prior to the effective time of the merger?

A: Yes, the merger agreement permits CCPT II to continue to pay a regular monthly distribution and any distribution that is necessary to maintain its REIT qualification and to avoid to the extent reasonably possible the incurrence of income or excise tax. The merger agreement permits Spirit to pay a regular quarterly distribution and any distribution that is necessary to maintain its REIT qualification and to avoid to the extent reasonably possible the incurrence of income or excise tax. CCPT II and Spirit will take such actions as are necessary to ensure that the holders of CCPT II common stock and Spirit common stock receive dividends covering the same period prior to the effective time of the merger.

Q: What fees will CCPT II's advisor receive in connection with the merger?

A: The Advisor serves as the advisor for CCPT II. In connection with the proposed transactions, the Advisor has waived any fees due upon the termination of its Existing Agreements (as defined in the section entitled "Advisory and Property Management Matters Agreement" beginning on page 269) with CCPT II, including any listing fee, performance fees, or any other fees that would be payable under the Existing Agreements with respect to the merger. The Advisor will continue to be paid the asset management, property management and other fees and expense reimbursements payable pursuant to the Existing Agreements, calculated in a manner consistent with past practice, for services rendered during the period between the signing of the merger agreement and the completion of the merger. For more information regarding the waiver of fees, see "Advisory and Property Management Matters Agreement" beginning on page 269.

Q: Am I being asked to vote on any other proposals at the stockholder meetings in addition to the merger proposal?

A: *CCPT II.* At CCPT II's annual meeting CCPT II stockholders will be asked to consider and vote upon the following additional proposals:

To elect three nominees to the CCPT II Board, each to hold office until the earliest of CCPT II's 2014 annual meeting of stockholders and until their successors are duly elected and qualify or, if the merger is completed, the effective time of the merger; and

To adjourn the CCPT II annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Spirit. At Spirit's special meeting Spirit stockholders will be asked to consider and vote upon the following additional proposal:

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

To adjourn the Spirit special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Q: When and where are the stockholder meetings?

A: The annual meeting of CCPT II will be held at the Ritz-Carlton, Phoenix, 2401 E. Camelback Road, Phoenix, AZ 85016 on June 12, 2013 commencing at 10:00 a.m., local time.

The special meeting of Spirit will be held at the Fairmont Scottsdale Princess, 7575 E. Princess Drive, Scottsdale, AZ 85255 on June 12, 2013 commencing at 10:00 a.m., local time.

Table of Contents

Index to Financial Statements

Q: Who can vote at the stockholder meetings?

A: *CCPT II*. All CCPT II stockholders of record as of the close of business on March 27, 2013, the record date for determining stockholders entitled to notice of and to vote at CCPT II's annual meeting, are entitled to receive notice of and to vote at the CCPT II annual meeting. As of the record date, there were 208,584,611 shares of CCPT II common stock outstanding and entitled to vote at the CCPT II annual meeting, held by approximately 40,824 holders of record. Each share of CCPT II common stock is entitled to one vote on each proposal presented at the CCPT II annual meeting.

Spirit. All Spirit stockholders of record as of the close of business on March 27, 2013, the record date for determining stockholders entitled to notice of and to vote at the Spirit special meeting, are entitled to receive notice of and to vote at the Spirit special meeting. As of the record date, there were 84,833,181 shares of Spirit common stock outstanding and entitled to vote at the Spirit special meeting, held by approximately 100 holders of record. Because many of the shares of Spirit common stock are held by brokers and other institutions on behalf of Spirit stockholders, Spirit is unable to estimate the total number of Spirit stockholders represented by these record holders. Each share of Spirit common stock is entitled to one vote on each proposal presented at the Spirit special meeting.

Q: What constitutes a quorum?

A: *CCPT II*. CCPT II's bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum.

Spirit. Spirit's bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum.

Shares that are voted and shares abstaining from voting are treated as being present at each of the CCPT II annual meeting and the Spirit special meeting, as applicable, for purposes of determining whether a quorum is present.

Q: What vote is required to approve the proposals?

A: *CCPT II*.

Approval of the proposal of CCPT II to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of CCPT II common stock entitled to vote on such proposal.

Approval of the proposal to elect directors requires the affirmative vote of the holders of at least a majority of shares of CCPT II common stock present in person or by proxy at the meeting.

Approval of the proposal of CCPT II to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal.

Spirit.

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

Approval of the proposal of Spirit to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of Spirit common stock entitled to vote on such proposal.

Approval of the proposal of Spirit to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal.

viii

Table of Contents

Index to Financial Statements

Q: How does the CCPT II Board recommend that CCPT II stockholders vote on the proposals?

A: The CCPT II Board, following the recommendation of the special committee of independent directors of CCPT II, which is referred to herein as the CCPT II Special Committee, has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the amendment and restatement of the CCPT II charter as part of the merger, are advisable, fair to, and in the best interests of CCPT II and its stockholders and (ii) approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The CCPT II Board has also unanimously nominated the three directors to stand for election. The CCPT II Board unanimously recommends that CCPT II stockholders vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement and **FOR** the proposal to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

For a more complete description of the recommendation of the CCPT II Board, see The Merger Recommendation of the CCPT II Board and Its Reasons for the Merger beginning on page 176.

In addition, the CCPT II Board unanimously recommends a vote **FOR ALL** nominees for election as director to the CCPT II Board named in this joint proxy statement/prospectus.

Q: How does the Spirit Board recommend that Spirit stockholders vote on the proposals?

A: The Spirit Board has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to, and in the best interests of Spirit and its stockholders, and (ii) approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Spirit Board unanimously recommends that Spirit stockholders vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement and **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

For a more complete description of the recommendation of the Spirit Board, see The Merger Recommendation of the Spirit Board and Its Reasons for the Merger beginning on page 179.

Q: Have any stockholders already agreed to approve the merger?

A: Pursuant to separate Voting Agreements (as defined below in the section entitled Voting Agreements beginning on page 267), certain stockholders of Spirit, who together as of January 22, 2013 owned approximately 15% of the currently outstanding shares of Spirit common stock, have agreed to vote in favor of the merger and the other transactions contemplated by the merger agreement, subject to the terms and conditions of the respective Voting Agreements, as described under Voting Agreements beginning on page 267.

Q: Are there risks associated with the merger that I should consider in deciding how to vote?

A: Yes. There are a number of risks related to the merger that are discussed in this joint proxy statement/prospectus described in the section entitled Risk Factors beginning on page 22.

Q: If my shares of CCPT II common stock or Spirit common stock are held in street name by my broker or other nominee, will my broker or other nominee vote my shares of CCPT II common stock or Spirit common stock for me?

- A: No. Unless you instruct your broker or other nominee how to vote your shares of CCPT II common stock and/or Spirit common stock, as applicable, held in street name, your shares will NOT be voted. This is referred to as a broker non-vote. If you hold your shares of CCPT II common stock and/or Spirit common stock in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), you must provide your broker or other nominee with instructions on how to vote your shares.

Table of Contents

Index to Financial Statements

Q: What happens if I do not vote for a proposal?

A: *CCPT II*. If you are a CCPT II stockholder, abstentions will be counted in determining the presence of a quorum, but broker non-votes will not be counted in determining the presence of a quorum. Abstentions and broker non-votes will have the same effect as a vote cast AGAINST the proposal to approve the merger and the other transactions contemplated by the merger agreement. Abstentions will have no effect on the proposal to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. Broker non-votes will also have no effect on such proposal as long as a quorum is present at the meeting. With regard to the proposal for the election of directors, all abstentions will have the effect of votes cast against each director. Broker non-votes will have no effect on such proposal as long as a quorum is present at the meeting.

Spirit. If you are a Spirit stockholder, abstentions will be counted in determining the presence of a quorum, but broker non-votes will not be counted in determining the presence of a quorum. Abstentions and broker non-votes will have the same effect as votes cast AGAINST the proposal to approve the merger and the other transactions contemplated by the merger agreement. Abstentions will have no effect on the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. Broker non-votes will also have no effect on such proposal as long as a quorum is present at the meeting.

Q: Will my rights as a stockholder change as a result of the merger?

A: CCPT II stockholders will have different rights following the effective time of the merger due to the differences between the governing documents of CCPT II and Spirit. At the effective time of the merger, and as part of the merger in the case of the charter, the charter and bylaws of CCPT II will be amended and restated to be substantially identical to the charter and bylaws of Spirit as in effect immediately prior to the effective time of the merger and will thereafter be the charter and bylaws of the Combined Corporation. The form of the CCPT II bylaws and charter as so amended and restated are attached to this joint proxy/prospectus as Annexes B and C, respectively. For more information regarding the differences, see *Comparison of Rights of Stockholders of CCPT II and Stockholders of Spirit Pre-Merger and Rights of Stockholders of the Combined Corporation Post-Merger* beginning on page 278. While Spirit stockholders will be receiving shares of CCPT II common stock in the merger, because the charter and bylaws of the Combined Corporation will be amended and restated to be substantially identical to the charter and bylaws of Spirit as in effect immediately prior to the effective time of the merger, the rights of Spirit stockholders as stockholders of the Combined Corporation will be substantially unchanged, however, upon completion of the merger, it is estimated that CCPT II stockholders will own approximately 56% of the issued and outstanding shares of common stock of the Combined Corporation and former Spirit stockholders will own approximately 44% of the issued and outstanding shares of common stock of the Combined Corporation.

Q: When is the merger expected to be completed?

A: CCPT II and Spirit expect to complete the merger as soon as reasonably practicable following satisfaction of all of the required conditions. If the stockholders of both CCPT II and Spirit approve the merger and the other conditions to closing the merger are satisfied or waived, it is expected that the merger will be completed in the third quarter of 2013. However, there is no guaranty that the conditions to the merger will be satisfied or that the merger will close.

Q: Do I need to do anything with my stock certificates now?

A: No. You should not submit your stock certificates at this time. After the merger is completed, if you held shares representing Spirit common stock, the exchange agent for the Combined Corporation will send you a letter of transmittal and instructions for exchanging your shares of Spirit common stock for shares of the

Table of Contents

Index to Financial Statements

Combined Corporation common stock pursuant to the terms of the merger agreement. Upon surrender of the stock certificates for cancellation along with the executed letter of transmittal and other required documents described in the instructions, a Spirit stockholder will receive the merger consideration pursuant to the terms of the merger agreement. The Combined Corporation will issue shares received in the merger by Spirit stockholders in uncertificated book-entry form. Unless requested, no physical share certificates will be delivered. If you are a CCPT II stockholder, you are not required to take any action with respect to your CCPT II book-entry shares. Such book-entry shares will represent shares of the Combined Corporation after the merger.

Q: What are the anticipated U.S. federal income tax consequences to me of the proposed merger?

A: It is expected that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to herein as the Code, and the completion of the merger is conditioned on the receipt by each of CCPT II and Spirit of an opinion from its outside counsel to the effect that the merger will qualify as a reorganization. If the merger qualifies as a reorganization, U.S. holders of Spirit common stock generally will not recognize gain or loss for U.S. federal income tax purposes upon the receipt of CCPT II common stock in exchange for Spirit common stock in connection with the merger, except with respect to cash received in lieu of fractional shares of CCPT II common stock. Spirit stockholders should read the discussion under the heading "The Merger Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 216 and consult their tax advisors as to the U.S. federal income tax consequences of the merger, as well as the effects of state, local and non-U.S. tax laws.

Q: Are CCPT II and Spirit stockholders entitled to appraisal rights?

A: Neither CCPT II stockholders nor Spirit stockholders are entitled to exercise appraisal rights in connection with the merger. See "No Appraisal Rights" beginning on page 271.

Q: Do any of Spirit's executive officers or directors have interests in the merger that may differ from those of Spirit stockholders?

A: Spirit's executive officers and directors have interests in the merger that are different from, or in addition to, their interests as Spirit stockholders. The members of the Spirit Board were aware of and considered these interests, among other matters, in evaluating the merger agreement and the merger, and in recommending that the Spirit stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement. For a description of these interests, refer to the section entitled "The Merger Interests of Spirit's Directors and Executive Officers in the Merger" beginning on page 211.

Q: Do any of CCPT II's executive officers or directors have interests in the merger that may differ from those of CCPT II stockholders?

A: CCPT II's executive officers and directors have interests in the merger that are different from, or in addition to, their interests as CCPT II stockholders. The CCPT II Board and the CCPT II Special Committee were aware of and considered these interests, among other matters, in evaluating the merger agreement and the merger, and in recommending that CCPT II stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement. For a description of these interests, refer to the section entitled "The Merger Interests of CCPT II's Directors and Executive Officers in the Merger" beginning on page 210.

Table of Contents

Index to Financial Statements

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus, please respond by completing, signing and dating your proxy card or voting instruction card and returning it in the enclosed preaddressed postage-paid envelope or, if available, by submitting your proxy by one of the other methods specified in your proxy card or voting instruction card as promptly as possible so that your shares of CCPT II common stock and/or Spirit common stock will be represented and voted at the annual meeting of CCPT II or the special meeting of Spirit, as applicable.

Please refer to your proxy card or voting instruction card forwarded by your broker or other nominee to see which voting options are available to you.

The method by which you submit a proxy will in no way limit your right to vote at CCPT II's annual meeting or Spirit's special meeting if you later decide to attend the meeting in person. However, if your shares of CCPT II common stock or Spirit common stock are held in the name of a broker or other nominee, you must obtain a legal proxy, executed in your favor, from your broker or other nominee, to be able to vote in person at CCPT II's annual meeting or Spirit's special meeting.

Q: How will my proxy be voted?

A: All shares of CCPT II common stock entitled to vote and represented by properly completed proxies received prior to CCPT II's annual meeting, and not revoked, will be voted at CCPT II's annual meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of CCPT II common stock should be voted on a matter, the shares of CCPT II common stock represented by your proxy will be voted as the CCPT II Board recommends and therefore **FOR** the approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR** the proposal to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement and **FOR ALL** of the nominees for election of directors. If you do not provide voting instructions to your broker or other nominee, your shares of CCPT II common stock will NOT be voted at the meeting and will be considered broker non-votes.

All shares of Spirit common stock entitled to vote and represented by properly completed proxies received prior to Spirit's special meeting, and not revoked, will be voted at Spirit's special meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of Spirit common stock should be voted on a matter, the shares of Spirit common stock represented by your proxy will be voted as the Spirit Board recommends and therefore **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement and **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. If you do not provide voting instructions to your broker or other nominee, your shares of Spirit common stock will NOT be voted at the meeting and will be considered broker non-votes.

Q: Can I revoke my proxy or change my vote after I have delivered my proxy?

A: Yes. You may revoke your proxy or change your vote at any time before your proxy is voted at CCPT II's annual meeting or Spirit's special meeting, as applicable. If you are a holder of record, you can do this in any of the three following ways:

by sending a written notice to the corporate Secretary of CCPT II or the corporate Secretary of Spirit, as applicable, at the address set forth below, in time to be received before CCPT II's annual meeting or Spirit's special meeting, as applicable, stating that you would like to revoke your proxy;

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

by completing, signing and dating another proxy card and returning it by mail in time to be received before CCPT II's annual meeting or Spirit's special meeting, as applicable, or by submitting a later dated proxy by the Internet or telephone in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

xii

Table of Contents

Index to Financial Statements

by attending the CCPT II annual meeting or the Spirit special meeting, as applicable, and voting in person. Simply attending CCPT II's annual meeting or Spirit's special meeting without voting will not revoke your proxy or change your vote.

If your shares of CCPT II common stock or Spirit common stock are held in an account at a broker or other nominee and you desire to change your vote or vote in person, you should contact your broker or other nominee for instructions on how to do so.

Q: What does it mean if I receive more than one set of voting materials for CCPT II's annual meeting or Spirit's special meeting?

A: You may receive more than one set of voting materials for CCPT II's annual meeting and/or Spirit's special meeting, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares of CCPT II common stock or Spirit common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of CCPT II common stock or Spirit common stock. If you are a holder of record and your shares of CCPT II common stock or Spirit common stock are registered in more than one name, you may receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or, if available, please submit your proxy by telephone or over the Internet.

Q: What happens if I am a stockholder of both CCPT II and Spirit?

A: You will receive separate proxy cards for each company and must complete, sign and date each proxy card and return each proxy card in the appropriate preaddressed postage-paid envelope or, if available, by submitting a proxy by one of the other methods specified in your proxy card or voting instruction card for each company.

Q: Will a proxy solicitor be used?

A: Yes. CCPT II has engaged Boston Financial Data Services, Inc., referred to herein as Boston Financial, to assist in the solicitation of proxies for the annual meeting and CCPT II estimates it will pay Boston Financial a fee of approximately \$72,000. CCPT II has also agreed to reimburse Boston Financial for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Boston Financial against certain losses, costs and expenses. In addition to mailing proxy solicitation material, CCPT II's directors and officers, and employees of Cole Real Estate Investments, may also solicit proxies in person, by telephone or by any other electronic means of communication deemed appropriate. No additional compensation will be paid to CCPT II's directors or officers, or to employees of Cole Real Estate Investments for such services.

Spirit has engaged Broadridge Investor Communication Solutions, Inc., referred to herein as Broadridge, to assist in the solicitation of proxies for the special meeting and Spirit estimates it will pay Broadridge a fee of approximately \$20,000. Spirit has also agreed to reimburse Broadridge for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Broadridge against certain losses, costs and expenses. In addition to mailing proxy solicitation material, Spirit's directors, officers and employees may also solicit proxies in person, by telephone or by any other electronic means of communication deemed appropriate. No additional compensation will be paid to Spirit's directors, officers, or employees for such services.

Table of Contents

Index to Financial Statements

Q: Who can answer my questions?

A: If you have any questions about the merger or how to submit your proxy or need additional copies of this joint proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact:

If you are a CCPT II stockholder:

Cole Credit Property Trust II, Inc.

Attention: Corporate Secretary

2325 East Camelback Road, Suite 1100

Phoenix, Arizona 85016

(602) 778-8700

Proxy Solicitor:

Boston Financial Data Services, Inc.

P.O. Box 55046

Boston, Massachusetts 02205-9815

Call Toll-Free (800) 409-4185

If you are a Spirit stockholder:

Spirit Realty Capital, Inc.

Attention: Corporate Secretary

16767 North Perimeter Drive, Suite 210

Scottsdale, Arizona 85260

(480) 606-0820

Proxy Solicitor:

Broadridge Investor Communication Solutions, Inc.

51 Mercedes Way

Edgewood, NY 11717

Call Toll-Free (800) 690-6903

Table of Contents

Index to Financial Statements

SUMMARY

The following summary highlights some of the information contained in this joint proxy statement/prospectus. This summary may not contain all of the information that is important to you. For a more complete description of the merger agreement, the merger and the other transactions contemplated by the merger agreement, CCPT II and Spirit encourage you to read carefully this entire joint proxy statement/prospectus, including the attached Annexes.

The Companies

Cole Credit Property Trust II, Inc.

CCPT II, a Maryland corporation, is a publicly owned non-listed REIT organized to acquire and operate commercial real estate primarily consisting of freestanding, single-tenant, retail properties net leased to investment grade and other creditworthy tenants located throughout the United States. As of December 31, 2012, CCPT II owned 752 properties comprising 21.2 million rentable square feet of single and multi-tenant retail and commercial space and the rentable space at these properties was 96% leased.

CCPT II's core investment strategy is to purchase and own properties leased to a diversified group of companies on a net lease basis. These leases generally require the tenants to pay substantially all of the costs associated with operating and maintaining the properties such as maintenance, insurance, taxes, structural repairs and other operating expenses related to the properties.

CCPT II was organized as a Maryland corporation on September 29, 2004. As of March 25, 2013, CCPT II had raised aggregate gross proceeds of \$2.3 billion from the public offering of its shares through both primary offerings and its distribution reinvestment plan.

Substantially all of CCPT II's business is conducted through Cole Operating Partnership II, LP, referred to herein as the CCPT II Partnership, a Delaware limited partnership. CCPT II is the sole general partner of and owns an approximate 99.99% partnership interest in the CCPT II Partnership. Cole REIT Advisors II, LLC serves as the Advisor for CCPT II. The Advisor is the sole limited partner and owner of an insignificant noncontrolling partnership interest of less than 0.01% of the CCPT II Partnership.

CCPT II's principal executive offices are located at 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016 and its telephone number is (602) 778-8700. CCPT II does not have any employees.

Spirit Realty Capital, Inc.

Spirit, a Maryland corporation, is a self-administered and self-managed REIT organized to acquire and operate single-tenant, operationally essential real estate throughout the United States that is leased on a long-term, triple-net basis primarily to tenants engaged in retail, service and distribution industries. As of December 31, 2012, Spirit owned 1,122 properties of primarily single tenant retail and commercial space which were approximately 98.8% occupied.

Single-tenant, operationally essential real estate consists of properties that are generally free-standing, commercial real estate facilities where Spirit's tenants conduct retail, distribution, or service activities that are essential to the generation of their sales and profits. Under a triple-net lease the tenant is typically responsible for all improvements and is contractually obligated to pay all property operating expenses, such as insurance premiums, real estate taxes, and repair and maintenance costs. In support of its primary business of owning and leasing real estate, Spirit has also strategically originated or acquired long-term, commercial mortgage and equipment loans. Spirit views its operations as one segment consisting of triple-net leases.

Table of Contents

Index to Financial Statements

Spirit was organized as a Maryland corporation on August 14, 2003. Spirit became a public company in December 2004 and was subsequently taken private in August 2007 by a consortium of private investors in a merger. The vast majority of the owned properties in Spirit's portfolio as of December 31, 2012 were acquired prior to its privatization.

On September 25, 2012, Spirit completed an initial public offering, referred to herein as the Spirit IPO, issuing a total of 29.0 million shares, resulting in gross offering proceeds to Spirit of \$435 million. Additionally, on October 1, 2012, Spirit issued 4.35 million additional shares in connection with the exercise by the underwriters in the Spirit IPO of their over-allotment options in full, resulting in gross offering proceeds to Spirit of \$65.25 million.

Spirit's operations are carried out through its operating partnership, Spirit Realty, L.P., referred to herein as the Spirit Partnership, which is a Delaware limited partnership. Spirit General OP Holdings, LLC, one of Spirit's wholly-owned subsidiaries, is the sole general partner and owns 1.0% of the Spirit Partnership. Spirit is the sole limited partner and owns the remaining 99.0% of the Spirit Partnership.

Spirit's common stock is listed on the NYSE, and trades under the symbol SRC.

Spirit's principal executive offices are located at 16767 N. Perimeter Drive, Suite 210, Scottsdale, Arizona 85260 and its telephone number is (480) 606-0820. Spirit had 38 employees as of December 31, 2012.

The Combined Corporation

The Combined Corporation will be named Spirit Realty Capital, Inc. and will be a Maryland corporation that is self-administered and self-managed. The Combined Corporation will own approximately 1,874 properties, excluding properties securing its mortgage loans, in 48 states. The Combined Corporation is expected to be one of the largest publicly traded triple-net-lease REITs in the United States with a pro forma enterprise value of approximately \$7.1 billion as of January 18, 2013.

The operations of the Combined Corporation will be carried out through the Spirit Partnership. After giving effect to the partnership merger, Spirit General OP Holdings, LLC, which is one of Spirit's wholly owned subsidiaries and which will become a wholly owned subsidiary of the Combined Corporation as a result of the merger, will be the sole general partner of the Spirit Partnership and will own 1.0% of the Spirit Partnership. The Combined Corporation will be the sole limited partner and own the remaining 99.0% interest in the Spirit Partnership.

The common stock of the Combined Corporation is expected to be listed on the NYSE under the symbol SRC.

The Combined Corporation's principal executive offices will be located at 16767 N. Perimeter Drive, Suite 210, Scottsdale, Arizona 85260 and its telephone number will be (480) 606-0820.

The Merger

The Merger Agreement

CCPT II, the CCPT II Partnership, Spirit and the Spirit Partnership have entered into the merger agreement attached as Annex A to this joint proxy statement/prospectus, which is incorporated herein by reference. CCPT II and Spirit encourage you to carefully read the merger agreement in its entirety because it is the principal document governing the merger and the other transactions contemplated by the merger agreement.

Table of Contents

Index to Financial Statements

The Merger

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Spirit will merge with and into CCPT II, with CCPT II surviving the merger, which were refer to as the Combined Corporation. The Combined Corporation will be named Spirit Realty Capital, Inc. The shares of common stock of the Combined Corporation are expected to be listed and traded on the NYSE under the symbol SRC. The executive officers of Spirit immediately prior to the effective time of the merger will continue as the executive officers of the Combined Corporation following the effective time of the merger.

Upon the completion of the merger, the stockholders of CCPT II and the former stockholders of Spirit will own approximately 56% and 44%, respectively, of the issued and outstanding common stock of the Combined Corporation.

The Merger Consideration

In the merger, each share of Spirit common stock issued and outstanding immediately prior the effective time of the merger will be converted into the right to receive 1.9048 shares of CCPT II common stock, which equates to an inverse exchange ratio of 0.525 shares of Spirit common stock for one share of CCPT II common stock. Based on Spirit's closing price of \$17.82 per share on January 18, 2013, the last trading day before the announcement of the merger, the exchange ratio implied a value of \$9.36 per share of CCPT II common stock. The exchange ratio is fixed and will not be adjusted for changes in the market value of Spirit common stock or the value of CCPT II common stock. Because of this, the merger consideration to Spirit stockholders (and the implied value of a share of CCPT II common stock) will fluctuate between now and the completion of the merger. Based on the closing price of Spirit common stock on the NYSE of \$19.17 on March 25, 2013, the latest practicable date before the date of this joint proxy statement/prospectus, the exchange ratio implied a value of \$10.06 per share of CCPT II common stock.

The market price of Spirit common stock may fluctuate, and as a result, the implied value of CCPT II common stock may fluctuate. You are urged to obtain current market quotations of Spirit common stock. You are cautioned that the trading price of the common stock of the Combined Corporation after the merger may be affected by factors different from those currently affecting the trading price of Spirit common stock, and therefore, the historical trading price of Spirit may not be indicative of the trading price of the Combined Corporation. See the risks related to the merger and the related transactions described under the section Risk Factors Risk Factors Relating to the Merger beginning on page 22.

The Partnership Merger

The merger agreement also provides for the merger of the CCPT II Partnership with the Spirit Partnership, with the Spirit Partnership continuing as the surviving partnership. As a result of the partnership merger, each outstanding partnership unit in the CCPT II Partnership held by the Advisor (as the sole limited partner) will be converted into one validly issued share of common stock of the Combined Corporation, and each partnership unit of the CCPT Partnership held by CCPT II will automatically be retired and cease to exist; each outstanding unit in the Spirit Partnership will remain outstanding; and the general partner interest of the Spirit Partnership will constitute the only general partner interests in the surviving partnership.

Voting Agreements

Concurrently with the execution of the merger agreement, Macquarie Group (US) Holdings No. 1 Pty Ltd., which is referred to herein as Macquarie, TPG-Axon Partners, LP, which is referred to herein as TPG-AXON Partners, and TPG-Axon Spirit Holdings Ltd., which is referred to herein as TPG-AXON Spirit, each entered into a voting agreement with CCPT II, the CCPT II Partnership and, for limited purposes, Spirit, individually referred to herein as a Voting Agreement and collectively as the Voting Agreements. Pursuant to the terms of the Voting Agreements, each of Macquarie, TPG-AXON Partners and TPG-AXON Spirit, has agreed, subject to the terms

Table of Contents

Index to Financial Statements

and conditions contained in each Voting Agreement, to vote its shares of Spirit common stock (1) in favor of the merger, (2) against any other Spirit acquisition proposal, (3) against any action or agreement that would reasonably be expected to result in any closing condition contained in the merger agreement not being fulfilled on or before July 22, 2013 (unless extended to September 22, 2013 pursuant to the terms of the merger agreement) and (4) against any action that could reasonably be expected to impede, interfere with, materially delay, materially postpone or materially adversely affect consummation of the transactions contemplated by the merger agreement. As of January 22, 2013, Macquarie, TPG-AXON Partners and TPG-AXON Spirit collectively owned approximately 15% of the outstanding shares of Spirit common stock.

Each of Macquarie, TPG-AXON Partners and TPG-AXON Spirit has also agreed to comply with certain restrictions on the transfer of its shares of Spirit common stock prior to the termination of the Voting Agreement. Each Voting Agreement terminates upon the earliest of: (1) the consummation of the merger, (2) the termination of the merger agreement prior to consummation of the merger, (3) a change in recommendation by either the Spirit Board or the CCPT II Board, (4) the acquisition, beneficially or of record, of any shares of Spirit common stock by CCPT II or the CCPT II Partnership prior to the consummation of the merger and (5) September 25, 2013.

The foregoing summary of the Voting Agreements is subject to, and qualified in its entirety by reference to, the full text of each of the Voting Agreements. Copies of the Voting Agreements are attached as Annex D, Annex E and Annex F to this joint proxy statement/prospectus and are incorporated herein by reference. For more information see [Voting Agreements](#) beginning on page 267.

Advisory and Property Management Matters Agreement

In connection with the execution of the merger agreement, CCPT II, the CCPT II Partnership and, as an expressed third party beneficiary, Spirit, entered into an advisory and property management matters agreement, which is referred to herein as the Advisory Matters Agreement, with the Advisor, and Cole Realty Advisors, Inc. (f/k/a Fund Realty Advisors, Inc.), referred to herein as the Property Manager and which, collectively with the Advisor, are referred to herein as the Advisor Parties. Spirit is a party to the Advisory Matters Agreement solely as a third party beneficiary. The Advisory Matters Agreement provides, among other things, that the amended and restated advisory agreement, dated September 16, 2005, between CCPT II and the Advisor, referred to herein as the Advisory Agreement, and the amended and restated property management and leasing agreement, dated as of September 16, 2005, among CCPT II, the CCPT II Partnership and the Property Manager, which is referred to herein as the Property Management Agreement and which are, collectively with the Advisory Agreement, referred to herein as the Existing Agreements, will terminate, without any further notice or action, upon the closing of the merger. During the period between the signing of the Advisory Matters Agreement and the consummation of the merger, which is referred to herein as the Interim Period, the Existing Agreements will continue in full force and effect and the Advisor Parties have agreed to use their reasonable best efforts to perform their respective duties under the Existing Agreements in a manner so as to cause CCPT II and its subsidiaries to perform CCPT II's and the CCPT II Partnership's covenants, agreements and other obligations under the merger agreement.

Under the terms of the Advisory Matters Agreement, the Advisor Parties have waived (1) any fees due upon the termination of the Existing Agreements, including any fees due upon listing of the Combined Corporation common stock on the NYSE, (2) any performance fees due upon the consummation of the merger, and (3) any other fees that would be payable under the Existing Agreements with respect to the merger (including any equity or debt financing transaction that occurs in connection with the consummation of the merger) and the other transactions contemplated by the merger agreement. Other than the waived fees as described in the preceding sentence, the Advisor Parties will continue to be paid the asset management, property management and other fees and expense reimbursements payable pursuant to the Existing Agreements, calculated in a manner consistent with past practice, for services rendered during the Interim Period.

Table of Contents

Index to Financial Statements

In the event that the merger agreement is terminated prior to the consummation of the merger, the Advisory Matters Agreement will terminate and the Existing Agreements will continue in accordance with their terms without the effect of any provisions of the Advisory Matters Agreement.

The foregoing summary of the Advisory Matters Agreement is subject to, and qualified in its entirety by reference to, the full text of the Advisory Matters Agreement. A copy of the Advisory Matters Agreement is attached as Annex G to this joint proxy statement/prospectus and is incorporated herein by reference. For more information, see *Advisory and Property Management Matters Agreement* beginning on page 269.

Election of CCPT II Directors

At the CCPT II annual meeting, CCPT II stockholders will vote on the election of all three members of the CCPT II Board. Those persons elected will serve as directors until the 2014 annual meeting and until their successors are duly elected and qualify or, if the merger is completed, the effective time of the merger. The CCPT II Board has nominated Christopher H. Cole, Marcus E. Bromley and George N. Fugelsang for re-election as directors.

Recommendation of the CCPT II Board

The CCPT II Board, following the recommendation of the CCPT II Special Committee, determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the amendment and restatement of the CCPT II charter as part of the merger, are advisable, fair to, and in the best interests of CCPT II and its stockholders and unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The CCPT II Board, following the recommendation of the CCPT II Special Committee, unanimously recommends that CCPT II stockholders vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR ALL** of the nominees for election as director and **FOR** the proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Recommendation of the Spirit Board

The Spirit Board has unanimously (i) determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to, and in the best interests of Spirit and its stockholders, and (ii) approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Spirit Board unanimously recommends that Spirit stockholders vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, and **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Summary of Risk Factors Related to the Merger

You should consider carefully all the risk factors together with all of the other information included in this joint proxy statement/prospectus before deciding how to vote. The risks related to the merger and the related transactions are described under the section *Risk Factors Risk Factors Relating to the Merger* beginning on page 22.

The exchange ratio is fixed and will not be adjusted in the event of any change in either CCPT II's share value or Spirit's stock price.

The merger and related transactions are subject to approval by stockholders of both CCPT II and Spirit.

Table of Contents

Index to Financial Statements

CCPT II and Spirit stockholders will be diluted by the merger.

If the merger does not occur, one of the companies may incur payment obligations to the other.

Failure to complete the merger could negatively impact the share value of CCPT II, the stock price of Spirit and the future business and financial results of both companies.

The pendency of the merger could adversely affect the business and operations of CCPT II and Spirit.

The merger agreement contains provisions that could discourage a potential competing acquirer of either CCPT II or Spirit or could result in any competing proposal being at a lower price than it might otherwise be.

If the merger is not consummated by July 22, 2013 (unless extended to September 22, 2013 pursuant to the terms of the merger agreement), either CCPT II or Spirit may terminate the merger agreement.

Some of the directors and executive officers of CCPT II and Spirit have interests in seeing the merger completed that are different from, or in addition to, those of the other CCPT II stockholders and Spirit stockholders.

Stockholders Entitled to Vote; Vote Required

CCPT II

CCPT II stockholders who owned shares of CCPT II common stock at the close of business on March 27, 2013, which is referred to herein as CCPT II's record date, are entitled to notice of and to vote at CCPT II's annual meeting. On CCPT II's record date, there were 208,584,611 shares of CCPT II common stock outstanding and entitled to vote at CCPT II's annual meeting, held by approximately 40,824 holders of record. Each share of CCPT II common stock is entitled to one vote on each proposal to be voted on at CCPT II's annual meeting.

At CCPT II's annual meeting, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum. Abstentions will be counted in determining whether a quorum is present at CCPT II's annual meeting.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of CCPT II common stock entitled to vote on such proposal. Approval of the proposal to elect directors requires the affirmative vote of holders of at least a majority of shares of CCPT II common stock present in person or by proxy at the meeting. Approval of the proposal to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal.

See page 148 for a description of the effect of abstentions and broker non-votes with respect to the above proposals.

Your vote is very important. You are encouraged to submit your proxy as promptly as possible. If you submit your proxy but do not indicate how your shares of CCPT II common stock should be voted on a matter, the shares of CCPT II common stock represented by your properly executed proxy will be voted as the CCPT II Board unanimously recommends and therefore **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR ALL** of the nominees for director, and **FOR** the proposal to adjourn the annual meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. If you do not provide voting instructions to your broker or other nominee, your shares of CCPT II common stock will NOT be voted at the meeting and will be considered broker non-votes.

Table of Contents

Index to Financial Statements

Spirit

Spirit stockholders who owned shares of Spirit common stock at the close of business on March 27, 2013 which is referred to herein as Spirit's record date, are entitled to notice of and to vote at Spirit's special meeting. On Spirit's record date, there were 84,833,181 shares of Spirit common stock outstanding and entitled to vote at Spirit's special meeting, held by approximately 100 holders of record. Because many of the shares of Spirit common stock are held by brokers and other institutions on behalf of Spirit stockholders, Spirit is unable to estimate the total number of Spirit stockholders represented by these record holders. Each share of Spirit common stock is entitled to one vote on each proposal to be voted on at Spirit's special meeting.

At Spirit's special meeting, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum. Abstentions will be counted in determining whether a quorum is present at Spirit's special meeting.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of Spirit common stock entitled to vote on such proposal. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of the votes cast on such proposal. Pursuant to the Voting Agreements, certain stockholders of Spirit, who together, as of January 22, 2013, owned approximately 15% of the outstanding shares of Spirit common stock have agreed to vote in favor of the merger and the other transactions contemplated by the merger agreement, subject to the terms and conditions of the Voting Agreements, as described under "Voting Agreements" beginning on page 267.

See page 156 for a description of the effect of abstentions and broker non-votes with respect to the above proposals.

Your vote is very important. You are encouraged to submit your proxy as promptly as possible. If you do not indicate how your shares of Spirit common stock should be voted on a matter, the shares of Spirit common stock represented by your properly executed proxy will be voted as the Spirit Board unanimously recommends and therefore **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement and **FOR** the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. If you do not provide voting instructions to your broker or other nominee, your shares of Spirit common stock will NOT be voted at the meeting and will be considered broker non-votes.

Opinions of Financial Advisors

Opinion of CCPT II Special Committee's Financial Advisor

Gleacher & Company Securities, Inc., referred to herein as Gleacher, acted as financial advisor to the CCPT II Special Committee in connection with, and led certain of the negotiations leading to, the merger. On January 21, 2013, Gleacher rendered its oral opinion (which was subsequently confirmed in writing) to the CCPT II Special Committee that, as of such date and based upon and subject to the limitations and assumptions set forth in its opinion, the exchange ratio provided for in the transaction was fair, from a financial point of view, to holders of CCPT II common stock.

The full text of the written opinion of Gleacher, dated January 21, 2013, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken by Gleacher in connection with the opinion, is attached as Annex I to this joint proxy statement/prospectus. Holders of shares of CCPT II common stock are urged to read the

Table of Contents

Index to Financial Statements

Gleacher opinion carefully and in its entirety. Gleacher provided its opinion for the information and assistance of the CCPT II Special Committee (solely in its capacity as such) in connection with its consideration of the merger. The opinion does not address CCPT II's underlying business decision to enter into the merger or the relative merits of the merger as compared with any other strategic alternative which may have been available to CCPT II. The opinion does not constitute a recommendation as to how any holder of shares of CCPT II common stock should vote or otherwise act with respect to the merger or any other matter and does not in any manner address the prices at which shares of CCPT II common stock will trade at any time.

See The Merger Opinion of CCPT II Special Committee's Financial Advisor beginning on page 183.

Opinions of CCPT II's Financial Advisors

In connection with the merger, the CCPT II Board received separate written opinions, dated January 21, 2013, from CCPT II's financial advisors, Morgan Stanley & Co. LLC, referred to herein as Morgan Stanley, and UBS Securities LLC, referred to herein as UBS, as to the fairness, from a financial point of view and as of the date of such opinion, to CCPT II of the exchange ratio provided for in the merger. The full texts of Morgan Stanley's and UBS' respective written opinions, which set forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken, are attached to this joint proxy statement/prospectus as Annex J and Annex K, respectively. **The opinions were provided for the benefit of the CCPT II Board (in its capacity as such) and addressed only the fairness of the exchange ratio from a financial point of view to CCPT II as of the date of the opinions and did not address any other aspect of the merger. The opinions did not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to CCPT II or CCPT II's underlying business decision to effect the merger. The opinions do not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger.**

See The Merger Opinions of CCPT II's Financial Advisors beginning on page 191.

Opinion of Spirit's Financial Advisor

In connection with the merger, Spirit engaged Barclays Capital Inc., referred to herein as Barclays, to act as financial advisor to Spirit. On January 21, 2013, Barclays rendered its oral opinion (which was subsequently confirmed in writing) to the Spirit Board that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the exchange ratio of 1.9048 shares of CCPT II common stock, \$0.01 par value per share, to be offered for each share of Spirit common stock, referred to herein as the exchange ratio, pursuant to the merger agreement (other than shares of Spirit common stock to be retired in accordance with the terms of the merger agreement) was fair, from a financial point of view, to the stockholders of Spirit. Such exchange ratio corresponds to an inverse exchange ratio of 0.525 shares of Spirit common stock for one share of CCPT II common stock and, for the purposes of this joint proxy statement/prospectus, the figure 0.525x will be referred to herein as the inverse exchange ratio.

The full text of Barclays' written opinion, dated as of January 21, 2013, is attached as Annex H to this joint proxy statement/prospectus. Barclays' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. This summary is qualified in its entirety by reference to the full text of the opinion.

See The Merger Opinion of Spirit's Financial Advisor beginning on page 201.

Table of Contents

Index to Financial Statements

Treatment of the Spirit 2012 Incentive Award Plan and Restricted Shares

At the effective time of the merger, the Combined Corporation will assume the Spirit Realty Capital, Inc. and Spirit Realty, L.P. 2012 Incentive Award Plan, which is referred to herein as the Spirit Incentive Award Plan, and the number and kind of shares available for issuance under the Spirit Incentive Award Plan shall be converted into shares of the Combined Corporation common stock in accordance with the provisions of the Spirit Incentive Award Plan.

As of the effective time of the merger, all shares of Spirit common stock issued and outstanding that are subject to vesting and other restrictions under the Spirit Incentive Award Plan, referred to herein as the Spirit Restricted Stock Awards, will convert into the right to receive shares of CCPT II common stock that are subject to the same vesting conditions and other terms and conditions as are applicable to the Spirit Restricted Stock Awards as of immediately prior to the effective time of the merger.

See The Merger Agreement Merger Consideration; Effects of the Merger and the Partnership Merger Assumption of Spirit Incentive Award Plan by CCPT II beginning on page 243.

Directors and Management of CCPT II After the Merger

At the effective time of the merger, all of the directors of Spirit immediately prior to the effective time of the merger and up to two individuals designated by CCPT II, and reasonably satisfactory to Spirit, are expected to comprise the board of directors of the Combined Corporation after the effective time of the merger. As of the date of this joint proxy statement/prospectus, no determination has been made as to the identity of the two individuals to be designated by CCPT II.

At the effective time of the merger, the management of Spirit immediately prior to the effective time of the merger will be the management of the Combined Corporation.

Share Ownership of Directors and Executive Officers of CCPT II

At the close of business on March 25, 2013, the directors and executive officers of CCPT II and their affiliates held and were entitled to vote 41,154 shares of CCPT II common stock, collectively representing less than 1% of the shares of CCPT II common stock outstanding and entitled to vote on that date. The directors and executive officers of CCPT II have each indicated that they expect to vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR ALL** of the nominees for director and **FOR** the proposal to adjourn the annual meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Share Ownership of Directors and Executive Officers of Spirit

At the close of business on March 25, 2013, the directors and executive officers of Spirit and their affiliates held and were entitled to vote 1,248,350 shares of Spirit common stock (excluding shares of Spirit common stock held by Macquarie that may be deemed beneficially owned by Kevin M. Charlton), collectively representing approximately 1.5% of the shares of Spirit common stock outstanding and entitled to vote on that date. The directors and executive officers of Spirit have each indicated that they expect to vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement and **FOR** the proposal to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. In addition, under the terms of the voting agreements, each of Macquarie, TPG-AXON Partners and TPG-AXON Spirit, who together, as of January 22, 2013, owned approximately 15% of the outstanding shares of Spirit common stock, has agreed to vote all of its shares of Spirit common stock in favor of approval of the merger and

Table of Contents

Index to Financial Statements

the other transactions contemplated by the merger agreement, subject to certain limitations. For more information, see "The Merger Security Ownership of Spirit's Directors and Executive Officers and Current Beneficial Owners" beginning on page 213.

Interests of CCPT II's Directors and Executive Officers in the Merger

In considering the recommendation of the CCPT II Board to approve the merger and the other transactions contemplated by the merger agreement, including the amendment and restatement of the CCPT II charter as part of the merger, the CCPT II stockholders should be aware that in connection with the merger, the Advisor, which is indirectly wholly-owned by Christopher H. Cole, the chairman, president and chief executive officer of CCPT II, is entitled to certain fees pursuant to the Advisory Agreement during the Interim Period as described under the section entitled "Advisory and Property Management Matters Agreement." Under the terms of the Advisory Matters Agreement, except as described in the following sentence, the Advisor Parties will continue to be paid the asset management, property management and other fees payable pursuant to the Existing Agreements, calculated in a manner consistent with past practice, for services rendered during the Interim Period. The Advisor Parties have, however, waived (1) any fees due upon the termination of the Existing Agreements, including any fees due upon listing of the Combined Corporation common stock on the NYSE, (2) any performance fees due upon the consummation of the merger, and (3) any other fees that would be payable under the Existing Agreements with respect to the merger (including any equity or debt financing transaction that occurs in connection with the consummation of the merger) and the other transactions contemplated by the merger agreement. In addition to the fees described above, following the closing of the merger, the Advisor Parties may provide certain services to the Combined Corporation and the Advisor Parties will be entitled to receive compensation for such services in an amount to be mutually agreed to by the Combined Corporation and the Advisor Parties. Christopher H. Cole and D. Kirk McAllaster, Jr., the executive vice president, chief financial officer and treasurer of CCPT II, are also officers of the Advisor. In such capacities, Messrs. Cole and McAllaster have certain interests in the merger that may be different from the interests of CCPT II stockholders generally. These interests may create potential conflicts of interest. The CCPT II Board and the CCPT II Special Committee were aware of those interests and considered them, among other matters, in reaching its decision to approve the merger agreement and the transactions contemplated thereby.

Interests of Spirit's Directors and Executive Officers in the Merger

In considering the recommendation of the Spirit Board to approve the merger and the other transactions contemplated by the merger agreement, Spirit stockholders should be aware that Spirit's directors and executive officers have certain interests in the merger that may be different from, or in addition to, the interests of Spirit stockholders generally. These interests include those discussed below.

Under the merger agreement, the Combined Corporation will assume the Spirit Incentive Award Plan and the number and kind of shares available for issuance under the Spirit Incentive Award Plan will be converted into shares of the Combined Corporation common stock in accordance with the provisions of the Spirit Incentive Award Plan. Furthermore, under the merger agreement, immediately prior to the effective time of the merger, each then-outstanding share of Spirit restricted stock will be converted into the right to receive shares of the Combined Corporation common stock that are subject to the same vesting conditions and other terms and conditions as are applicable to the Spirit Restricted Stock Awards immediately prior to the consummation of the merger. As of March 25, 2013, Spirit's directors and executive officers held 1,010,295 shares of Spirit restricted stock pursuant to the Spirit Incentive Award Plan and restricted stock award notices and agreements.

Absent the waiver agreements (which are described below), some of the directors and executive officers of Spirit would have been entitled to certain contractual change of control payments, benefits and incentive awards in connection with the merger, as described below.

Table of Contents

Index to Financial Statements

Each Spirit executive is party to an employment agreement with Spirit that provides for severance payments and benefits upon a qualifying termination of employment without cause or for good reason (each, as defined in the applicable employment agreement), and, pursuant to the terms of the applicable employment agreements, certain Spirit executives are entitled to accelerated vesting of restricted stock awards upon such qualifying termination. The employment agreements for each of Messrs. Nolan, Mavoides and Bender also provide that if an excise tax is imposed as a result of any compensation or benefits provided to the Spirit executive in connection with a change of control (as defined in the applicable employment agreement), then Spirit will gross-up the executive to cover the excise tax, and any taxes resulting from such gross-up, imposed under the Code. Additionally, each of Messrs. Nolan, Mavoides and Bender is party to a restricted stock award agreement that provides for accelerated vesting of the award upon a change in control (as defined in the applicable award agreement).

On January 22, 2013, Spirit entered into waiver agreements with each of the Spirit executives, which provide that (i) the merger will not constitute a change in control for purposes of the Spirit executive's employment agreement and related restricted stock agreement(s) and (ii) any change in position that occurs in connection with the merger will not constitute good reason or a termination without cause for purposes of the Spirit executive's employment agreement and related restricted stock agreement(s). In addition, under the waiver agreements executed by Messrs. Nolan, Mavoides and Bender, each executive waived his entitlement to a tax gross-up payment to cover any excise taxes imposed as a result of any payments made to them in connection with the merger. Therefore, none of Spirit's executive officers is party to an agreement with Spirit, or participates in any Spirit plan, program or arrangement, that provides for payments or benefits based on or that otherwise relate to the consummation of the merger.

Listing of Shares of the Combined Corporation Common Stock; Delisting and Deregistration of Shares of Spirit Common Stock

CCPT II has prepared and filed with the NYSE a listing application pursuant to which shares of CCPT II common stock, including the shares to be issued to Spirit stockholders in connection with the merger, will be listed on the NYSE. Each of CCPT II and Spirit will use its reasonable best efforts to cause the shares of CCPT II common stock to be approved for listing on the NYSE and to be traded under Spirit's existing trading symbol SRC. Approval of the listing on the NYSE of the shares of the Combined Corporation common stock, subject to official notice of issuance, is a condition to each party's obligation to complete the merger.

If the merger is completed, shares of Spirit common stock will be delisted from the NYSE and deregistered under the Exchange Act.

No Stockholder Appraisal Rights in the Merger

Under the Maryland General Corporation Law, neither CCPT II stockholders nor Spirit stockholders are entitled to exercise appraisal rights in connection with the merger. See "No Appraisal Rights" beginning on page 271.

Conditions to Completion of the Merger

A number of conditions must be satisfied or waived, where legally permissible, before the merger can be consummated. These include, among others:

the approval of the merger and the other transactions contemplated by the merger agreement by the requisite vote of CCPT II stockholders and Spirit stockholders;

the absence of a final and nonappealable order or law prohibiting the merger;

Table of Contents

Index to Financial Statements

the effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part;

the approval for listing on the NYSE of the shares of CCPT II common stock, including shares to be issued to Spirit stockholders pursuant to the merger agreement, subject to official notice of issuance;

the accuracy of all representations and warranties made by the parties in the merger agreement and performance by the parties of their obligations under the merger agreement (subject in each case to certain materiality standards);

the absence of any material adverse effect being experienced by either party;

the receipt by each party of an opinion from the other party's legal counsel regarding the other party's qualification as a REIT;

the receipt by each party of an opinion from such party's legal counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code; and

the receipt by CCPT II and Spirit of certain lender consents.

Neither CCPT II nor Spirit can give any assurance as to when or if all of the conditions to the consummation of the merger will be satisfied or waived or that the merger will occur.

For more information regarding the conditions to the consummation of the merger and a complete list of such conditions, see "The Merger Agreement - Conditions to Completion of the Merger" beginning on page 246.

Regulatory Approvals Required for the Merger

The merger may be subject to the regulatory requirements of municipal, state and federal, domestic or foreign, governmental agencies and authorities. Nevertheless, neither CCPT II nor Spirit is aware of any regulatory approvals that are expected to prevent the consummation of the merger. See "The Merger - Regulatory Approvals Required for the Merger" beginning on page 216.

No Solicitation and Change in Recommendation

Under the merger agreement, each of CCPT II and Spirit has agreed not to, and to cause its subsidiaries not to (and not authorize and use reasonable best efforts to cause its officers, directors, managers and other representatives not to), directly or indirectly, (i) solicit, initiate, knowingly encourage or facilitate any inquiry, offer or request that constitutes, or could reasonably be expected to lead to, a competing acquisition proposal, (ii) participate in any discussions or negotiations regarding, or that reasonably could be expected to result in a competing acquisition proposal, (iii) furnish to any person (other than Spirit or CCPT II) any non-public information in connection with, or knowingly facilitates in any way any effort by any person in furtherance of, a competing acquisition proposal, (iv) waive, terminate, modify, fail to enforce or release any person other than Spirit and its affiliates or CCPT II and its affiliates from any provisions of or grant any permission, waiver or request under any standstill, confidentiality or similar agreement or obligations, (v) approve or recommend a competing acquisition proposal, or enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar definitive agreement related to a competing acquisition proposal, or (vi) propose or agree to do any of the foregoing.

However, prior to the approval of the merger and the other transactions contemplated by the merger agreement by their respective stockholders, each of CCPT II and Spirit may, under certain specified circumstances, engage in discussions or negotiations with and provide nonpublic information regarding itself to a

Table of Contents

Index to Financial Statements

third party making an unsolicited, bona fide written competing acquisition proposal. Under the merger agreement, Spirit is required to notify CCPT II promptly, and CCPT II is required to notify Spirit promptly, if it receives any competing acquisition proposal or inquiry or any request for nonpublic information in connection with a competing acquisition proposal.

Before the approval of the merger and the other transactions contemplated by the merger agreement by their respective stockholders, each of the CCPT II Board and the Spirit Board may, under certain specified circumstances, withdraw its recommendation to its stockholders with respect to the merger if it determines in good faith, after consultation with outside legal counsel, that failure to take such action would be inconsistent with the directors' duties under applicable law. For more information regarding the limitations on CCPT II, the CCPT II Board, Spirit and the Spirit Board to consider other acquisition proposals, see The Merger Agreement Covenants and Agreements No Solicitation of Transactions by the Spirit Parties beginning on page 255 and The Merger Agreement Covenants and Agreements No Solicitation of Transactions by the CCPT II Parties beginning on page 252.

Termination of the Merger Agreement

CCPT II and Spirit may mutually agree to terminate the merger agreement before completing the merger, even after approval of the CCPT II stockholders or approval of the Spirit stockholders.

In addition, either CCPT II or Spirit (so long as they are not at fault) may decide to terminate the merger agreement if:

the merger has not been consummated on or before July 22, 2013, unless as of July 22, 2013, all conditions to closing have been satisfied or waived other than either party's obligations to obtain its respective stockholder approval for the merger and the other transactions contemplated by the merger agreement and/or obtain certain lender consents and the financing commitment secured by Spirit from Barclays Bank PLC, referred to herein as Barclays Bank, Deutsche Bank AG New York Branch, referred to herein as Deutsche Bank, and MIHI LLC, referred to herein as MIHI, (or replacement financing acceptable to the parties) has been extended (or such financing has been funded into escrow), in which case this date will be extended to September 22, 2013;

a governmental authority of competent jurisdiction has issued a final and non-appealable order permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the merger agreement;

CCPT II stockholders fail to approve the merger and the other transactions contemplated by the merger agreement at a duly convened meeting; or

Spirit stockholders fail to approve the merger and the other transactions contemplated by the merger agreement at a duly convened meeting.

CCPT II may also decide to terminate the merger agreement if:

Spirit or the Spirit Partnership materially breached the merger agreement and does not cure such breach within a specified period;

at any time prior to the approval of the merger by CCPT II stockholders, (i) in order to enter into an alternative acquisition agreement with respect to a superior proposal, or (ii) the CCPT II Board has made a change in recommendation with respect to the merger, provided that CCPT II concurrently pays the termination fee and the expense reimbursement;

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

at any time prior to the approval of the merger by Spirit stockholders, the Spirit Board has made a change in recommendation with respect to the merger;

Table of Contents

Index to Financial Statements

at any time prior to the approval of the merger by the Spirit stockholders, Spirit or the Spirit Partnership materially breaches its obligations under the provisions of the merger agreement regarding no solicitation of transactions by Spirit or the Spirit Partnership; or

Spirit or the Spirit Partnership enters into an alternative acquisition agreement with respect to a competing acquisition proposal. Spirit has reciprocal termination rights with respect to the merger agreement as CCPT II described above.

For more information regarding the rights of CCPT II and Spirit to terminate the merger agreement, see The Merger Agreement Termination of the Merger Agreement beginning on page 261.

Termination Fee and Expenses

Generally, all fees and expenses incurred in connection with the merger and the transactions contemplated by the merger agreement will be paid by the party incurring those fees and expenses. However, if the merger agreement is terminated because either party fails to obtain the approval of its stockholders, such party will be required to pay the other party reasonable documented out-of-pocket expenses actually incurred up to a maximum of \$10 million. In certain other circumstances, either CCPT II or Spirit may be obligated to pay the other a termination fee of \$55 million plus reasonable documented out-of-pocket expenses actually incurred up to a maximum of \$10 million.

For more information regarding the termination fee and expense reimbursement, see The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by CCPT II to Spirit beginning on page 263 and The Merger Agreement Termination of the Agreement Termination Fee and Expenses Payable by Spirit to CCPT II beginning on page 263.

Financing Related to the Merger

The merger is not conditioned upon either Spirit or CCPT II having received any financing at or prior to the effective time of the merger. However, pursuant to the terms of the merger agreement, CCPT II has agreed to assist Spirit in connection with any debt financing as Spirit may reasonably request, including participating in meetings and presentations relating to such debt financing and taking actions reasonably requested by Spirit for the discharge and satisfaction of CCPT II's existing indebtedness.

In connection with the merger and the transactions contemplated by the merger agreement, Spirit Partnership has entered into a commitment letter with Barclays Bank, Deutsche Bank and MIHI, pursuant to which Barclays Bank, Deutsche Bank and MIHI have committed to provide, subject to the conditions set forth in the commitment letter, a \$575 million secured term loan facility and a \$50 million senior secured revolving credit facility, referred to herein as the financing commitments. Subject to certain conditions, the amount of the term loan commitment will be reduced by the amount of any CMBS and ABS financing obtained by the Combined Corporation in connection with the merger.

If drawn upon, the proceeds of the financing commitments will be used by the Combined Corporation to (i) refinance approximately \$450 million of the existing debt of CCPT II and its subsidiaries and related fees, commissions and expenses, (ii) pay various fees and expenses incurred in connection with the merger, and (iii) finance the working capital requirements of the Combined Corporation after the consummation of the merger. The Spirit Partnership is under no obligation to draw upon the financing commitments from Barclays Bank, Deutsche Bank and MIHI. The Spirit Partnership is currently exploring the availability of alternative debt financing.

Table of Contents

Index to Financial Statements

For more information regarding the financing related to the merger, see [The Merger Agreement Financing Related to the Merger](#) beginning on page 264.

Material U.S. Federal Income Tax Consequences of the Merger

It is expected that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code, and it is a condition to the completion of the merger that CCPT II and Spirit receive written opinions from their respective counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. Assuming the merger qualifies as a reorganization, U.S. holders of Spirit common stock generally will not recognize gain or loss for U.S. federal income tax purposes upon the exchange of their Spirit common stock for CCPT II common stock pursuant to the merger, except with respect to cash received in lieu of fractional shares of CCPT II common stock.

For further discussion of the material U.S. federal income tax consequences of the merger, see [The Merger Material U.S. Federal Income Tax Consequences of the Merger](#) beginning on page 216.

Holders of Spirit common stock should consult their tax advisors to determine the tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws) of the merger.

Accounting Treatment of the Merger

It is anticipated that the merger will be accounted for using the acquisition method of accounting under U.S. generally accepted accounting principles, referred to herein as GAAP, with Spirit treated as the accounting acquiror. Under the acquisition method of accounting, the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of CCPT II will be recorded at their respective fair values at the date of merger and added to those of Spirit. Any excess of purchase price over the net amount of the fair values will be recorded as goodwill. Consolidated financial statements of the Combined Corporation issued after the merger would reflect these fair value adjustments and the combined results of operations from the date of the merger and would not be retroactively restated.

Comparison of Rights of Stockholders of CCPT II and Stockholders of Spirit

CCPT II's charter and bylaws contain provisions that are different from Spirit's charter and bylaws as currently in effect. At the effective time of the merger, and as part of the merger in the case of the charter, the charter and bylaws of CCPT II will be amended and restated to be substantially identical to the existing charter and bylaws of Spirit as in effect immediately prior to the effective time of the merger.

For a summary of certain differences between the rights of CCPT II stockholders and Spirit stockholders, see [Comparison of Rights of Stockholders of CCPT II and Stockholders of Spirit Pre-Merger and Rights of Stockholders of the Combined Corporation Post-Merger](#) beginning on page 278.

Recent Developments

Cole Holdings Corporation Merger Agreement

On March 5, 2013, Cole Credit Property Trust III, referred to herein as CCPT III, Cole Holdings Corporation, referred to herein as Holdings, CREInvestments, LLC, a Maryland limited liability company and a wholly owned subsidiary of CCPT III, referred to herein as Holdings Merger Sub, and Christopher H. Cole, entered into an Agreement and Plan of Merger, referred to herein as the Holdings Merger Agreement. The Holdings Merger Agreement provides for the merger of Holdings with and into Holdings Merger Sub, referred to

Table of Contents

Index to Financial Statements

herein as the Holdings Merger, with Holdings Merger Sub surviving and continuing as a wholly owned subsidiary of CCPT III. Holdings is wholly owned by Mr. Cole, chairman of the board, chief executive officer and president of CCPT II, and is an affiliate of the CCPT II sponsor, the parent company and indirect owner of the Advisor, the Property Manager and the CCPT II dealer manager. The consummation of the Holdings Merger is subject to various conditions. Upon consummation of the Holdings Merger, CCPT III intends to list its shares of common stock on the NYSE.

Despite the indirect change of control that would occur for the Advisor, the Property Manager and the CCPT II dealer manager upon consummation of the Holdings Merger, such entities will continue to serve in their respective capacities to CCPT II without any Holdings Merger related changes in personnel or service procedures.

CCPT II Distributions Declared

On March 6, 2013, the CCPT II board of directors authorized a daily distribution, based on 365 days in the calendar year, at the current rate of \$0.001712523 per share for stockholders of record as of the close of business on each day of the period commencing on April 1, 2013 and ending on the earlier of (i) June 30, 2013 and (ii) the date immediately preceding the effective time of the merger. The payment date for each of the daily distributions of the period commencing on April 1, 2013 and ending on April 30, 2013 will be in May 2013. The payment date for each of the daily distributions of the period commencing on May 1, 2013 and ending May 31, 2013 will be in June 2013. The payment date for each of the daily distributions of the period commencing on June 1, 2013 and ending on the earlier of (i) June 30, 2013 or (ii) the effective time of the merger, will be no later than July 2013.

Spirit Dividends Declared

On March 13, 2013, the Spirit Board authorized a cash dividend on its common stock based on a quarterly distribution rate of \$0.3125 per share for stockholders of record on April 1, 2013 and payable on April 16, 2013. This dividend covers the first quarter of 2013 and equates to an annualized distribution rate of \$1.25 per share.

Selected Historical Financial Information of CCPT II

Presented below is the selected historical consolidated financial data of CCPT II as of and for the periods indicated. The selected historical consolidated financial data of CCPT II as of December 31, 2012 and 2011 and for each of the fiscal years ended December 31, 2012, 2011 and 2010 have been derived from CCPT II's historical audited consolidated financial statements which are included herein. The selected historical consolidated financial data of CCPT II as of December 31, 2010, 2009 and 2008 and for each of the fiscal years ended December 31, 2009 and 2008 were derived from CCPT II's historical audited consolidated financial statements, which are not included in this joint proxy statement/prospectus.

You should read this selected historical financial information together with the financial statements included in this document and their accompanying notes and management's discussion and analysis of operations and financial condition of CCPT II contained herein.

Table of Contents**Index to Financial Statements**

	CCPT II				
	Historical as of or for the				
	Years Ended				
	December 31,				
	2012	2011	2010	2009	2008
	(in thousands, except per share data)				
Total assets	\$ 3,289,536	\$ 3,430,322	\$ 3,485,335	\$ 3,413,104	\$ 3,432,028
Cash and cash equivalents	21,384	53,205	45,791	28,417	106,485
Total debt	1,757,322	1,767,591	1,673,243	1,607,473	1,550,314
Total liabilities	1,922,109	1,944,127	1,912,723	1,803,360	1,752,006
Total stockholders' equity	1,367,306	1,471,713	1,560,375	1,521,984	1,614,976
Net cash provided by operating activities	118,371	114,449	105,627	116,872	96,073
Net change in cash and cash equivalents	(31,821)	7,414	17,374	(78,068)	62,968
Total revenue	282,852	279,345	269,150	275,455	201,004
Net income	25,397	53,809	30,430	22,406	25,092
Cash distributions paid to common stockholders	131,378	131,003	129,251	134,983	96,051
Net income per common share, basic and diluted	0.12	0.26	0.15	0.11	0.17
Cash distributions paid per common share	0.63	0.63	0.62	0.67	0.66
Cash distributions declared per common share	0.63	0.63	0.62	0.66	0.70
Weighted average shares outstanding - basic	210,075,980	209,693,707	207,198,078	202,686,670	146,198,235
Weighted average shares outstanding - diluted	210,077,076	209,693,707	207,198,078	202,690,094	146,201,399

Selected Historical Financial Information of Spirit

Presented below is the selected historical consolidated financial data of Spirit as of and for the periods indicated. The selected historical consolidated financial data of Spirit as of December 31, 2012 and 2011 and for each of the fiscal years ended December 31, 2012, 2011 and 2010 have been derived from Spirit's historical audited consolidated financial statements which are included herein. The selected historical consolidated financial data of Spirit as of December 31, 2010, 2009 and 2008 and for each of the fiscal years ended December 31, 2009 and 2008 were derived from Spirit's historical audited consolidated financial statements, which were adjusted for discontinued operations, which are not included in this joint proxy statement/prospectus.

You should read this selected historical financial information together with the financial statements included in this document and their accompanying notes and management's discussion and analysis of operations and financial condition of Spirit contained herein.

Table of Contents**Index to Financial Statements**

	Spirit				
	Historical as of or for the				
	Years Ended December 31,				
	2012	2011	2010	2009	2008
	(in thousands, except per share data)				
Total assets	\$3,247,677	\$3,231,561	\$3,396,842	\$3,618,507	\$4,012,914
Cash and cash equivalents	73,568	49,536	88,341	65,072	76,634
Total debt	1,894,878	2,627,146	2,730,994	2,866,923	3,089,248
Total liabilities	1,994,234	2,705,201	2,806,741	2,948,828	3,217,235
Total stockholders' equity	1,253,443	526,360	590,101	669,679	795,679
Net cash provided by operating activities	111,773	94,427	89,397	46,853	79,760
Net change in cash and cash equivalents	24,032	(38,805)	23,269	(11,562)	43,589
Total revenue	282,701	272,696	288,560	276,911	279,057
Loss from continuing operations	(70,287)	(48,927)	(62,074)	(71,021)	(93,391)
Loss from discontinued operations ⁽¹⁾	(5,946)	(14,936)	(24,463)	(51,662)	(61,128)
Net loss	(76,233)	(63,863)	(86,537)	(122,683)	(154,519)
Cash distributions paid to preferred stockholders	63	16	15	16	16
Net loss attributable to common stockholders	(76,296)	(63,879)	(86,552)	(122,699)	(154,535)
Cash distributions paid to common stockholders		3,869		4,384	28,137
Net loss per share of common from continuing operations	(1.70)	(1.89)	(2.40)	(2.75)	(3.77)
Net loss per share of common from discontinued operations	(0.15)	(0.58)	(0.95)	(1.99)	(2.46)
Net loss per common share, basic and diluted	(1.85)	(2.47)	(3.35)	(4.74)	(6.23)
Cash distributions paid per common share		0.15		0.17	1.14
Cash distributions declared per common share	0.33	0.15		0.17	1.14
Weighted average number of common shares outstanding, basic and diluted ⁽²⁾	41,277,353	25,863,976	25,863,976	25,863,976	24,786,310

- (1) Gains and losses from property dispositions during a period or expected losses from properties classified as held for sale at the end of the period, as well as all operations from those properties, are reclassified to and reported as part of discontinued operations.
- (2) Weighted average number of shares of common stock outstanding (basic and diluted) has been adjusted to reflect the 129,318.88 for 1 stock dividend paid on September 10, 2012, and excludes unvested restricted stock awards. No potentially dilutive securities were included as their effect would be anti-dilutive.

Selected Unaudited Pro Forma Consolidated Financial Information

The following tables set forth selected unaudited pro forma consolidated financial information. The pro forma consolidated financial information combines the historical financial statements of CCPT II and Spirit after giving effect to the merger using the acquisition method of accounting and preliminary estimates, assumptions and pro forma adjustments as described below and in the accompanying notes to the unaudited pro forma consolidated financial information.

The unaudited pro forma consolidated financial information should be read in conjunction with CCPT II's historical consolidated financial statements and Spirit's historical consolidated financial statements, including the notes thereto, which are included herein. The selected unaudited pro forma combined consolidated financial

Table of Contents**Index to Financial Statements**

information has been derived from and should be read in conjunction with the unaudited pro forma consolidated financial information and accompanying notes included in this joint proxy statement/prospectus beginning on page F-1.

The unaudited pro forma consolidated financial information is presented for illustrative purposes only and does not purport to be indicative of the results that would actually have occurred if the transactions described above had occurred as presented in such statements or that may be obtained in the future. In addition, future results may vary significantly from the results reflected in such statements.

	Year Ended December 31, 2012
Statement of operations data:	
Total revenue	\$ 560,453
Income from continuing operations	\$28,170
Income from continuing operations per common share:	
Basic and diluted	\$0.08

	As of December 31, 2012
Balance sheet data:	
Total real estate investments, at cost	\$ 6,793,081
Total assets	\$ 7,424,831
Line of credit	\$321,537
Mortgage and notes payable, net	\$ 3,419,069
Total liabilities	\$ 4,078,413
Total stockholders' equity	\$ 3,346,418

Unaudited Comparative Per Share Information

The following tables set forth for the year ended December 31, 2012, selected per share information for Spirit common stock on a historical and pro forma combined basis and for CCPT II common stock on a historical and pro forma equivalent basis, each on an unaudited basis after giving effect to the merger using the acquisition method of accounting, with Spirit treated as the accounting acquiror. The data is derived from and should be read in conjunction with the Spirit and CCPT II audited consolidated financial statements and related notes and the unaudited pro forma condensed consolidated financial information and related notes, which are included elsewhere in this joint proxy statement/prospectus.

The pro forma consolidated CCPT II equivalent information shows the effect of the merger from the perspective of an owner of CCPT II common stock. As this is a reverse acquisition, the CCPT II pro forma equivalent per common share amounts were calculated by multiplying the Spirit pro forma combined per share amounts by the inverse exchange ratio of 0.525.

The unaudited pro forma consolidated per share data is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transaction had been consummated at the beginning of the earliest period presented, nor is it necessarily indicative of future operating results or financial position. The pro forma adjustments are estimates based upon information and assumptions available at the time of the filing of this joint proxy statement/prospectus.

The pro forma income from continuing operations per share includes the combined income (loss) from continuing operations of Spirit and CCPT II on a pro forma basis as if the transactions were consummated on January 1, 2012.

Table of Contents**Index to Financial Statements**

	Spirit		CCPT II	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent
For the Year Ended December 31, 2012				
Income (loss) from continuing operations per common share:				
Basic and diluted	\$ (1.70)	\$ 0.08	\$ 0.12	\$ 0.04
Dividends declared per common share	\$ 0.33	\$ 1.25	\$ 0.63	\$ 0.66
Book value per common share	\$ 14.77	\$ 9.04	\$ 6.55	\$ 4.75

Comparative CCPT II and Spirit Market Price and Dividend Information**CCPT II s Market Price and Dividend Data**

There is no established public trading market for shares of CCPT II common stock. At the close of business on March 27, 2013, the record date for CCPT II s annual meeting, there were approximately 40,824 holders of record of CCPT II common stock. The following table sets forth the distributions declared on CCPT II common stock for the 2012, 2011 and 2010 fiscal years, which correspond to CCPT II s respective quarterly fiscal periods for financial reporting purposes.

	Distributions Declared Per Share	Annualized Rate (At \$10.00 Per Share)	Amount per \$1,000 Invested
2012			
Fourth Quarter	\$ 0.1571	6.25%	\$ 15.71
Third Quarter	\$ 0.1571	6.25%	\$ 15.71
Second Quarter	\$ 0.1554	6.25%	\$ 15.54
First Quarter	\$ 0.1554	6.25%	\$ 15.54
2011			
Fourth Quarter	\$ 0.1576	6.25%	\$ 15.76
Third Quarter	\$ 0.1576	6.25%	\$ 15.76
Second Quarter	\$ 0.1558	6.25%	\$ 15.58
First Quarter	\$ 0.1541	6.25%	\$ 15.41
2010			
Fourth Quarter	\$ 0.1576	6.25%	\$ 15.76
Third Quarter	\$ 0.1576	6.25%	\$ 15.76
Second Quarter	\$ 0.1558	6.25%	\$ 15.58
First Quarter	\$ 0.1541	6.25%	\$ 15.41

Spirit s Market Price and Dividend Data

Spirit s common stock is listed on the NYSE under the symbol SRC. This table sets forth, for the periods indicated, the range of high and low sales prices for Spirit s common stock as reported on the NYSE. On January 18, 2013, the last full trading day prior to the public announcement of the proposed merger, the closing price of Spirit common stock was \$17.82 per share. You should obtain a current stock price quotation for Spirit common stock.

Table of Contents**Index to Financial Statements**

	Price Per Share of Common Stock		Distributions Declared Per Share(1)
	High	Low	
2012			
September 20 (Spirit IPO) through			
September 30	\$ 15.55	\$ 14.76	\$ 0.0204
Fourth Quarter	\$ 17.90	\$ 15.45	\$ 0.3125
			\$ 0.3329

(1) In December 2012 the Spirit Board declared two cash dividends on its common stock.

If the Combined Corporation continues to pay quarterly cash dividends at the rate of \$0.1641 per share, after giving effect to the inverse exchange ratio of 0.525, this dividend, from the perspective of a holder of CCPT II common stock, would be approximately 4% more than CCPT II's most recent quarterly dividend of \$0.1571 per share.

Recent Closing Prices

The following table sets forth the closing per share sales prices of Spirit's common stock as reported on the NYSE on January 18, 2013, the last full trading day before the public announcement of the execution of the merger agreement by CCPT II and Spirit, and on March 25, 2013, the latest practicable trading day before the date of this joint proxy statement/prospectus:

	Spirit Common Stock
January 18, 2013	\$ 17.82
March 25, 2013	\$ 19.17

The market price of Spirit common stock will fluctuate between the date of this joint proxy statement/prospectus and the effective time of the merger. Because the number of shares of CCPT II common stock to be issued in connection with the merger for each share of Spirit common stock is fixed in the merger agreement, the value of CCPT II common stock to be received by Spirit stockholders at the effective time of the merger may vary significantly.

Following the effective time of the merger, the Combined Corporation common stock is expected to be listed on the NYSE and the Spirit common stock will be delisted, however, until the effective time of the merger, the Spirit common stock will continue to be listed on the NYSE.

Table of Contents

Index to Financial Statements

RISK FACTORS

In addition to the other information included in this joint proxy statement/prospectus, including the matters addressed in the section entitled Cautionary Statement Concerning Forward-Looking Statements, whether you are a CCPT II or Spirit stockholder, you should carefully consider the following risks before deciding whether to vote for the approval of the merger and other transactions contemplated by the merger agreement and the approval of the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. You should also read and consider the other information in this joint proxy statement/prospectus. When used in this section, unless otherwise specifically stated or the context otherwise requires, the term Combined Corporation, refers to CCPT II after the effective time of the merger, which will be named Spirit Realty Capital, Inc. with respect to the period after the merger.

Risk Factors Relating to the Merger

The exchange ratio is fixed and will not be adjusted in the event of any change in CCPT II's share value or in Spirit's stock price.

Upon the consummation of the merger, each share of Spirit common stock will be converted into the right to receive 1.9048 shares of CCPT II common stock (which equates to an inverse exchange ratio of 0.525 shares of Spirit common stock for one share of CCPT II common stock), with cash paid in lieu of any fractional shares. This exchange ratio was fixed in the merger agreement and will not be adjusted for changes in the market price of Spirit common stock or changes in the value of CCPT II common stock. Changes in the market price of Spirit common stock or changes in the value of CCPT II common stock prior to the merger will affect the value of the merger consideration that Spirit stockholders will receive on the date of the merger. Stock price or value changes may result from a variety of factors (many of which are beyond the control of CCPT II and Spirit), including the following factors:

market reaction to the announcement of the merger and the prospects of the Combined Corporation;

changes in the respective businesses, operations, assets, liabilities and prospects of CCPT II and Spirit;

changes in market assessments of the business, operations, financial position and prospects of either company or the Combined Corporation;

market assessments of the likelihood that the merger will be completed;

interest rates, general market and economic conditions and other factors generally affecting the value of CCPT II common stock or the market price of Spirit common stock;

federal, state and local legislation, governmental regulation and legal developments in the businesses in which CCPT II and Spirit operate; and

other factors beyond the control of CCPT II and Spirit, including those described or referred to elsewhere in this Risk Factors section.

The value of CCPT II common stock and the market price of Spirit common stock at the closing of the merger may vary from its value on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus and on the date of the meetings of CCPT II and Spirit. As a result, the implied value of the merger consideration represented by the exchange ratio will also vary.

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

Because the merger will be completed after the date of the meetings of the Spirit stockholders and CCPT II stockholders, at the time of your meeting, you will not know the exact value of the CCPT II common stock that Spirit stockholders will receive upon completion of the merger or the final market price of the Spirit common stock upon completion of the merger. You should consider the following two risks:

If the value of CCPT II common stock increases or if the market price of Spirit common stock declines between the date the merger agreement was signed or the date of the CCPT II annual meeting and the

Table of Contents

Index to Financial Statements

effective time of the merger, including for any of the reasons described above, Spirit stockholders will receive shares of CCPT II common stock that have a value upon completion of the merger that is greater than the value of such shares calculated pursuant to the exchange ratio when the merger agreement was signed or the date of the CCPT II annual meeting, respectively. Therefore, while the number of shares of CCPT II common stock to be issued per share of Spirit common stock is fixed, CCPT II stockholders cannot be sure of the value of the consideration that will be paid to Spirit stockholders upon completion of the merger.

If the value of CCPT II common stock declines or if the market price of Spirit common stock increases between the date the merger agreement was signed or the date of the Spirit special meeting and the effective time of the merger, including for any of the reasons described above, Spirit stockholders will receive shares of CCPT II common stock that have a value upon completion of the merger that is less than the value of such shares calculated pursuant to the exchange ratio on the date the merger agreement was signed or on the date of the Spirit special meeting, respectively. Therefore, while the number of shares of CCPT II common stock to be issued per share of Spirit common stock is fixed, Spirit stockholders cannot be sure of the value of the CCPT II common stock they will receive upon completion of the merger or the value of CCPT II common stock at any time after the completion of the merger.

The merger and related transactions are subject to approval by stockholders of both CCPT II and Spirit.

In order for the merger to be completed, both CCPT II and Spirit stockholders must respectively approve the merger and the other transactions contemplated by the merger agreement, which requires the affirmative vote of the holders of at least a majority of the outstanding shares of common stock of each of CCPT II and Spirit entitled to vote on the merger and the other transactions contemplated by the merger agreement.

The closing of the merger is subject to the receipt of certain lender consents.

In order for the merger to be completed the consent of certain lenders is required to be obtained. CCPT II and Spirit have agreed to reasonably cooperate in connection with soliciting and obtaining these lender consents but there can be no guaranty that these lender consents will be obtained pursuant to the terms of the merger agreement.

CCPT II and Spirit stockholders will be diluted by the merger.

The merger will dilute the ownership position of the CCPT II stockholders, and result in Spirit stockholders having an ownership stake in the Combined Corporation that is smaller than their current stake in Spirit. Following the issuance of shares of CCPT II common stock to Spirit stockholders pursuant to the merger agreement, CCPT II stockholders and former Spirit stockholders are expected to hold approximately 56% and 44%, respectively, of the Combined Corporation common stock issued and outstanding immediately after the effective time of the merger, based on the number of shares of common stock of each of CCPT II and Spirit currently outstanding and various assumptions regarding share issuances by each of CCPT II and Spirit prior to the effective time of the merger. Consequently, CCPT II stockholders and Spirit stockholders, as a general matter, will have less influence over the management and policies of the Combined Corporation after the effective time of the merger than each currently exercise over the management and policies of CCPT II and Spirit, as applicable.

If the merger does not occur, one of the companies may incur payment obligations to the other.

If the merger agreement is terminated under certain circumstances, CCPT II or Spirit may be obligated to pay the other party a termination fee of \$55 million plus up to \$10 million in expense reimbursement. See [The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by Spirit to CCPT II](#) beginning on page 263 and [The Merger Agreement Termination of the Agreement Expenses Payable by CCPT II to Spirit](#) beginning on page 263.

Table of Contents

Index to Financial Statements

Failure to complete the merger could negatively impact the value of CCPT II common stock, the stock price of Spirit common stock and the future business and financial results of both companies.

If the merger is not completed, the ongoing businesses of CCPT II and Spirit could be adversely affected and each of CCPT II and Spirit will be subject to several risks, including the following:

Spirit or CCPT II being required, under certain circumstances, to pay to the other party a termination fee of \$55 million and/or up to \$10 million in expense reimbursement;

having to pay certain costs relating to the proposed merger, such as legal, accounting, financial advisor, filing, printing and mailing fees; and

diversion of management focus and resources from operational matters and other strategic opportunities while working to implement the merger.

Furthermore, if the merger is not completed, CCPT II stockholders will not have had the opportunity to achieve liquidity and the CCPT II Board will review such other alternatives for liquidity, which may not occur in the near term or on terms as attractive as the terms of the merger with Spirit.

If the merger is not completed, these risks could materially affect the business, financial results and stock price of Spirit and share value of CCPT II.

The pendency of the merger could adversely affect the business and operations of CCPT II and Spirit.

Prior to the effective time of the merger, some tenants or vendors of each of CCPT II and Spirit may delay or defer decisions, which could negatively impact the revenues, earnings, cash flows and expenses of CCPT II and Spirit, regardless of whether the merger is completed. In addition, due to operating restrictions in the merger agreement, each of CCPT II and Spirit may be unable, during the pendency of the merger, to pursue certain strategic transactions, undertake certain significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions that are not in the ordinary course of business, even if such actions would prove beneficial.

The merger agreement contains provisions that could discourage a potential competing acquirer of CCPT II or Spirit or which could result in any competing acquisition proposal being at a lower price than it might otherwise be.

The merger agreement contains no shop provisions that, subject to limited exceptions, restrict both CCPT II's and Spirit's ability to solicit, encourage, facilitate or discuss competing third-party proposals to acquire all or a significant part of CCPT II or Spirit respectively. In addition, CCPT II and Spirit generally have an opportunity to offer to modify the terms of the merger in response to any competing acquisition proposals that may be made before the CCPT II or Spirit Board may withdraw or qualify its recommendation to their respective stockholders. Upon termination of the merger agreement in certain circumstances, Spirit may be required to pay a termination fee and/or expense reimbursement to CCPT II, and in certain other circumstances, CCPT II may be required to pay a termination fee and/or an expense reimbursement to Spirit. See The Merger Agreement Covenants and Agreements No Solicitation of Transactions by the Spirit Parties beginning on page 255, The Merger Agreement Covenants and Agreements No Solicitation of Transactions by the CCPT II Parties beginning on page 252, The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by Spirit to CCPT II beginning on page 263, and The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by CCPT II to Spirit beginning on page 263.

These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of CCPT II or Spirit from considering or proposing a competing acquisition, even if the potential competing acquirer was prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee and/or expense reimbursement that may become payable in certain circumstances.

Table of Contents

Index to Financial Statements

If the merger is not consummated by July 22, 2013 (unless extended to September 22, 2013 pursuant to the terms of the merger agreement), either CCPT II or Spirit may terminate the merger agreement.

Either CCPT II or Spirit may terminate the merger agreement if the merger has not been consummated by July 22, 2013, unless as of July 22, 2013, all conditions to closing have been satisfied or waived other than the obligation of CCPT II and Spirit to obtain (i) its respective stockholder approval for the merger and the other transactions contemplated by the merger agreement and/or (ii) certain lender consents (described under *The Merger Agreement Conditions to Completion of the Merger*) and the financing commitment secured by Spirit from Barclays Bank, Deutsche Bank and MIHI (or replacement financing acceptable to the parties) has been extended to September 22, 2013 (or such financing has been funded into escrow), in which case this date will be extended to September 22, 2013. However, this termination right will not be available to a party if that party failed to fulfill its obligations under the merger agreement and that failure was a principle cause of, or resulted in, the failure to consummate the merger. For more information, please see the section titled *The Merger Agreement Termination of the Merger Agreement* beginning on page 261.

Some of the directors and executive officers of CCPT II and Spirit have interests in seeing the merger completed that are different from, or in addition to, those of the other CCPT II stockholders and Spirit stockholders.

Some of the directors and executive officers of CCPT II and Spirit have arrangements that provide them with interests in the merger that are different from, or in addition to, those of the stockholders of CCPT II and Spirit. These interests include, among other things, the continued service as a director or an executive officer of the Combined Corporation, and the providing of advisory and property management services pursuant to the Existing Agreements and the Advisory Matters Agreement. These interests, among other things, may influence the directors and executive officers of CCPT II and Spirit to support or approve the merger.

The merger will result in changes to the board of directors of the Combined Corporation.

Upon completion of the merger, the composition of the board of directors of the Combined Corporation will be different than the current CCPT II Board and the Spirit Board. The Spirit Board currently consists of seven directors and upon the consummation of the merger, all of the directors of Spirit immediately prior to the effective time of the merger and up to two individuals designated by CCPT II, and reasonably satisfactory to Spirit, are expected to comprise the board of directors of the Combined Corporation after the effective time of the merger. As of the date of this joint proxy statement/prospectus, no determination has been made as to the identity of the two individuals to be designated by CCPT II. This new composition of the board of directors of the Combined Corporation may affect the future decisions of the Combined Corporation.

Risk Factors Relating to the Combined Corporation Following the Merger

Risks Related to the Combined Corporation's Operations

The Combined Corporation expects to incur substantial expenses related to the merger.

The Combined Corporation expects to incur substantial expenses in connection with completing the merger and integrating the business, operations, networks, systems, technologies, policies and procedures of CCPT II with those of Spirit. There are several systems that must be integrated, including accounting and finance and asset management. While it has been assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond the Combined Corporation's control that could affect the total amount or the timing of its integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. As a result, the transaction and integration expenses associated with the merger could, particularly in the near term, exceed the savings that the Combined Corporation expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the merger.

Table of Contents

Index to Financial Statements

Following the merger, the Combined Corporation may be unable to integrate successfully the businesses of CCPT II and Spirit and realize the anticipated benefits of the merger or do so within the anticipated timeframe.

The merger involves the combination of CCPT II and Spirit which currently operate as a non-traded REIT and a publicly traded REIT, respectively, independently from each other. Even though the companies are operationally similar, the Combined Corporation will be required to devote significant management attention and resources to integrating the business practices and operations of Spirit and CCPT II. It is possible that the integration process could result in the distraction of the Combined Corporation's management, the disruption of the Combined Corporation's ongoing business or inconsistencies in the Combined Corporation's operations, services, standards, controls, procedures and policies, any of which could adversely affect the ability of the Combined Corporation to maintain relationships with customers, vendors and employees or to fully achieve the anticipated benefits of the merger.

The future results of the Combined Corporation will suffer if the Combined Corporation does not effectively manage its expanded operations following the merger.

Following the merger, the Combined Corporation may continue to expand its operations through additional acquisitions and other strategic transactions, some of which may involve complex challenges. The future success of the Combined Corporation will depend, in part, upon its ability to manage its expansion opportunities, integrate new operations into its existing business in an efficient and timely manner, successfully monitor its operations, costs, regulatory compliance and service quality, and maintain other necessary internal controls. The Combined Corporation cannot assure you that its expansion or acquisition opportunities will be successful, or that the Combined Corporation will realize its expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

Many of the Combined Corporation's properties depend upon a single tenant, or a limited number of major tenants, for all or a majority of its rental income; therefore, the Combined Corporation's financial condition and ability to make distributions to you may be adversely affected by the bankruptcy or insolvency, a downturn in the business, or a lease termination of a single tenant.

Many of the Combined Corporation's properties will be occupied by only one tenant or derive a majority of its rental income from a limited number of major tenants and, therefore, the success of those properties is materially dependent on the financial stability of such tenants. Such tenants face competition within their industries and other factors that could reduce their ability to make rent payments. For example, for the Combined Corporation's industrial properties, a general reduction in U.S. manufacturing activity could reduce the Combined Corporation's manufacturing tenants' ability to pay rent. Lease payment defaults by tenants could cause the Combined Corporation to reduce the amount of distributions paid. A default of a tenant on its lease payments to the Combined Corporation would cause the Combined Corporation to lose revenue from the property and force the Combined Corporation to find an alternative source of revenue to meet any expenses associated with the property and prevent a foreclosure if the property is subject to a mortgage. In the event of a default by a single or major tenant, the Combined Corporation may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting the Combined Corporation's investment and re-letting the property. If a lease is terminated, the Combined Corporation may not be able to lease the property for the rent previously received or sell the property without incurring a loss. A default by a tenant, the failure of a guarantor to fulfill its obligations or other premature termination of a lease, or a tenant's election not to extend a lease upon its expiration, could have an adverse effect on the Combined Corporation's financial condition and its ability to pay distributions to you.

Risks Related to an Investment in the Combined Corporation Common Stock

The market price and trading volume of the Combined Corporation common stock may be volatile.

The U.S. stock markets, including the NYSE, on which it is anticipated that the Combined Corporation common stock will be listed under the symbol SRC, have experienced significant price and volume

Table of Contents

Index to Financial Statements

fluctuations. As a result, the market price of shares of the Combined Corporation common stock is likely to be similarly volatile, and investors in shares of the Combined Corporation common stock may experience a decrease in the value of their shares, including decreases unrelated to the Combined Corporation's operating performance or prospects. CCPT II and Spirit cannot assure you that the market price of the Combined Corporation common stock will not fluctuate or decline significantly in the future.

In addition to the risks listed in this Risk Factors section, a number of factors could negatively affect the Combined Corporation's share price or result in fluctuations in the price or trading volume of the Combined Corporation common stock, including:

the annual yield from distributions on the Combined Corporation common stock as compared to yields on other financial instruments;

equity issuances by the Combined Corporation, or future sales of substantial amounts of the Combined Corporation common stock by its existing or future shareholders, or the perception that such issuances or future sales may occur;

increases in market interest rates or a decrease in the Combined Corporation's distributions to stockholders that lead purchasers of the Combined Corporation common stock to demand a higher yield;

changes in market valuations of similar companies;

fluctuations in stock market prices and volumes;

additions or departures of key management personnel;

the Combined Corporation's operating performance and the performance of other similar companies;

actual or anticipated differences in the Combined Corporation's quarterly operating results;

changes in expectations of future financial performance or changes in estimates of securities analysts;

publication of research reports about the Combined Corporation or its industry by securities analysts;

failure to qualify as a REIT for federal income tax purposes;

adverse market reaction to any indebtedness the Combined Corporation incurs in the future;

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

strategic decisions by the Combined Corporation or its competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;

the passage of legislation or other regulatory developments that adversely affect the Combined Corporation or its industry;

speculation in the press or investment community;

changes in the Combined Corporation's earnings;

failure to satisfy the listing requirements of the NYSE;

failure to comply with the requirements of the Sarbanes-Oxley Act;

actions by institutional stockholders of the Combined Corporation;

changes in accounting principles; and

general economic and/or market conditions, including factors unrelated to the Combined Corporation's performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert the

Table of Contents

Index to Financial Statements

Combined Corporation's management's attention and resources, which could have a material adverse effect the Combined Corporation's cash flows, its ability to execute its business strategy and the Combined Corporation's ability to make distributions to its stockholders.

Because the Combined Corporation will have a large number of stockholders and CCPT II common stock has not been listed on a national securities exchange prior to the merger, there may be significant pent-up demand to sell shares of the Combined Corporation common stock. Significant sales of the Combined Corporation common stock, or the perception that significant sales of such shares could occur, may cause the price of the Combined Corporation common stock to decline significantly.

As of March 25, 2013, the Combined Corporation would have approximately 370,174,854 million shares of common stock issued and outstanding following the merger. Prior to this offering, the common stock of CCPT II was not listed on any national securities exchange and the ability of stockholders to liquidate their investments was limited. Additionally, CCPT II's share repurchase program has been suspended as of December 6, 2012. As a result, there may be significant pent-up demand to sell shares of the Combined Corporation common stock. A large volume of sales of shares of the Combined Corporation common stock could decrease the prevailing market price of the Combined Corporation common stock and could impair its ability to raise additional capital through the sale of equity securities in the future. Even if a substantial number of sales of shares of the Combined Corporation common stock shares are not affected, the mere perception of the possibility of these sales could depress the market price of the Combined Corporation common stock and have a negative effect on the Combined Corporation's ability to raise capital in the future.

The market price of the Combined Corporation common stock may decline as a result of the merger.

The market price of the Combined Corporation common stock may decline as a result of the merger if the Combined Corporation does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts, or the effect of the merger on the Combined Corporation's financial results is not consistent with the expectations of financial or industry analysts.

In addition, following the effective time of the merger, Spirit stockholders and CCPT II stockholders will own interests in a combined company operating an expanded business with a different mix of properties, risks and liabilities. Current stockholders of CCPT II and Spirit may not wish to continue to invest in the Combined Corporation, or for other reasons may wish to dispose of some or all of their shares of the Combined Corporation common stock. If, following the effective time of the merger, large amounts of the Combined Corporation common stock are sold, the price of the Combined Corporation common stock could decline.

After the merger is completed, CCPT II stockholders will have different rights in the Combined Corporation that may be less favorable than their current rights as CCPT II stockholders.

After the closing of the merger, and the amendment and restatement of the CCPT II charter as part of the merger and the amendment and restatement of the CCPT II bylaws at the effective time of the merger, CCPT II stockholders who will own interests in the Combined Corporation will have different rights than they currently have as CCPT II stockholders. For a detailed discussion of the significant differences between current rights as a stockholder of CCPT II and the rights of a stockholder of the Combined Corporation, see "Comparison of Rights of Stockholders of CCPT II and Stockholders of Spirit Pre-Merger and Rights of Stockholders of the Combined Corporation Post-Merger" beginning on page 278.

The Combined Corporation cannot assure you that it will be able to continue paying dividends at or above the current rate currently paid by CCPT II and Spirit.

The stockholders of the Combined Corporation may not receive the same dividends following the merger for various reasons, including the following:

the Combined Corporation may not have enough cash to pay such dividends due to changes in the Combined Corporation's cash requirements, capital spending plans, cash flow or financial position;

Table of Contents

Index to Financial Statements

decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of the Combined Corporation's board of directors, which reserves the right to change Spirit's current dividend practices at any time and for any reason;

the Combined Corporation may desire to retain cash to maintain or improve its credit ratings; and

the amount of dividends that the Combined Corporation's subsidiaries may distribute to the Combined Corporation may be subject to restrictions imposed by state law, restrictions that may be imposed by state regulators, and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur.

Stockholders of the Combined Corporation will have no contractual or other legal right to dividends that have not been declared by the Combined Corporation's board of directors.

In connection with the announcement of the merger agreement, one lawsuit has been filed and is pending, as of March 28, 2013, seeking, among other things, to enjoin the merger and rescind the merger agreement, and an adverse judgment in this lawsuit may prevent the merger from becoming effective within the expected timeframe (if at all).

As of March 28, 2013, purported stockholders of Spirit have filed a lawsuit against Spirit, members of the Spirit Board, CCPT II, the Spirit Partnership and the CCPT II Partnership challenging the merger. The complaint alleges that Spirit's directors breached their fiduciary duties to Spirit stockholders in connection with the merger, and further claims that CCPT II, the CCPT II Partnership and the Spirit Partnership aided and abetted those alleged breaches of fiduciary duty. The complaint seeks a declaration that defendants have breached their fiduciary duties or aided and abetted such breaches and that the merger agreement is unenforceable, an order enjoining a vote on the transactions contemplated by the merger agreement, rescission of the transactions in the event they are consummated, imposition of a constructive trust, an award of fees and costs, including attorneys' and experts' fees and costs, and other relief. Spirit or CCPT II may also be the target of similar litigation in the future.

While Spirit and CCPT II management believe that the allegations in the complaint are without merit and intend to defend vigorously against these allegations, Spirit and CCPT II cannot assure you as to the outcome of this, or any similar future lawsuits, including the costs associated with defending this claim or any other liabilities that may be incurred in connection with the litigation or settlement of this claim. If the plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the merger on the agreed-upon terms, such an injunction may prevent the completion of the merger in the expected time frame, or may prevent it from being completed altogether. Whether or not the plaintiffs' claims are successful, this type of litigation is often expensive and diverts management's attention and resources, which could adversely affect the operation of the businesses of CCPT II and Spirit. For more information about litigation related to the merger, see "The Merger - Litigation Relating to the Merger" beginning on page 240.

Counterparties to certain significant agreements with CCPT II and Spirit may have consent rights in connection with the merger.

CCPT II and Spirit are respectively party to certain agreements that give the counterparty certain rights, including consent rights, in connection with change in control transactions. Under certain of these agreements, the merger will constitute a change in control and, therefore, the counterparty may assert its rights in connection with the merger. Any such counterparty may request modifications of its agreements as a condition to granting a waiver or consent under those agreements and there can be no assurance that such counterparties will not exercise their rights under the agreements, including termination rights where available.

Table of Contents

Index to Financial Statements

The historical and unaudited pro forma combined condensed financial information included elsewhere in this joint proxy statement/prospectus may not be representative of the Combined Corporation's results following the effective time of the merger, and accordingly, you have limited financial information on which to evaluate the Combined Corporation.

The unaudited pro forma combined condensed financial information included elsewhere in this joint proxy statement/prospectus has been presented for informational purposes only and is not necessarily indicative of the financial position or results of operations that actually would have occurred had the merger been completed as of the date indicated, nor is it indicative of the future operating results or financial position of the Combined Corporation. The unaudited pro forma combined condensed financial information does not reflect future events that may occur after the effective time of the merger, including the costs related to the planned integration of the two companies and any future nonrecurring charges resulting from the merger, and does not consider potential impacts of current market conditions on revenues or expense efficiencies. The unaudited pro forma combined condensed financial information presented elsewhere in this joint proxy statement/prospectus is based in part on certain assumptions regarding the merger that CCPT II and Spirit believe are reasonable under the circumstances. CCPT II and Spirit cannot assure you that the assumptions will prove to be accurate over time.

The Combined Corporation may incur adverse tax consequences if CCPT II or Spirit has failed or fails to qualify as a REIT for U.S. federal income tax purposes.

Each of Spirit and CCPT II has operated in a manner that it believes has allowed it to qualify as a REIT for federal income tax purposes under the Code, and the Combined Corporation intends to continue operating in such a manner. None of Spirit, CCPT II or the Combined Corporation has requested or plans to request a ruling from the IRS that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury Regulations that have been promulgated under the Code is greater in the case of a REIT that holds its assets through a partnership. The determination of various factual matters and circumstances not entirely within the control of Spirit, CCPT II or the Combined Corporation may affect its ability to qualify as a REIT. In order to qualify as a REIT, each of Spirit, CCPT II and the Combined Corporation must satisfy a number of requirements, including requirements regarding the ownership of its stock, requirements regarding the composition of its assets and a requirement that at least 95% of its gross income in any year must be derived from qualifying sources, such as rents from real property. Also, a REIT must make distributions to stockholders aggregating annually at least 90% of its net taxable income, excluding any net capital gains.

If Spirit, CCPT II or the Combined Corporation loses its REIT status, it will face serious tax consequences that would substantially reduce its cash available for distribution, including cash available to pay dividends to its stockholders, for each of the years involved because:

such company would not be allowed a deduction for dividends paid to stockholders in computing its taxable income and would be subject to federal income tax at regular corporate rates;

such company also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and

unless such company is entitled to relief under applicable statutory provisions, it could not elect to be taxed as a REIT for four taxable years following the year during which it was disqualified.

In addition, if Spirit, CCPT II or the Combined Corporation fails to qualify as a REIT, it will not be required to make distributions to stockholders, and accordingly, distributions from its operating partnership could be similarly reduced. As a result of all these factors, Spirit's, CCPT II's or the Combined Corporation's failure to qualify as a REIT could impair the Combined Corporation's ability to expand its business and raise capital, and would materially adversely affect the value of its stock.

Table of Contents

Index to Financial Statements

In certain circumstances, even if the Combined Corporation qualifies as a REIT, it may be subject to certain federal and state taxes, which would reduce the Combined Corporation's cash available for distribution to its stockholders.

Even if the Combined Corporation maintains its status as a REIT, the Combined Corporation may be subject to federal or state taxes. For example, net income from the sale of properties that are dealer properties sold by a REIT (a prohibited transaction under the Code) will be subject to a 100% tax. In addition, the Combined Corporation may not be able to make sufficient distributions to avoid income and excise taxes applicable to REITs. Alternatively, the Combined Corporation may decide to retain income it earns from the sale or other disposition of its property and pay income tax directly on such income. In that event, the Combined Corporation's stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability. The Combined Corporation may also be subject to state and local taxes on its income or property, either directly or at the level of its operating partnership, or at the level of the other companies through which the Combined Corporation indirectly owns its assets. Any federal or state taxes the Combined Corporation pays will reduce its cash available for distribution to stockholders. See section The Merger Material U.S. Federal Income Tax Consequences to the Merger beginning on page 216.

The Internal Revenue Service, which is referred to in this joint proxy statement/prospectus as the IRS, may take the position that specific sale-lease back transactions are loans, which could jeopardize the Combined Corporation's REIT qualification.

The IRS may take the position that specific sale-leaseback transactions that the Combined Corporation treats as leases are not true leases for U.S. federal income tax purposes but are, instead, financing arrangements or loans. If a sale-leaseback transaction were so characterized by the IRS, the Combined Corporation might fail to satisfy the qualification requirements applicable to REITs.

Dividends payable by REITs generally do not qualify for reduced U.S. federal income tax rates.

Certain dividends payable by domestic or qualified foreign corporations to individuals, trusts and estates that are U.S. stockholders, are currently eligible for federal income tax at a maximum rate of 20%. Dividends payable by REITs, in contrast, generally are not eligible for the reduced rates unless the dividends are attributable to (i) qualified dividend income received by the REIT from C corporations, including its taxable REIT subsidiaries, (ii) the REIT's undistributed earnings or built-in gains taxed at the corporate level during the immediately preceding year, or (iii) any earnings and profits inherited from a C corporation in a tax-deferred reorganization or similar transaction. The more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including the Combined Corporation common stock.

Legislative or regulatory action could adversely affect the stockholders of the Combined Corporation.

In recent years, numerous legislative, judicial and administrative changes have been made to the federal income tax laws applicable to investments in REITs and similar entities. Additional changes to the tax laws are likely to occur, and such changes may adversely affect the taxation of a stockholder of the Combined Corporation. Any such changes could have an adverse effect on an investment in the Combined Corporation common stock or on the market value or the resale potential of the Combined Corporation's assets.

The power of the Combined Corporation's board of directors to revoke its REIT election without stockholder approval may cause adverse consequences to its stockholders.

The Combined Corporation's organizational documents will permit its board of directors to revoke or otherwise terminate its REIT election, without the approval of its stockholders, if the board of directors

Table of Contents

Index to Financial Statements

determines that it is not in the Combined Corporation's best interest to qualify as a REIT. In such a case, the Combined Corporation would become subject to U.S. federal, state and local income tax on its net taxable income and the Combined Corporation would no longer be required to distribute most of its net taxable income to its stockholders, which may have adverse consequences on the total return to its stockholders.

The Combined Corporation depends on key personnel for its future success, and the loss of key personnel or inability to attract and retain personnel could harm the Combined Corporation's business.

The future success of the Combined Corporation depends in large part on its ability to hire and retain a sufficient number of qualified personnel. The future success of the Corporation also depends upon the service of the Combined Corporation's executive officers, particularly, Thomas H. Nolan, Jr. and Peter M. Mavroides, who have extensive market knowledge and relationships and will exercise substantial influence over the Combined Corporation's operational, financing, acquisition and disposition activity. Among the reasons that they are important to the Combined Corporation's success is that each has a national or regional industry reputation that is expected to attract business and investment opportunities and assist the Combined Corporation in negotiations with lenders, existing and potential tenants and industry personnel.

Many of the Combined Corporation's other key executive personnel, particularly its senior managers, also have extensive experience and strong reputations in the real estate industry. In particular, the extent and nature of the relationships that these individuals have developed with financial institutions and existing and prospective tenants is critically important to the success of the Combined Corporation's business. The loss of services of one or more members of the Combined Corporation's senior management team, or the Combined Corporation's inability to attract and retain highly qualified personnel, could adversely affect the Combined Corporation's business, diminish the Combined Corporation's investment opportunities and weaken its relationships with lenders, business partners, existing and prospective tenants and industry personnel, which could materially and adversely affect the Combined Corporation.

CCPT II and Spirit face other risks.

The foregoing risks are not exhaustive, and you should be aware that following the merger the Combined Corporation will face various other risks.

Table of Contents

Index to Financial Statements

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus may contain certain forecasts and other forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, the words expects, anticipates, targets, goals, projects, intends, plans, seeks, estimates, variations of such words and similar expressions identify forward-looking statements and any statements regarding the benefits of the merger, or CCPT II's or Spirit's future financial condition, results of operations and business are also forward-looking statements. Without limiting the generality of the preceding sentence, certain statements contained in the sections The Merger Background of the Merger, The Merger Recommendation of the CCPT II Board and Its Reasons for the Merger, The Merger Recommendation of the Spirit Board and Its Reasons for the Merger, The Merger Certain Prospective Financial Information Reviewed by CCPT II and The Merger Certain Prospective Financial Information Reviewed by Spirit constitute forward-looking statements

You should understand that the following important factors, in addition to those discussed in Risk Factors and elsewhere in this joint proxy statement/prospectus, could affect the future results of the Combined Corporation after completion of the merger and could cause actual results or other outcomes to differ materially from those expressed in the forward-looking statements contained in this joint proxy statement/prospectus:

each of CCPT II's and Spirit's success, or the success of the Combined Corporation, in implementing its business strategy and its ability to identify, underwrite, finance, consummate and integrate diversifying acquisitions or investments;

the nature and extent of future competition;

increases in each of CCPT II's and Spirit's costs, or in the costs of the Combined Corporation, of borrowing as a result of changes in interest rates and other factors;

each of CCPT II's and Spirit's ability, or the ability of the Combined Corporation, to pay down, refinance, restructure and/or extend its indebtedness as it becomes due;

the ability and willingness of each of CCPT II's and Spirit's tenants, or the tenants of the Combined Corporation, to renew their leases upon expiration of the leases and each of CCPT II's and Spirit's ability to reposition its properties on the same or better terms in the event such leases expire and are not renewed by the tenants or in the event either CCPT II or Spirit exercises its right to replace an existing tenant upon default;

the impact of any financial, accounting, legal or regulatory issues or litigation that may affect either CCPT II or Spirit or their major tenants or the Combined Corporation or its major tenants;

risks associated with the ability to consummate the merger and the timing of the closing of the merger;

the risk that the anticipated benefits from the merger may not be realized or may take longer to realize than expected;

unexpected costs or unexpected liabilities that may arise from the transaction, whether or not consummated; and

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

each of CCPT II's and Spirit's ability and willingness, and the ability and willingness of the Combined Corporation, to maintain its qualification as a REIT due to economic, market, legal, tax or other considerations.

Should one or more of the risks or uncertainties described above or elsewhere herein occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this joint proxy statement/prospectus.

Table of Contents

Index to Financial Statements

All forward-looking statements, expressed or implied, included in this joint proxy statement/prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that CCPT II, Spirit or persons acting on their behalf may issue.

Except as otherwise required by applicable law, CCPT II and Spirit disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section. See also [Where You Can Find More Information](#).

Table of Contents

Index to Financial Statements

THE COMPANIES

Cole Credit Property Trust II, Inc.

Description of CCPT II's Business

Formation

CCPT II is a Maryland corporation formed on September 29, 2004, that elected to be taxed as a REIT for federal income tax purposes commencing with its taxable year ended December 31, 2005. CCPT II was organized to acquire and operate commercial real estate primarily consisting of freestanding, single-tenant, retail properties net leased to investment grade and other creditworthy tenants located throughout the United States. As of December 31, 2012, CCPT II owned 752 properties comprising 21.2 million rentable square feet of single and multi-tenant retail and commercial space located in 45 states and the U.S. Virgin Islands. As of December 31, 2012, the rentable space at these properties was 96% leased. As of December 31, 2012, CCPT II also owned 69 mortgage notes receivable secured by 43 restaurant properties and 26 single-tenant retail properties, each of which is subject to a net lease.

Substantially all of CCPT II's business is conducted through its operating partnership, the CCPT II Partnership, a Delaware limited partnership organized in 2004. CCPT II is the sole general partner of and owns a 99.99% interest in the CCPT II Partnership. The Advisor is the sole limited partner and owns an insignificant noncontrolling partnership interest of less than 0.01% of the CCPT II Partnership.

As of December 31, 2012, CCPT II had raised approximately \$2.3 billion in gross proceeds from all of its offerings since inception (including shares sold pursuant to the CCPT II distribution reinvestment plan, referred to herein as the CCPT II DRIP), before offering costs, selling commissions and dealer management fees of \$188.3 million and before share redemptions of \$206.1 million.

Investment Objectives and Policies

CCPT II's objective is to invest primarily in freestanding, single-tenant, retail properties net leased to investment grade and other creditworthy tenants. It may also invest in mortgage loans, commercial mortgage backed securities, or CMBS, or other investments related to real property or entities or joint ventures that make similar investments. CCPT II's primary investment objectives are:

to provide current income to its stockholders through the payment of cash distributions; and

to preserve and return its stockholders' capital contributions.

Decisions relating to the purchase or sale of its investments are made by the Advisor, subject to oversight by the CCPT II Board, a majority of whom are independent directors. The CCPT II Board may revise its investment policies, as described below, without the concurrence of its stockholders. However, the CCPT II Board will not amend its charter, including any investment policies that are provided in its charter, without the concurrence of a majority of the outstanding shares, except for amendments that do not adversely affect the rights, preferences and privileges of its stockholders. CCPT II's independent directors review its investment policies at least annually to determine that its policies are in the best interest of its stockholders.

Acquisition and Investment Policies

Types of Investments

CCPT II invests primarily in freestanding, single-tenant, retail properties under long-term net leases to investment grade and other creditworthy tenants. It also invests in multi-tenant retail power centers and single tenant office and industrial properties under long-term net leases to investment grade and other creditworthy tenants. In addition, CCPT II has acquired, and may continue to acquire mortgage loans secured by similar types of commercial properties in its portfolio.

Table of Contents

Index to Financial Statements

Many of CCPT II's properties are leased to single-tenants of large national retail chains or franchises, including big box retailers, which operate stores in the home improvement, drug, sporting goods, specialty, convenience and restaurant industries. Other properties are so-called power centers, which are comprised of national big box retailers and smaller national and regional retail establishments and other multi-tenant retail properties that complement CCPT II's overall investment objectives. The Advisor monitors industry trends and seeks to identify properties on its behalf that will provide a favorable return balanced with risk. The Advisor primarily targets retail businesses with established track records. This industry is highly property dependent, therefore the Advisor believes it also offers highly competitive sale-leaseback investment opportunities.

To the extent feasible, CCPT II has acquired a well-balanced portfolio diversified by geographic location, age of the property and lease maturity. CCPT II pursued, and continues to pursue, properties with tenants that represent a variety of industries so as to avoid concentration in any one industry. These industries include all types of retail establishments, such as big box retailers, convenience stores, drug stores and restaurant properties. Tenants of CCPT II properties are diversified among national, regional and local brands. CCPT II generally targets properties with lease terms in excess of 10 years. It has acquired, and may continue to acquire, properties with shorter terms if the property is in an attractive location, if the property is difficult to replace, or if the property has other significant favorable attributes. It expects any future acquisitions to be made in the United States, including United States protectorates.

Many retail companies today are entering into sale-leaseback arrangements as a strategy for applying capital that would otherwise be applied to their real estate holdings to their core operating businesses. CCPT II believes that its investment strategy has enabled it to take advantage of the increased emphasis on retailers' core business operations in today's competitive corporate environment as retailers attempt to divest from real estate assets.

There is no limitation on the number, size or type of properties that CCPT II may acquire, or on the percentage of net proceeds of its offerings that may be invested in a single property. The number and mix of properties CCPT II will hold at any given time depends primarily upon real estate market conditions and other circumstances existing at that time.

CCPT II has incurred, and may continue to incur, debt to acquire properties if the Advisor determines that incurring such debt is in CCPT II's best interest. In addition, from time to time, CCPT II acquires properties without financing and later incurs mortgage debt secured by one or more of such properties if favorable financing terms are available. It generally uses the proceeds from such loans to acquire additional properties. See the section below captioned "Borrowing Policies" for a more detailed explanation of CCPT II's borrowing intentions and limitations.

Real Estate Underwriting Process

In evaluating potential property and mortgage loan acquisitions consistent with CCPT II's investment objectives, it applies credit underwriting criteria to the tenants of existing properties. Similarly, CCPT II will apply credit underwriting criteria to possible new tenants when it is re-leasing properties in its portfolio. Tenants of CCPT II's properties frequently are national or super-regional retail chains that are investment grade or otherwise creditworthy entities having high net worth and operating income. The underwriting process includes analyzing the financial data and other available information about the tenant, such as income statements, balance sheets, net worth, cash flow, business plans, data provided by industry credit rating services, and/or other information the Advisor may deem relevant. Generally, these tenants must be experienced multi-unit operators with a proven track record in order to meet the credit tests applied by the Advisor.

In evaluating the credit worthiness of a tenant or prospective tenant, the Advisor may not always use specific quantifiable standards, and may consider many factors, including debt ratings obtained from debt rating agencies, such as Moody's Investors Service, or Moody's, and Standard & Poor's Financial Services, LLC, or Standard & Poor's, and/or the proposed terms of the acquisition. A tenant will be considered investment grade

Table of Contents

Index to Financial Statements

when the tenant has a debt rating by Moody's of Baa3 or better, or a credit rating by Standard & Poor's of BBB- or better, or its payments are guaranteed by a company with such rating. Changes in tenant credit ratings, coupled with future acquisition and disposition activity, may increase or decrease CCPT II's concentration of investment grade tenants in the future.

Moody's ratings are opinions of future relative creditworthiness based on an evaluation of franchise value, financial statement analysis and management quality. The rating given to a debt obligation describes the level of risk associated with receiving full and timely payment of principal and interest on that specific debt obligation and how that risk compares with that of all other debt obligations. The rating, therefore, measures the ability of a company to generate cash in the future.

A Moody's debt rating of Baa3, which is the lowest investment grade rating given by Moody's, is assigned to companies with adequate financial security. However, certain protective elements may be lacking or may be unreliable over any given period of time. A Moody's debt rating of Aaa, which is the highest investment grade rating given by Moody's, is assigned to companies with exceptional financial security. Thus, investment grade tenants will be judged by Moody's to have at least adequate financial security, and will in some cases have exceptional financial security.

Standard & Poor's assigns a credit rating to both companies as a whole and to each issuance or class of a company's debt. A Standard & Poor's credit rating of BBB-, which is the lowest investment grade rating given by Standard & Poor's, is assigned to companies that exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of CCPT II to meet its financial commitments. A Standard & Poor's credit rating of AAA+, which is the highest investment grade rating given by Standard & Poor's, is assigned to companies or issuances with extremely strong capacities to meet their financial commitments. Thus, investment grade tenants will be judged by Standard & Poor's to have at least adequate protection parameters, and will in some cases have extremely strong financial positions.

Other creditworthy tenants are tenants with financial profiles that the Advisor believes meet its investment objectives. In evaluating the creditworthiness of a tenant or prospective tenant, the Advisor does not use specific quantifiable standards, but does consider many factors, including other debt rating agencies, such as Dun and Bradstreet, and/or the proposed terms of the acquisition. The factors the Advisor considers include the financial condition of the tenant and/or guarantor, the operating history of the property with such tenant or tenants, the tenant's or tenants' market share and track record within its industry segment, the general health and outlook of the tenant's or tenants' industry segment, and the lease length and terms at the time of the acquisition.

Description of Leases

The majority of CCPT II's properties are single-tenant properties with existing net leases, and when spaces become vacant or existing leases expire, it anticipates entering into net leases. Net leases means leases that typically require that tenants pay all or a majority of the operating expenses, including real estate taxes, special assessments and sales and use taxes, utilities, insurance and building repairs related to the property, in addition to the lease payments. There are various forms of net leases, typically classified as triple net or double net. Triple net leases typically require the tenant to pay all costs associated with a property in addition to the base rent and percentage rent, if any. Double net leases typically have the landlord responsible for the roof and structure of the building, or other aspects of the property, while the tenant is responsible for all remaining expenses associated with the property. With respect to CCPT II's multi-tenant properties, it has a variety of lease arrangements with the tenants of such properties. Since each lease is an individually negotiated contract between two or more parties, each contract will have different obligations of both the landlord and tenant. Many large national tenants have standard lease forms that generally do not vary from property to property, and CCPT II will have limited ability to revise the terms of leases to those tenants.

The majority of CCPT II's properties had initial lease terms of 10 years or more at the time of acquisition. CCPT II has acquired and in the future it may continue to acquire properties under which the lease term has partially

Table of Contents

Index to Financial Statements

expired. It also may acquire properties with shorter lease terms if the property is in an attractive location, if the property is difficult to replace, or if the property has other significant favorable real estate attributes. Under most commercial leases, tenants are obligated to pay a predetermined annual base rent. Some of the leases for CCPT II's properties also contain provisions that increase the amount of base rent payable at points during the lease term and/or percentage rent that can be calculated by a number of factors. Under triple net and double net leases, the tenants are generally required to pay the real estate taxes, insurance, utilities and common area maintenance charges associated with the properties. Generally, the leases require each tenant to procure, at its own expense, commercial general liability insurance, as well as property insurance covering the building for the full replacement value and naming the ownership entity and the lender, if applicable, as the additional insured on the policy. As a precautionary measure, the Advisor has obtained and may obtain in the future, to the extent available, secondary liability insurance, as well as loss of rents insurance that covers 1 year of annual rent in the event of a rental loss. The secondary insurance coverage names the ownership entity as the named insured on the policy.

Some leases require that CCPT II procure insurance for both commercial general liability and property damage insurance; however, the premiums are fully reimbursable from the tenant. When CCPT II procures such insurance, the policy lists it as the named insured on the policy and the tenant as the additional insured. Tenants are required to provide proof of insurance by furnishing a certificate of insurance to the Advisor on an annual basis. The insurance certificates are carefully tracked and reviewed for compliance by the Advisor's property management department.

In general, leases may not be assigned or subleased without CCPT II's prior written consent. If CCPT II does consent to an assignment or sublease, the original tenant generally will remain fully liable under the lease unless CCPT II releases the tenant from its obligations under the lease.

Other Possible Investments

Although most of CCPT II's investments are properties of the types described above, it has made and may continue to make other investments. For example, it is not limited to investments in single-tenant, freestanding retail properties or properties leased to investment grade and other creditworthy tenants and complimentary multi-tenant properties. CCPT II has invested and may continue to invest in other commercial properties such as business and industrial parks, office buildings and warehouse and distribution facilities, or in other entities that make such investments or own such properties, in order to reduce overall portfolio risks or enhance overall portfolio returns if the Advisor and the CCPT II Board determine that it would be advantageous to do so. Further, to the extent that the Advisor and the CCPT II Board determine it is in its best interest in order to diversify its investment portfolio or otherwise, CCPT II has invested, and may continue to invest, in CMBS and mortgage loans generally secured by the same types of commercial properties that it generally acquires. CCPT II also has invested, and may continue to invest, in other investments related to real property or entities or joint ventures that make similar investments.

CCPT II's criteria for investing in CMBS and mortgage loans are substantially the same as those involved in its investment in properties. CCPT II does not intend to make loans to other persons (other than mortgage loans), to underwrite securities of other issuers or to engage in the purchase and sale of any types of investments other than direct or indirect interests in real estate.

Investment Decisions

The Advisor has substantial discretion with respect to the selection of specific investments and the purchase and sale of CCPT II's properties, subject to the oversight of the CCPT II Board. In pursuing CCPT II's investment objectives and making investment decisions for it, the Advisor evaluates the proposed terms of the purchase against all aspects of the transaction, including the condition and financial performance of the property, the terms of existing leases and the creditworthiness of the tenant, and property and location characteristics. Because the factors considered, including the specific weight CCPT II places on each factor, will vary for each potential investment, it does not, and is not able to, assign a specific weight or level of importance to any particular factor.

Table of Contents

Index to Financial Statements

In addition to procuring and reviewing an independent valuation estimate and property condition report, the Advisor also, to the extent such information is available, considers the following:

tenant rolls and tenant creditworthiness;

a property condition report;

unit level store performance;

property location, visibility and access;

age of the property, physical condition and curb appeal;

neighboring property uses;

local market conditions including vacancy rates;

area demographics, including trade area population and average household income;

neighborhood growth patterns and economic conditions;

presence of nearby properties that may positively impact store sales at the subject property; and

lease terms, including length of lease term, scope of landlord responsibilities, presence and frequency of contractual rental increases, renewal option provisions, exclusive and permitted use provisions, co-tenancy requirements, termination options, projected net cash flow yield and projected internal rates of return.

The Advisor considers whether properties are leased by, or have leases guaranteed by, companies that maintain an investment grade rating by either Standard and Poor's or Moody's Investor Services. The Advisor also will consider non-rated and non-investment grade rated tenants that CCPT II considers creditworthy, as described in Real Estate Underwriting Process above.

Conditions to Closing Acquisitions

Generally, CCPT II conditions its obligation to close the purchase of any investment on the delivery and verification of certain documents from the seller or developer, including, where appropriate:

plans and specifications;

surveys;

evidence of marketable title, subject to such liens and encumbrances as are acceptable to the Advisor;

financial statements covering recent operations of properties having operating histories;

title and liability insurance policies; and

tenant estoppel certificates.

CCPT II generally will not purchase any property unless and until it also obtains what is generally referred to as a Phase I environmental site assessment and is generally satisfied with the environmental status of the property. However, CCPT II may purchase a property without obtaining such assessment if the Advisor determines it is not warranted. A Phase I environmental site assessment consists of a visual survey of the building and the property in an attempt to identify areas of potential environmental concerns, visually observing neighboring properties to assess surface conditions or activities that may have an adverse environmental impact on the property, and contacting local governmental agency personnel who perform a regulatory agency file search in an attempt to determine any known environmental concerns in the immediate vicinity of the property. A Phase I environmental site assessment does not generally include any sampling or testing of soil, ground water or building materials from the property and may not reveal all environmental hazards on a property.

Table of Contents

Index to Financial Statements

CCPT II may enter into purchase and sale arrangements with a seller or developer of a suitable property under development or construction. In such cases, CCPT II will be obligated to purchase the property at the completion of construction, provided that the construction substantially conforms to definitive plans, specifications, and costs approved by it in advance. In such cases, prior to CCPT II acquiring the property, it generally would receive a certificate of an architect, engineer or other appropriate party, stating that the property substantially complies with all plans and specifications. If renovation or remodeling is required prior to the purchase of a property, CCPT II expects to pay a negotiated maximum amount to the seller upon completion. CCPT II does not currently intend to construct or develop properties or to render any services in connection with such development or construction.

In determining whether to purchase a particular property, CCPT II may, in accordance with customary practices, obtain an option on such property. The amount paid for an option, if any, normally is surrendered if the property is not purchased and normally is credited against the purchase price if the property is purchased.

In purchasing, leasing and developing properties, CCPT II will be subject to risks generally incident to the ownership of real estate.

Ownership Structure

CCPT II's investment in real estate generally takes the form of holding fee title or a long-term leasehold estate. In addition, CCPT II has invested in mortgages acquired in the secondary market and secured by commercial properties. CCPT II has acquired its real estate investments either directly through its operating partnership, or indirectly through limited liability companies, limited partnerships, or through investments in joint ventures, partnerships, co-tenancies or other co-ownership arrangements with the developers of the properties or other persons. See the *Joint Venture Investments* section below. In addition, it has purchased, and may continue to purchase, properties and lease them back to the sellers of such properties. While CCPT II uses its best efforts to structure any such sale-leaseback transaction so that the lease will be characterized as a true lease and so that CCPT II will be treated as the owner of the property for federal income tax purposes, the IRS could challenge this characterization. In the event that any sale-leaseback transaction is re-characterized as a financing transaction for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed.

Joint Venture Investments

CCPT II may enter into joint ventures, partnerships, co-tenancies and other co-ownership arrangements with affiliated entities of the Advisor, including other real estate programs sponsored by affiliates of the Advisor, for the acquisition, development or improvement of properties or the acquisition of other real estate-related investments. CCPT II has and may continue to enter into such arrangements with real estate developers, owners and other unaffiliated third parties for the purpose of developing, owning and operating real properties. In determining whether to invest in a particular joint venture, the Advisor will evaluate the underlying real property or other real estate-related investment using the same criteria described above in *Acquisition and Investment Policies Investment Decisions* for the selection of its real property investments. The Advisor also will evaluate the joint venture or co-ownership partner and the proposed terms of the joint venture or a co-ownership arrangement.

CCPT II's general policy is to invest in joint ventures only when CCPT II would have substantial decision-making rights and a right of first refusal to purchase the co-venturer's interest in the joint venture if the co-venturer elects to sell such interest. In the event that the co-venturer elects to sell property held in any such joint venture, however, CCPT II may not have sufficient funds to exercise its right of first refusal to buy the other co-venturer's interest in the property held by the joint venture. In the event that any joint venture with an affiliated entity holds interests in more than one property, the interest in each such property may be specially allocated based upon the respective proportion of funds invested by each co-venturer in each such property.

Table of Contents

Index to Financial Statements

The Advisor and its officers and key persons may have conflicts of interest in determining which real estate program sponsored by CCPT II's sponsor, Cole Real Estate Investments, should enter into any particular joint venture agreement. The co-venturer may have economic or business interests or goals that are or may become inconsistent with CCPT II's business interests or goals. In addition, if the joint venture is with another Cole-sponsored program, the Advisor may face a conflict in structuring the terms of the relationship between its interests and the interest of the co-venturer and in managing the joint venture. Since the Advisor and its affiliates will control both the co-venturer and, to a certain extent, CCPT II, agreements and transactions between the co-venturers with respect to any such joint venture will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers, which may result in the co-venturer receiving benefits greater than the benefits that CCPT II receives. In addition, CCPT II may assume liabilities related to the joint venture that exceed the percentage of its investment in the joint venture.

CCPT II may enter into joint ventures with other real estate programs sponsored by Cole Real Estate Investments only if a majority of its directors not otherwise interested in the transaction and a majority of its independent directors approve the transaction as being fair and reasonable to CCPT II and on substantially the same terms and conditions as those received by unaffiliated joint venturers.

Borrowing Policies

The Advisor believes that utilizing borrowing is consistent with CCPT II's investment objective of maximizing the return to stockholders. By operating on a leveraged basis, CCPT II has more funds available for investment in properties. This allows it to make more investments than would otherwise be possible, resulting in a more diversified portfolio. There is no limitation on the amount CCPT II may borrow against any single improved property. However, under CCPT II's charter, it is required to limit its borrowings to 60% of the greater of cost (before deducting depreciation or other non-cash reserves) or fair market value of its gross assets, unless excess borrowing is approved by a majority of the independent directors and disclosed to its stockholders in the next quarterly report along with the justification for such excess borrowing. In the event that CCPT II issues preferred stock that is entitled to a preference over the common stock in respect of distributions or liquidation or is treated as debt under GAAP, it will include it in the leverage restriction calculations, unless the issuance of the preferred stock is approved or ratified by its stockholders.

The Advisor uses its best efforts to obtain financing on the most favorable terms available to CCPT II. The Advisor has substantial discretion with respect to the financing CCPT II obtains, subject to CCPT II's borrowing policies, which are approved by the CCPT II Board. Lenders may have recourse to assets not securing the repayment of the indebtedness. The Advisor may refinance properties during the term of a loan only in limited circumstances, such as when a decline in interest rates makes it beneficial to prepay an existing mortgage, when an existing mortgage matures, or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase such investment. The benefits of the refinancing may include increased cash flow resulting from reduced debt service requirements, an increase in dividend distributions from proceeds of the refinancing, if any, and an increase in property ownership if some refinancing proceeds are reinvested in real estate.

CCPT II may not borrow money from any of its directors or from the Advisor or its affiliates unless such loan is approved by a majority of the directors not otherwise interested in the transaction (including a majority of the independent directors) as fair, competitive and commercially reasonable and no less favorable to CCPT II than a comparable loan between unaffiliated parties. During the year ended December 31, 2012, CCPT II did not acquire any properties or borrow any funds from the Advisor or its affiliates.

Disposition Policies

CCPT II usually holds each property it acquires for an extended period of time. Holding periods for other real estate-related investments will vary. However, circumstances might arise that could result in the earlier sale of some properties. CCPT II may sell a property before the end of the expected holding period if it believes the

Table of Contents

Index to Financial Statements

sale of the property would be in the best interests of its stockholders. The determination of whether a particular property should be sold or otherwise disposed of will be made after consideration of relevant factors, including prevailing economic conditions and current tenant creditworthiness, with a view to achieving maximum capital appreciation. There can be no assurance that this objective will be realized. The selling price of a property that is net leased will be determined in part by the amount of rent payable remaining under the lease and the economic conditions at that time. In connection with the sales of CCPT II's properties, CCPT II may lend the purchaser all or a portion of the purchase price. In these instances, CCPT II's taxable income may exceed the cash received in the sale. The terms of payment will be affected by customs in the area in which the property being sold is located and the then-prevailing economic conditions.

Acquisition of Properties from Affiliates of the Advisor

CCPT II may acquire properties or interests in properties from or in co-ownership arrangements with entities affiliated with the Advisor, including properties acquired from affiliates of the Advisor engaged in construction and development of commercial real properties. CCPT II will not acquire any property from an affiliate of the Advisor unless a majority of CCPT II's directors (including a majority of its independent directors) not otherwise interested in the transaction determine that the transaction is fair and reasonable to CCPT II. The purchase price that CCPT II will pay for any property it acquires from affiliates of the Advisor, including property developed by an affiliate of the Advisor as well as property held by such an affiliate that has already been developed, will not exceed the current appraised value of the property. In addition, the price of the property CCPT II acquires from an affiliate of the Advisor may not exceed the cost of the property to the affiliate, unless a majority of CCPT II's directors and a majority of its independent directors determine that substantial justification for the excess exists and the excess is reasonable. During the year ended December 31, 2012, CCPT II did not purchase any properties from the Advisor or the Advisor's affiliates.

Employees

CCPT II has no direct employees. The employees of the Advisor and its affiliates provide services to CCPT II related to acquisition and disposition, property management, asset management, financing, accounting, investor relations and administration.

CCPT II is dependent on the Advisor and its affiliates for services that are essential to CCPT II, including the sale of shares of CCPT II common stock, asset acquisition decisions, property management and other general administrative responsibilities. In the event that the Advisor and its affiliates were unable to provide these services to CCPT II, it would be required to obtain such services from other sources.

CCPT II reimburses the Advisor and its affiliates for expenses incurred in connection with its provision of administrative, acquisition, property management, asset management, financing, accounting and investor relation services, including personnel costs, subject to certain limitations. During the years ended December 31, 2012, 2011 and 2010, CCPT II incurred \$3.6 million, \$3.5 million and \$3.8 million, respectively, for such services provided by the Advisor or its affiliates.

Competition

As CCPT II purchases properties, it is in competition with other potential buyers for the same properties and may have to pay more to purchase the property than if there were no other potential acquirers or it may have to locate another property that meets its investment criteria. In addition, the leasing of real estate is highly competitive in the current market, and CCPT II may continue to experience competition for tenants from owners and managers of competing projects. As a result, CCPT II may have to provide free rent, incur charges for tenant improvements, or offer other inducements, or it might not be able to timely lease the space, all of which may have an adverse impact on its results of operations. At the time CCPT II elects to dispose of its properties, it may also be in competition with sellers of similar properties to locate suitable purchasers for its properties.

Table of Contents

Index to Financial Statements

Concentration of Credit Risk

As of December 31, 2012, CCPT II had cash on deposit, including restricted cash, in four financial institutions, all of which had deposits in excess of current federally insured levels totaling \$7.7 million; however, CCPT II has not experienced any losses in such accounts. CCPT II limits significant cash deposits to accounts held by financial institutions with high credit standing; therefore, it believes it is not exposed to any significant credit risk on cash.

No single tenant accounted for greater than 10% of CCPT II's gross annualized rental revenues for the year ended December 31, 2012. Tenants in the specialty retail, drugstore and restaurant industries comprised 17%, 15% and 15%, respectively, of CCPT II's gross annualized rental revenues for the year ended December 31, 2012. Additionally, CCPT II has certain geographic concentrations in its property holdings. In particular, as of December 31, 2012, 166 of its properties were located in Texas and 23 were located in Florida, accounting for 16% and 10% of its 2012 gross annualized rental revenues, respectively.

Environmental Matters

In connection with the ownership and operation of real estate, CCPT II may be potentially liable for costs and damages related to environmental matters. CCPT II has acquired certain properties that are subject to environmental remediation, in which the seller, the tenant and/or another third party has been identified as the responsible party for environmental remediation costs related to the property. Additionally, in connection with the purchase of certain of the properties, the respective sellers and/or tenants have indemnified CCPT II against future remediation costs. In addition, CCPT II carries environmental liability insurance on its properties that provides coverage for remediation liability and pollution liability for third-party bodily injury and property damage claims.

Legal Proceedings

On March 5, 2013, a putative class action and derivative lawsuit was filed in the Circuit Court for Baltimore City, Maryland against and purportedly on behalf of Spirit captioned *Kendrick, et al. v. Spirit Realty Capital, Inc., et al.* The complaint names as defendants Spirit, the members of the Spirit Board, the Spirit Partnership, CCPT II and the CCPT II Partnership, and alleges that the directors of Spirit breached their fiduciary duties by engaging in an unfair process leading to the Merger Agreement, agreeing to a Merger Agreement at an opportunistic and unfair price, allowing draconian and preclusive deal protection devices in the Merger Agreement, and by engaging in self-interested and otherwise conflicted actions. The complaint alleges that CCPT II, the CCPT II Partnership and the Spirit Partnership aided and abetted those breaches of fiduciary duty. The complaint seeks a declaration that defendants have breached their fiduciary duties or aided and abetted such breaches and that the Merger Agreement is unenforceable, an order enjoining a vote on the transactions contemplated by the Merger Agreement, rescission of the transactions in the event they are consummated, imposition of a constructive trust, an award of fees and costs, including attorneys' and experts' fees and costs, and other relief.

In the ordinary course of business, CCPT II may become subject to litigation or claims. CCPT II is not aware of any material pending legal proceedings, other than as stated above and ordinary routine litigation incidental to its business to which CCPT II is a party or to which its properties are the subject.

CCPT II Properties

As of December 31, 2012, CCPT II owned 752 properties comprising 21.2 million rentable square feet of single and multi-tenant retail and commercial space located in 45 states and the U.S. Virgin Islands. As of December 31, 2012, 417 of the properties were freestanding, single-tenant retail properties, 312 of the properties were freestanding, single-tenant commercial properties and 23 of the properties were multi-tenant retail properties. Of the leases related to these properties, 13 were classified as direct financing leases. As of December 31, 2012, 96% of the gross rentable square feet of these properties was leased, with a weighted-average remaining lease term of 9.8 years. As of December 31, 2012, CCPT II had outstanding debt of \$1.8 billion, secured by properties in CCPT II's portfolio and their related tenant leases and other real estate related assets on which the debt was placed.

Table of Contents**Index to Financial Statements*****Property Statistics***

The following table shows the tenant diversification of CCPT II's consolidated real estate assets, based on gross annualized rental revenue, as of December 31, 2012:

Tenant	Total Number of Leases	Leased Square Feet⁽¹⁾	2012 Gross Annualized Rental Revenue (in thousands)	Percentage of 2012 Gross Annualized Rental Revenue
Walgreens drug store	70	1,011,529	\$ 23,097	9%
Church's Chicken restaurant	1	244,231	14,056	6%
Academy Sports sporting goods	9	1,955,411	12,944	5%
Circle K convenience store	83	250,580	11,550	5%
CVS drug store	37	412,496	9,408	4%
Home depot home improvement	5	554,979	7,189	3%
Ferguson Enterprises specialty retail	8	1,111,948	6,940	3%
Tractor Supply specialty retail	27	783,616	6,679	3%
Petsmart specialty retail	8	1,035,471	6,146	2%
Lowe's home improvement	8	1,061,550	6,067	2%
Other	516	11,985,465	149,541	58%
	772	20,407,276	\$ 253,617	100%

(1) Including square feet of the buildings on land that is subject to ground leases.

The following table shows the tenant industry diversification of CCPT II's consolidated real estate assets, based on gross annualized rental revenue, as of December 31, 2012:

Industry	Total Number of Leases	Leased Square Feet⁽¹⁾	2012 Gross Annualized Rental Revenue (in thousands)	Percentage of 2012 Gross Annualized Rental Revenue
Specialty retail	203	4,626,991	\$ 43,077	17%
Drugstore	128	1,690,979	38,568	15%
Restaurant	122	955,988	37,044	15%
Sporting goods	17	2,278,621	17,106	7%
Home improvement	13	1,616,529	13,256	5%
Convenience store	84	264,896	12,563	5%
Distribution	14	1,410,464	10,296	4%
Fitness and health	21	584,273	9,678	4%
Automotive parts	30	636,005	9,227	4%
Electronics retail	14	576,891	7,270	3%
Other	126	5,765,639	55,532	21%
	772	20,407,276	\$ 253,617	100%

- (1) Including square feet of the buildings on land that is subject to ground leases.

Table of Contents**Index to Financial Statements**

The following table shows the geographic diversification of CCPT II's consolidated real estate assets, based on gross annualized rental revenue, as of December 31, 2012:

Location	Total Number Of Properties	Rentable Square Feet⁽¹⁾	2012 Gross Annualized Rental Revenue (in thousands)	Percentage of 2012 Gross Annualized Rental Revenue
Texas	166	3,638,467	\$ 40,604	16%
Florida	23	2,088,910	24,954	10%
Georgia	63	1,131,834	19,731	8%
Illinois	23	1,742,432	18,899	7%
Ohio	64	666,985	13,293	5%
Missouri	25	714,761	9,415	4%
Tennessee	39	559,109	8,710	3%
Nevada	2	1,009,278	7,119	3%
North Carolina	20	811,666	6,872	3%
Virginia	12	992,554	6,700	3%
Other	315	7,861,715	97,320	38%
	752	21,217,711	\$ 253,617	100%

(1) Including square feet of the buildings on land that is subject to ground leases.

Leases

Although there are variations in the specific terms of the leases of CCPT II's properties, the following is a summary of the general structure of its leases. Generally, the leases of CCPT II's properties provide for initial terms of 10 to 20 years. As of December 31, 2012, the weighted average remaining lease term was 9.8 years. The properties are generally leased under net leases pursuant to which the tenant bears responsibility for substantially all property costs and expenses associated with ongoing maintenance and operation, including utilities, property taxes and insurance. Certain of the leases require CCPT II to maintain the roof and structure of the building. The leases of the properties provide for annual base rental payments (payable in monthly installments) ranging from \$7,000 to \$14.1 million (average of \$330,000). Certain leases provide for limited increases in rent as a result of fixed increases, increases in the consumer price index, and/or increases in the tenant's sales volume.

Generally, the property leases provide the tenant with one or more multi-year renewal options, subject to generally the same terms and conditions as the initial lease term. Certain leases also provide that in the event CCPT II wishes to sell the property subject to that lease, CCPT II first must offer the lessee the right to purchase the property on the same terms and conditions as any offer which CCPT II intends to accept for the sale of the property.

Table of Contents**Index to Financial Statements**

The following table shows lease expirations of CCPT II's consolidated real estate assets as of December 31, 2012, during each of the next 10 years and thereafter, assuming no exercise of renewal options or termination rights:

Year of Lease Expiration	Total Number of Leases	Leased Square Feet ⁽¹⁾	2012 Gross Annualized Rental Revenue (in thousands)	Percentage of 2012 Gross Annualized Rental Revenue
2013	38	654,594	\$ 4,632	2%
2014	33	414,662	4,010	2%
2015	46	1,250,819	11,415	5%
2016	57	1,775,388	18,682	7%
2017	91	1,748,290	20,991	8%
2018	90	1,463,216	19,552	8%
2019	16	445,442	6,616	3%
2020	27	619,693	8,065	3%
2021	76	1,538,835	22,424	9%
2022	49	1,236,312	15,170	6%
Thereafter	249	9,260,025	122,060	47%
	772	20,407,276	\$ 253,617	100%

(1) Including square feet of the buildings on land that is subject to ground leases.

Notes Payable Information

As of December 31, 2012, CCPT II had \$1.8 billion of debt outstanding, consisting of (1) \$1.4 billion in fixed rate mortgage loans, referred to herein as the CCPT II Fixed Rate Debt, which includes \$77.6 million of variable rate debt swapped to fixed rates, (2) \$4.3 million in variable rate mortgage loans, referred to herein as the CCPT II Variable Rate Debt and (3) \$319.1 million outstanding under the CCPT II credit facility, referred to herein as the CCPT II Credit Facility. The CCPT II Fixed Rate Debt has annual interest rates ranging from 3.15% to 7.22%, with a weighted average annual interest rate of 5.68%, and various maturity dates ranging from September, 2014 through August, 2031. The CCPT II Variable Rate Debt has an annual interest rate of LIBOR plus 275 basis points and matures in September, 2014. The CCPT II Credit Facility allows CCPT II to borrow up to \$238.9 million in revolving loans, referred to herein as the CCPT II Revolving Loans, and \$111.1 million in term loan borrowings, referred to herein as the CCPT II Term Loan. The CCPT II Revolving Loans under the CCPT II Credit Facility bear interest at variable rates depending on the type of loan used. Eurodollar rate loans have variable rates which are generally equal to the one-month, two-month, three-month, or six-month LIBOR plus 275 to 400 basis points, determined by the leverage ratio of CCPT II in accordance with the agreement. Base rate committed loans have variable rates equal to the greater of (a) the Federal Funds Rate plus 0.5%; (b) Bank of America's prime rate; or (c) the Eurodollar Rate plus 1.0%; plus 175 to 300 basis points, determined by the leverage ratio of CCPT II in accordance with the agreement. As of December 31, 2012, the interest rate in effect for the CCPT II Revolving Loans under the CCPT II Credit Facility was 3.71%. On February 24, 2011, CCPT II executed an interest rate swap agreement which had the effect of fixing the interest rate for the CCPT II Term Loan borrowings under the CCPT II Credit Facility to 4.94% per annum based on CCPT II's overall leverage levels at the time of the transaction. The CCPT II Credit Facility matures on December 17, 2013.

The ratio of debt to total gross real estate and related assets net of gross intangible lease liabilities, as of December 31, 2012, was 51% and the weighted average years to maturity was 3.6 years. Except for the notes payable under the CCPT II Credit Facility, which are unsecured obligations, the notes payable are secured by the respective properties on which the debt was placed and their related tenant leases and other real estate related assets, which had an aggregate gross asset value of \$2.5 billion at December 31, 2012. The notes payable are generally non-recourse to CCPT II and the CCPT II Partnership, but both are liable for customary non-recourse carve-outs.

Table of Contents

Index to Financial Statements

Generally, the notes payable may not be prepaid, in whole or in part, except under the following circumstances: (1) prepayment may be made subject to payment of a yield maintenance premium or through defeasance, (2) full prepayment may be made on any of the three monthly payment dates occurring immediately prior to the maturity date, and (3) partial prepayments resulting from the application of insurance or condemnation proceeds to reduce the outstanding principal balance of the mortgage notes. Notwithstanding the prepayment limitations, CCPT II may sell the properties to a buyer that assumes the respective mortgage loan. The transfer would be subject to the conditions set forth in the individual property's mortgage note document, including without limitation, the lender's approval of the proposed buyer and the payment of the lender's fees, costs and expenses associated with the sale of the property and the assumption of the loan.

Generally, in the event that a mortgage note is not paid off on the respective maturity date, certain mortgage notes include hyper-amortization provisions. The interest rate during the hyper-amortization period would be the fixed interest rate as stated on the respective mortgage note agreement plus 2.0%. The individual mortgage note maturity date, under the hyper-amortization provisions, would generally be extended by 20 years. During such period, the lender would apply 100% of the rents collected to (1) all payments for escrow or reserve accounts, (2) payment of interest at the original fixed interest rate, (3) payments for the replacement reserve account, (4) any other amounts due in accordance with the mortgage note agreement other than any additional interest expense, (5) any operating expenses of the property pursuant to an approved annual budget, (6) any extraordinary expenses, (7) payments to be applied to the reduction of the principal balance of the mortgage note, and (8) any additional interest expense, which is not paid would be added to the principal balance of the mortgage note.

Board of Directors

Board Meetings and Annual Stockholder Meeting

The CCPT II Board held 8 meetings during the fiscal year ended December 31, 2012. Each director attended all of his board and committee meetings in 2012. Although CCPT II does not have a formal policy regarding attendance by members of the CCPT II Board at its Annual Meeting of Stockholders, it encourages all of its directors to attend. All of CCPT II's directors attended its 2012 Annual Meeting of Stockholders by conference telephone.

Independence

As required by CCPT II's charter, a majority of the members of the CCPT II Board must qualify as independent as affirmatively determined by the CCPT II Board. The CCPT II Board consults with CCPT II's legal counsel and counsel to the independent directors to ensure that the CCPT II Board's determinations are consistent with CCPT II's charter and applicable securities and other laws and regulations regarding the definition of independent.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his family members, and CCPT II, CCPT II's management and its independent registered public accounting firm, the CCPT II Board has determined that Messrs. Bromley and Fugelsang, who comprise the majority of the CCPT II Board, qualify as independent directors. A copy of CCPT II's independent director definition, which is contained in its charter and complies with the requirements of the North American Securities Administrators Association's Statement of Policy Regarding Real Estate Investment Trusts, was attached to CCPT II's proxy statement for the 2011 Annual Meeting of Stockholders. Although CCPT II's shares are not listed for trading on any national securities exchange, its independent directors also meet the current independence and qualifications requirements of the NYSE.

Board Committees

Audit Committee

The CCPT II Board has an audit committee, which assists the CCPT II Board in fulfilling its responsibilities. The audit committee is composed of Mr. Bromley (chairman) and Mr. Fugelsang, both of whom

Table of Contents

Index to Financial Statements

are independent directors. The audit committee meets periodically during the year, usually in conjunction with regular meetings of the CCPT II Board. The audit committee, by approval of at least a majority of the members, selects the independent registered public accounting firm to audit CCPT II's annual financial statements, reviews with the independent registered public accounting firm the plans and results of the audit engagement, approves the audit and non-audit services provided by the independent registered public accounting firm, reviews the independence of the independent registered public accounting firm, considers the range of audit and non-audit fees and reviews the adequacy of CCPT II's internal accounting controls. The CCPT II Board has adopted a charter for the audit committee that sets forth its specific functions and responsibilities. The audit committee charter can be located on CCPT II's website at <https://www.colecapital.com/corporate-governance> by clicking on "CCPT II Audit Committee Charter."

Although the CCPT II common stock is not listed for trading on any national securities exchange, both members of the audit committee meet the current independence and qualifications requirements of the NYSE, as well as CCPT II's charter and applicable rules and regulations of the SEC. While both members of the audit committee have significant financial and/or accounting experience, the CCPT II Board has determined that Mr. Bromley satisfies the SEC's requirements for an audit committee financial expert and has designated Mr. Bromley as the audit committee financial expert. The CCPT II audit committee met 4 times during 2012.

Compensation Committee

The CCPT II Board also has a compensation committee. The primary purpose of the compensation committee is to oversee CCPT II's compensation programs for executive officers. CCPT II's executive officers currently do not receive compensation directly from CCPT II for services rendered to it. Accordingly, the compensation committee did not hold any meetings during 2012. The compensation committee is composed of Mr. Bromley (chairman) and Mr. Fugelsang, both of whom are independent directors. The compensation committee has adopted a written charter approved by the CCPT II Board. The compensation committee charter can be located on CCPT II's website at <https://www.colecapital.com/corporate-governance> by clicking on "CCPT II Compensation Committee Charter." Presently, the full CCPT II Board oversees compensation of its independent directors.

Nominating Board of Directors Functions

CCPT II believes that the CCPT II Board is qualified to perform the functions typically delegated to a nominating committee, and that the formation of a separate committee is not necessary at this time. Therefore, all members of the CCPT II Board develop the criteria necessary for prospective members of the CCPT II Board and participate in the consideration of director nominees. The primary functions of the members of the CCPT II Board relating to the consideration of director nominees are to conduct searches and interviews for prospective director candidates, if necessary, review background information for all candidates for the CCPT II Board, including those recommended by stockholders, and formally propose the slate of director nominees for election by the stockholders at the annual meeting.

Special Committee

On May 7, 2012, in connection with CCPT II's exploration of strategic alternatives, the CCPT II Board established the CCPT II Special Committee, consisting solely of independent members of the CCPT II Board. For more information regarding the CCPT II Special Committee, see "The Merger Background of the Merger" beginning on page 159.

Communication with Directors

CCPT II has established procedures for stockholders or other interested parties to communicate directly with the CCPT II Board. Such parties can contact the CCPT II Board by mail at: Chairman of the Cole Credit Property Trust II, Inc. Audit Committee, c/o Corporate Secretary, 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016.

Table of Contents

Index to Financial Statements

The chairman of the audit committee will receive all communications made by these means, and will distribute such communications to such member or members of the CCPT II Board as he deems appropriate, depending on the facts and circumstances outlined in the communication received. For example, if any questions regarding accounting, internal controls and auditing matters are received, they will be forwarded by the chairman of the audit committee to the members of the audit committee for review.

Board Leadership Structure; Independent Lead Director

Christopher H. Cole serves as both CCPT II's Chairman of the CCPT II Board and Chief Executive Officer. The CCPT II Board believes that independent oversight of management is an important component of an effective board of directors. The independent directors of CCPT II have determined that the most effective board of directors' leadership structure for CCPT II at the present time is for the Chief Executive Officer to also serve as Chairman of the CCPT II Board. The independent directors believe that because the Chief Executive Officer is ultimately responsible for the day-to-day operation of CCPT II and for executing CCPT II's strategy, and because the performance of CCPT II is an integral part of the CCPT II Board's deliberations, the Chief Executive Officer is the director best qualified to act as Chairman of the CCPT II Board. The CCPT II Board retains the authority to modify this structure to best address CCPT II's unique circumstances, and to advance the best interests of all CCPT II stockholders, as and when appropriate. In addition, although CCPT II does not have a lead independent director, the CCPT II Board believes that the current structure is appropriate, as CCPT II has no employees and is externally managed by the Advisor, whereby all operations are conducted by the Advisor or the Advisor's affiliates.

The CCPT II Board also believes, for the reasons set forth below, that its existing corporate governance practices achieve independent oversight and management accountability, which is the goal that many seek to achieve by separating the roles of Chairman of the CCPT II Board and Chief Executive Officer. CCPT II's governance practices provide for strong independent leadership, independent discussion among directors and for independent evaluation of, and communication with, CCPT II's executive officers and officers and key personnel of the Advisor. Some of the relevant processes and other corporate governance practices include:

A majority of CCPT II's directors are independent directors. Each director is an equal participant in decisions made by the full CCPT II Board. In addition, all matters that relate to CCPT II's sponsor, the Advisor or any of their affiliates must be approved by a majority of the independent directors. The audit committee is comprised entirely of independent directors.

Each of CCPT II's directors is elected annually by CCPT II's stockholders.

The Advisor has a one-year contract, with an annual review by, and renewal subject to the approval of, the CCPT II Board. The fees paid to the Advisor must be deemed reasonable, as determined by the independent directors, on an annual basis.

The CCPT II Board's Role in Risk Oversight

The CCPT II Board oversees the CCPT II stockholders' interest in the long-term health and the overall success of CCPT II and its financial strength.

The full CCPT II Board is actively involved in overseeing risk management for CCPT II. It does so, in part, through its oversight of CCPT II's property acquisitions and assumptions of debt, as well as its oversight of CCPT II's executive officers and the Advisor. In particular, the CCPT II Board may determine at any time to terminate the Advisor, and must evaluate the performance of the Advisor, and re-authorize the Advisory Agreement, on an annual basis.

In addition, the audit committee is responsible for assisting the CCPT II Board in overseeing CCPT II's management of risks related to financial reporting. The audit committee has general responsibility for overseeing the accounting and financial processes of CCPT II, including oversight of the integrity of the CCPT II's financial

Table of Contents

Index to Financial Statements

statements, CCPT II's compliance with legal and regulatory requirements and the adequacy of CCPT II's internal control over financial reporting. The audit committee reviews any potential material issues that are raised related to CCPT II's financial statements or accounting policies. Additionally, in connection with the annual audit of CCPT II's financial statements, the audit committee conducts a detailed review with CCPT II's independent auditors of the accounting policies used by CCPT II and its financial statement presentation.

Code of Business Conduct and Ethics

The CCPT II Board has adopted a Code of Business Conduct and Ethics that is applicable to all members of the CCPT II Board, its officers and, to the extent there are any, employees, and the employees of the Advisor. The policy may be located on CCPT II's website at <https://www.colecapital.com/corporate-governance> by clicking on "CCPT II Code of Business Conduct and Ethics." If, in the future, CCPT II amends, modifies or waives a provision in the Code of Business Conduct and Ethics, it may, rather than filing a Current Report on Form 8-K, satisfy the disclosure requirement by posting such information on its website as necessary.

Compensation of Directors

Directors who are also officers or employees of CCPT II, the Advisor or their affiliates (Mr. Cole) do not receive any special or additional remuneration for service on the CCPT II Board or any of the audit and compensation committees. Each non-employee director receives compensation for service on the CCPT II Board and any of the audit and compensation committees as provided below:

an annual retainer of \$50,000;

\$2,000 for each board meeting attended in person;

an additional annual retainer of \$7,500 to the chairman of the audit committee;

\$2,000 for each committee meeting attended in person (committee chairmen receive an additional \$500 per committee meeting for serving in that capacity);

\$250 per board or committee meeting attended by telephone conference; and

in the event that there is a meeting of the CCPT II Board and one or more committees on a single day, the fees paid to each director will be limited to \$2,500 per day (\$3,000 per day for the chairman of the audit committee, if there is a meeting of that committee).

All directors of the CCPT II Board receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the CCPT II Board.

Equity Compensation Plan Information

The following table gives information about CCPT II's equity compensation plan as of December 31, 2012:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options,	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under
---------------	---	---	--

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

	Warrants and Rights			Equity Compensation Plans
Equity compensation plans approved by security holders	45,000 ⁽¹⁾	\$	9.12	950,000 ⁽²⁾
Equity compensation plans not approved by security holders			N/A	
Total	45,000 ⁽¹⁾	\$	9.12	950,000 ⁽²⁾

Table of Contents**Index to Financial Statements**

- (1) Represents options that were granted pursuant to the Cole Credit Property Trust II, Inc. 2004 Independent Directors Stock Option Plan as of December 31, 2012. Options to purchase 45,000 shares were exercisable as of December 31, 2012.
- (2) All shares authorized for issuance pursuant to awards not yet granted under the Cole Credit Property Trust II, Inc. 2004 Independent Directors Stock Option Plan.

Director Compensation Table

The following table sets forth certain information with respect to CCPT II's director compensation during the fiscal year ended December 31, 2012:

Name	Fees Earned or Paid in Cash	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ⁽¹⁾ (\$)	Total (\$)
Christopher H. Cole							
Marcus E. Bromley	\$ 218,000 ⁽²⁾					\$ 2,724	\$ 220,724
George N. Fugelsang	\$ 210,000 ⁽²⁾					\$ 6,374	\$ 216,374

- (1) Amount represents reimbursement of travel expenses incurred by directors to attend various director meetings. As of December 31, 2012, Marcus Bromley held options to purchase 20,000 shares of CCPT II common stock that had been granted to him by CCPT II as director compensation.
- (2) Includes \$151,500 in fees related to the CCPT II Special Committee.

Compensation Committee Interlocks and Insider Participation

No member of CCPT II's compensation committee served as an officer or employee of CCPT II during the fiscal year ended December 31, 2012, or formerly served as an officer of CCPT II. During the fiscal year ended December 31, 2012, CCPT II's executive officers, Messrs. Cole and McAllaster, both served as directors and executive officers of Cole Credit Property Trust, Inc., referred to herein as CCPT I, and as executive officers of Cole Credit Property Trust III, Inc., referred to herein as CCPT III, Cole Corporate Income Trust, Inc., referred to herein as Cole Corporate Income Trust, Cole Real Estate Income Strategy (Daily NAV), Inc., referred to herein as Cole Income NAV Strategy and Cole Credit Property Trust IV, Inc., referred to herein as CCPT IV. In addition, Mr. Cole served as a director of CCPT III, Cole Corporate Income Trust, Cole Income NAV Strategy and CCPT IV. Since Messrs. Cole and McAllaster are also officers of the Advisor and/or its affiliates, they did not receive any separate compensation from CCPT II for service as its executive officers and/or directors, and also did not receive any separate compensation from CCPT I, CCPT III, Cole Corporate Income Trust, Cole Income NAV Strategy and CCPT IV for their service as executive officers and/or directors of those entities. See Transactions with Related Persons; Promoters and Certain Control Persons below for a description of the transactions during the year ended December 31, 2012 between CCPT II and companies with which Messrs. Cole and McAllaster are affiliated.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, as amended, requires each director, officer and individual beneficially owning more than 10% of a registered security of CCPT II to file with the SEC, within specified time frames, initial statements of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5) of common stock of CCPT II. Directors, officers and greater than 10% beneficial owners are required by SEC rules to furnish CCPT II with copies of all such forms they file. Based solely on a review of the copies of such forms furnished to CCPT II during and with respect to the fiscal year ended December 31, 2012 or written representations that no additional forms were required, to the best of CCPT II's knowledge, all required Section 16(a) filings were timely and correctly made by reporting persons during 2012.

Table of Contents**Index to Financial Statements*****Executive Officers***

In addition to Christopher H. Cole, the following individual serves as an executive officer of CCPT II:

D. Kirk McAllaster, Jr., age 46, has served as CCPT II's executive vice president and chief financial officer since October 2007 and as its treasurer since May 2011. He has served as executive vice president and chief financial officer (REITs and real estate funds) of the Advisor since January 2012, and previously served as its executive vice president and chief financial officer from March 2007 until January 2012, and as its vice president, finance from December 2005 until March 2007. Mr. McAllaster has also served as executive vice president and chief financial officer of CCPT I since October 2007, as its treasurer since May 2011, and has been a member of its board of directors since May 2008. He has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole REIT Advisors, LLC, referred to herein as CCPT I Advisors, since January 2012, and previously served as its executive vice president and chief financial officer from March 2007 until January 2012, and as its vice president, finance from December 2005 until March 2007. Mr. McAllaster has served as executive vice president, chief financial officer and treasurer of CCPT III since its formation in January 2008, and served as its secretary from January 2008 to November 2010. He also has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole REIT Advisors III, LLC, referred to herein as CCPT III Advisors, since January 2012 and as its executive vice president and chief financial officer from its formation in January 2008 until January 2012. He has served as executive vice president, chief financial officer, and treasurer of Cole Corporate Income Trust since its formation in April 2010 and served as its secretary from April 2010 until August 2010 and from January 2011 until March 2011. He has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole Corporate Income Advisors, LLC, referred to herein as Cole Corporate Income Advisors, since January 2012 and as its executive vice president and chief financial officer from its formation in April 2010 until January 2012. Mr. McAllaster has served as executive vice president, chief financial officer and treasurer of CCPT IV since its formation in July 2010. He also has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole REIT Advisors IV, LLC, referred to herein as CCPT IV Advisors, since January 2012 and as its executive vice president and chief financial officer from its formation in July 2010 until January 2012. He has served as the executive vice president, chief financial officer and treasurer of Cole Income NAV Strategy since its formation in July 2010. He has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole Real Estate Income Strategy (Daily NAV) Advisors, LLC, referred to herein as Cole Income NAV Strategy Advisors, since January 2012 and as its executive vice president and chief financial officer from its formation in July 2010 until January 2012. Mr. McAllaster has served as executive vice president and chief financial officer (REITs and real estate funds) of the Property Manager since January 2012 and as its treasurer since September 2009, and previously served as executive vice president and chief financial officer from March 2007 until January 2012. Mr. McAllaster has served as executive vice president and chief financial officer (REITs and real estate funds) of Cole Capital Advisors, Inc., referred to herein as Cole Capital Advisors, and Cole Capital Partners, LLC, referred to herein as Cole Capital Partners since January 2012, and previously served as executive vice president and chief financial officer of each from March 2007 until January 2012 and as vice president, finance of each from December 2005 until March 2007. Prior to joining Cole Real Estate Investments in May 2003, Mr. McAllaster worked for six years with Deloitte & Touche LLP, most recently as audit senior manager. He has over 20 years of accounting and finance experience in public accounting and private industry. Mr. McAllaster received a B.S. degree from California State Polytechnic University Pomona with a major in Accounting. He is a Certified Public Accountant licensed in the states of Arizona and Tennessee and is a member of the American Institute of CPAs and the Arizona Society of CPAs.

Each of CCPT II's executive officers has stated that there is no arrangement or understanding of any kind between him and any other person relating to their appointment as an executive officer.

Compensation of Executive Officers

CCPT II has no employees. CCPT II's executive officers, including its principal financial officer, do not receive compensation directly from CCPT II for services rendered to it, and CCPT II does not intend to pay any

Table of Contents**Index to Financial Statements**

compensation directly to its executive officers. As a result, CCPT II does not have, and the CCPT II Board has not considered, a compensation policy or program for its executive officers. Accordingly, CCPT II has not included a Compensation Committee Report or a Compensation Discussion and Analysis in this joint proxy statement/prospectus.

CCPT II's executive officers are also officers of the Advisor and/or its affiliates, including the Property Manager, and are compensated by these entities, in part, for their services to CCPT II. CCPT II pays fees to such entities under the Existing Agreements. CCPT II also reimburses the Advisor for its provision of administrative services, including related personnel costs, subject to certain limitations. A description of the fees that CCPT II pays to the Advisor and Property Manager or any affiliate thereof is found in the Transactions with Related Persons; Promoters and Certain Control Persons section below.

Audit Committee Report***Independent Auditors***

During the year ended December 31, 2012, Deloitte & Touche LLP, with its affiliates, referred to herein as Deloitte & Touche, served as CCPT II's independent auditors and provided certain tax and other services. Deloitte & Touche has served as CCPT II's independent auditors since CCPT II's formation. Deloitte & Touche representatives will be present at the 2013 Annual Meeting of Stockholders and will have the opportunity to make a statement if they desire to do so. The audit committee has approved engaging Deloitte & Touche as CCPT II's independent auditors to audit CCPT II's financial statements for the year ending December 31, 2013, or until the closing of the merger. The audit committee reserves the right, however, to select new auditors at any time in the future in its discretion if it deems such decision to be in the best interests of CCPT II and its stockholders. Any such decision would be disclosed to the CCPT II stockholders in accordance with applicable securities laws.

The audit committee reviewed the audit and non-audit services performed by Deloitte & Touche, as well as the fees charged by Deloitte & Touche for such services. In its review of the non-audit services and fees, the audit committee considered whether the provision of such services is compatible with maintaining the independence of Deloitte & Touche. The aggregate fees billed to CCPT II for professional accounting services, including the audit of CCPT II's annual financial statements by Deloitte & Touche for the years ended December 31, 2012 and 2011, are set forth in the table below.

	Year Ended December 31, 2012	Year Ended December 31, 2011
Audit fees	\$ 454,950	\$ 448,575
Audit-related fees		
Tax fees	\$ 203,379	\$ 186,055
All other fees		
Total	\$ 658,329	\$ 634,630

For purposes of the preceding table, Deloitte & Touche's professional fees are classified as follows:

Audit fees These are fees for professional services performed for the audit of CCPT II's annual financial statements and the required review of quarterly financial statements and other procedures performed by Deloitte & Touche in order for them to be able to form an opinion on CCPT II's consolidated financial statements. These fees also cover services that are normally provided by independent auditors in connection with statutory and regulatory filings or engagements and other services that generally only the independent auditor reasonably can provide, such as services associated with filing registration statements, periodic reports and other filings with the SEC, audits of acquired properties or businesses, property audits required by loan agreements, and statutory audits for CCPT II's subsidiaries or affiliates.

Table of Contents

Index to Financial Statements

Audit-related fees These are fees for assurance and related services that traditionally are performed by independent auditors, such as due diligence related to acquisitions and dispositions, attestation services that are not required by statute or regulation, statutory subsidiary or equity investment audits incremental to the audit of the consolidated financial statements and general assistance with the implementation of Section 404 of the Sarbanes-Oxley Act of 2002 and other SEC rules promulgated pursuant to the Sarbanes-Oxley Act of 2002.

Tax fees These are fees for all professional services performed by professional staff in CCPT II's independent auditor's tax division, except those services related to the audit of CCPT II's financial statements. These include fees for tax compliance, tax planning, and tax advice, including federal, state and local issues. Services may also include assistance with tax audits and appeals before the IRS and similar state and local agencies, as well as federal, state, and local tax issues related to due diligence.

All other fees These are fees for other permissible work performed that do not meet the above-described categories, including assistance with internal audit plans and risk assessments.

Pre-Approval Policies

The audit committee charter imposes a duty on the audit committee to pre-approve all auditing services performed for CCPT II by its independent auditors, as well as all permitted non-audit services (including the fees and terms thereof) in order to ensure that the provision of such services does not impair the auditors' independence. Unless a type of service to be provided by the independent auditors has received general pre-approval, it will require specific pre-approval by the audit committee.

All requests for services to be provided by the independent auditor that do not require specific pre-approval by the audit committee will be submitted to management and must include a detailed description of the services to be rendered. The executive officers of CCPT II will determine whether such services are included within the list of services that have received the general pre-approval of the audit committee. The audit committee will be informed on a timely basis of any such services rendered by the independent auditors.

Requests to provide services that require specific pre-approval by the audit committee will be submitted to the audit committee by both the independent auditors and the principal financial officer, and must include a joint statement as to whether, in their view, the request is consistent with the SEC's rules on auditor independence. The chairman of the audit committee has been delegated the authority to specifically pre-approve de minimis amounts for services not covered by the general pre-approval guidelines. All amounts, other than such de minimis amounts, require specific pre-approval by the audit committee prior to engagement of Deloitte & Touche. All amounts, other than de minimis amounts not subject to pre-approval, specifically pre-approved by the chairman of the audit committee in accordance with this policy are to be disclosed to the full audit committee at the next regularly scheduled meeting.

All services rendered by Deloitte & Touche for the years ended December 31, 2012 and 2011 were pre-approved in accordance with the policies and procedures described above.

Report of the CCPT II Audit Committee

Pursuant to the audit committee charter adopted by the CCPT II Board, the audit committee's primary function is to assist the CCPT II Board in fulfilling its oversight responsibilities by overseeing the independent auditors and reviewing the financial information to be provided to the stockholders and others, the system of internal control over financial reporting that management has established and the audit and financial-reporting process. The audit committee is composed of two independent directors. CCPT II's executive officers have the primary responsibility for the financial statements and the reporting process, including the system of internal control over financial reporting. Membership on the audit committee does not call for the professional training and technical skills generally associated with career professionals in the field of accounting and auditing, and the

Table of Contents

Index to Financial Statements

members of the audit committee are not professionally engaged in the practice of accounting or auditing. The audit committee's role does not provide any special assurance with regard to the financial statements of CCPT II, nor does it involve a professional evaluation of the quality of the audits performed by the independent auditors. The audit committee relies in part, without independent verification, on information provided to it and on representations made by management and the independent auditors that the financial statements have been prepared in conformity with U.S. generally accepted accounting principles.

In this context, in fulfilling its oversight responsibilities, the audit committee reviewed the 2012 audited financial statements with CCPT II's executive officers, including a discussion of the quality and acceptability of the financial reporting and controls of CCPT II.

The audit committee reviewed with Deloitte & Touche, which is responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles, the matters required to be discussed by the Statement on Auditing Standards No. 61, Professional Standards, as amended, and their judgments as to the quality and the acceptability of the financial statements and such other matters as are required to be discussed by the applicable auditing standards as periodically amended (including significant accounting policies, alternative accounting treatments and estimates, judgments and uncertainties). In addition, the audit committee has received the written disclosures from the independent registered public accounting firm required by Public Company Accounting Oversight Board (United States), which is referred to herein as PCAOB, Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence and discussed with the independent registered public accounting firm its independence within the meaning of the rules and standards of the PCAOB and the securities laws and regulations administered by the SEC.

The audit committee discussed with Deloitte & Touche the overall scope and plans for the audit. The audit committee meets periodically with Deloitte & Touche, with and without management present, to discuss the results of their examinations, their evaluations of internal controls and the overall quality of the financial reporting of CCPT II.

In reliance on these reviews and discussions, the audit committee recommended to the CCPT II Board that the 2012 audited financial statements of CCPT II be included in its Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the SEC.

March 6, 2013

The Audit Committee of the Board of Directors:

Marcus E. Bromley (Chairman)

George N. Fugelsang

Report of Independent Directors

As independent directors of CCPT II, we have reviewed the policies followed by CCPT II and believe they are in the best interest of its stockholders. The basis for this conclusion is summarized below.

CCPT II has developed a system of policies designed to enable CCPT II to achieve its goals and objectives, as outlined in CCPT II's charter. These policies cover, among other things, investments in properties, tenant leases and profiles, allocation of investment opportunities, borrowing and related party transactions.

CCPT II's primary investment objectives are to provide current income through the payment of cash distributions, and to preserve and return investors' capital contributions. CCPT II also seeks capital gains from its investments. Consistent with the foregoing, it is CCPT II's policy to have the Advisor conduct a thorough evaluation of proposed investments including, when possible: physically inspecting each property and local market; procuring and reviewing a property condition report, an environmental site assessment and an

Table of Contents

Index to Financial Statements

independent valuation estimate; and evaluating the lease, title commitment and survey. Consistent with CCPT II's strategy, CCPT II primarily focuses on properties that are net leased to tenants in a variety of industries, with lease terms in excess of ten years. In addition, it is CCPT II's policy to have the Advisor apply a well-established underwriting process to determine the creditworthiness of potential tenants, including analyzing the financial condition of the tenant, data provided by credit rating services (when available) and other information. CCPT II also has a policy designed to ensure that CCPT II receives a fair allocation of suitable investment opportunities that become available to the investment programs sponsored by Cole Real Estate Investments. Furthermore, CCPT II has established policies related to borrowing limits and related party transactions. The foregoing policies are intended to minimize investment risks and provide greater stability as compared to other sectors of the commercial real estate market.

We have reviewed the transactions between CCPT II and the Advisor and affiliates of the Advisor that occurred during the year ended December 31, 2012, which are described in Note 15 to the consolidated financial statements contained in this joint proxy statement/prospectus, and have determined that these transactions are fair and reasonable to CCPT II and its stockholders. The Advisor and its affiliated companies are considered to be related parties because they are wholly-owned indirectly by Christopher H. Cole, the Chairman of the Board of Directors, Chief Executive Officer and President of CCPT II.

Marcus E. Bromley

George N. Fugelsang

Other CCPT II Information

CCPT II is required, pursuant to its charter, to provide its stockholders the following information. CCPT II did not incur any costs of raising capital during the year ended December 31, 2012; accordingly, its ratio of costs of raising capital to the capital raised was 0.00% for the year. During the year ended December 31, 2012, CCPT II's total operating expenses (as defined in its charter) were approximately 0.57% of its average invested assets and approximately 17.31% of its net income.

Transactions with Related Persons; Promoters and Certain Control Persons

Set forth below is a description of the transactions with affiliates. CCPT II believes that it has executed all of the transactions set forth below on terms that are fair and reasonable to CCPT II and on terms no less favorable to it than those available from unaffiliated third parties.

Advisory Agreement

CCPT II is party to an Advisory Agreement with the Advisor whereby the Advisor manages CCPT II's day-to-day operations and identifies and makes investments on its behalf. In return, CCPT II pays to the Advisor an annualized asset management fee equal to 0.25% of its aggregate asset value and reimburses costs and expenses incurred by the Advisor in providing asset management services. Such fees and expenses recorded for the year ended December 31, 2012 totaled \$9.2 million. CCPT II also pays the Advisor up to 2.0% of the contract purchase price of each property or asset that it acquires, along with reimbursement of acquisition expenses. Such payments for the year ended December 31, 2012 totaled \$159,000, of which \$142,000 were fees and \$17,000 were reimbursement of acquisition expenses. CCPT II also pays to the Advisor a financing coordination fee equal to 1.0% of the amount available under any debt financing that CCPT II obtains and uses for the acquisition of properties and other investments. Such payments for the year ended December 31, 2012 totaled \$1.4 million. CCPT II reimburses the expenses incurred by the Advisor in connection with its provision of administrative services, including related personnel costs, subject to the limitation that CCPT II does not reimburse the Advisor for any amount by which the operating expenses (including the asset management fee) at the end of the four preceding fiscal quarters exceed the greater of (i) 2.0% of average invested assets, or (ii) 25.0% of net income other than any additions to reserves for depreciation, bad debt or other similar non-cash reserves and excluding

Table of Contents

Index to Financial Statements

any gain from the sale of assets for that period. Such expenses recorded for the year ended December 31, 2012 totaled \$1.4 million. Additionally, for substantial assistance in connection with the sale of properties, CCPT II will pay the Advisor or its affiliates an amount equal to up to one-half of the brokerage commission paid on the sale of property, not to exceed 2.0% of the contract price of each property sold; provided, however, in no event may the real estate commissions paid to the Advisor, its affiliates and unaffiliated third parties exceed the lesser of the competitive real estate commission or an amount equal to 6.0% of the contract sales price. During the year ended December 31, 2012, no real estate commissions were paid to the Advisor and its affiliates.

Additionally, CCPT II is required to pay to the Advisor performance fees based on a percentage of proceeds or stock value upon CCPT II's sale of assets or the listing of CCPT II common stock on a national securities exchange, but only if, in the case of CCPT II's sale of assets, its investors have received a return of their net capital invested and an 8.0% annual cumulative, non-compounded return or, in the case of the listing or quotation of its common stock, the market value of its common stock plus the distributions paid to its investors exceeds the sum of the total amount of capital raised from investors plus the amount of distributions necessary to generate an 8.0% annual cumulative, non-compounded return to investors. In the event of a sale of CCPT II's assets, after investors have received a return of their net capital invested and an 8.0% annual cumulative, non-compounded return, then CCPT II will pay to the Advisor 10.0% of remaining net sale proceeds. Upon listing of the CCPT II common stock on a national securities exchange, CCPT II will pay to the Advisor a fee equal to 10.0% of the amount, if any, by which (1) the market value of CCPT II's outstanding stock plus distributions paid by CCPT II prior to listing, exceeds (2) the sum of the total amount of capital raised from investors and the amount of distributions necessary to generate an 8.0% annual cumulative, non-compounded return to investors. Pursuant to the Advisory Matters Agreement (see the section entitled "Advisory and Property Management Matters Agreement beginning on page 269), the Advisor and the Property Manager agreed to waive the fees described above in connection with the merger.

The Advisory Agreement has a one-year term expiring November 30, 2013, subject to an unlimited number of successive one-year renewals upon mutual consent of the parties. CCPT II's independent directors are required to determine, at least annually, that the compensation to the Advisor is reasonable in relation to the nature and quality of services performed and the investment performance of CCPT II and that such compensation is within the limits set forth in CCPT II's charter. Upon termination of the Advisory Agreement, CCPT II may be required to pay to the Advisor a performance fee similar to the performance fee described above if the Advisor would have been entitled to a subordinated participation in net sale proceeds had the portfolio been liquidated (based on an independent appraised value of the portfolio) on the date of termination.

Christopher H. Cole, CCPT II's chief executive officer, president and chairman of the CCPT II Board, indirectly owns 100% of the ownership and voting interests of the Advisor. D. Kirk McAllaster, Jr., CCPT II's executive vice president, chief financial officer and treasurer, is the executive vice president and chief financial officer (REITs and Real Estate Funds) of the Advisor.

Property Management Agreement

CCPT II is party to a Property Management Agreement with the Property Manager. Pursuant to the agreement, CCPT II will pay to the Property Manager fees up to (i) 2.0% of gross revenues from CCPT II's single-tenant properties and (ii) 4.0% of gross revenues from its multi-tenant properties, plus leasing commissions based upon the customary leasing commissions applicable to the geographic location of the property, subject to certain limits. CCPT II also reimburses the Property Manager's costs of managing and leasing the properties. Such fees and expenses recorded for the year ended December 31, 2012 totaled \$8.2 million.

CCPT II's Property Management Agreement has a one-year term expiring November 30, 2013, subject to an unlimited number of successive one-year renewals.

Table of Contents

Index to Financial Statements

Christopher H. Cole, CCPT II's chief executive officer, president and chairman of the CCPT II Board, indirectly owns 100% of the ownership and voting interests of the Property Manager. D. Kirk McAllaster, Jr., CCPT II's executive vice president, chief financial officer and treasurer, is the executive vice president, chief financial officer (REITs and Real Estate Funds) and treasurer of the Property Manager.

Advisory and Property Management Matters Agreement

In connection with the merger, the Advisor has waived any fees due upon the termination of its Existing Agreements (as defined in the section entitled *Advisory and Property Management Matters Agreement* beginning on page 269) with CCPT II, including any listing fee, performance fees, or any other fees that would be payable under the Existing Agreements with respect to the merger. Other than these waived fees, the Advisor will continue to be paid the asset management, property management and other fees payable pursuant to the existing agreements, calculated in a manner consistent with past practice, for services rendered during the period between the signing of the merger agreement and the completion of the merger. For more information regarding the waiver of fees, see *Advisory and Property Management Matters Agreement* beginning on page 269.

Certain Conflict Resolution Procedures

Every transaction that CCPT II enters into with the Advisor or the Advisor's affiliates will be subject to an inherent conflict of interest. The CCPT II Board may encounter conflicts of interest in enforcing its rights against the Advisor or the Advisor's affiliates in the event of a default by or disagreement with any of them, or in invoking powers, rights or options pursuant to any agreement between CCPT II and the Advisor or any of the Advisor's affiliates.

In order to reduce or to eliminate certain potential conflicts of interest, CCPT II's charter contains a number of restrictions relating to (1) transactions CCPT II enters into with the Advisor and the Advisor's affiliates and (2) allocation of investment opportunities among real estate programs sponsored by Cole Real Estate Investments. These restrictions include, among others, the following:

CCPT II will not purchase or lease properties from its sponsor, the Advisor, any of its directors or any of their respective affiliates unless a majority of the directors, including a majority of the independent directors, not otherwise interested in such transaction determines that such transaction is fair and reasonable to CCPT II and at a price to CCPT II no greater than the cost of the property to the seller or lessor, unless there is substantial justification for any amount that exceeds such cost and such excess amount is determined to be reasonable. In no event will CCPT II acquire any property at an amount in excess of its current appraised value. CCPT II will not sell or lease properties to its sponsor, the Advisor, any of its directors or any of their respective affiliates unless a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction determines that the transaction is fair and reasonable to CCPT II.

CCPT II will not make any loans to its sponsor, the Advisor, any of its directors or any of their respective affiliates, except that CCPT II may make or invest in mortgage loans involving its sponsor, the Advisor, its directors or their respective affiliates, provided, among other things, that an appraisal of the underlying property is obtained from an independent appraiser and the transaction is approved by a majority of the directors, including a majority of the independent directors, not otherwise interested in such transaction as fair and reasonable to CCPT II and on terms no less favorable to CCPT II than those available from unaffiliated third parties. In addition, CCPT II's sponsor, the Advisor, any of its directors and any of their respective affiliates will not make loans to CCPT II or to joint ventures in which CCPT II is a joint venture partner unless approved by a majority of CCPT II's directors, including a majority of the independent directors, not otherwise interested in the transaction as fair, competitive and commercially reasonable, and no less favorable to CCPT II than comparable loans between unaffiliated parties.

Table of Contents

Index to Financial Statements

The Advisor and its affiliates will be entitled to reimbursement, at cost, for actual expenses incurred by them on behalf of CCPT II or joint ventures in which CCPT II is a joint venture partner; provided, however, the Advisor must reimburse CCPT II for the amount, if any, by which CCPT II's total operating expenses, including the advisor asset management fee, paid during the immediately prior four consecutive fiscal quarters exceeded the greater of: (i) 2% of its average invested assets for such year, or (ii) 25% of its net income, before any additions to reserves for depreciation, bad debts or other similar non-cash reserves and excluding any gain from the sale of its assets, for such year.

In the event that an investment opportunity becomes available that may be suitable for both CCPT II and one or more other real estate programs sponsored by Cole Real Estate Investments, and for which more than one of such entities has sufficient uninvested funds, then the Advisor and the advisors of the other programs, with oversight by their respective boards of directors, will examine the following factors, among others, in determining the entity for which the investment opportunity is most appropriate:

the investment objective of each entity;

the anticipated operating cash flows of each entity and the cash requirements of each entity;

the effect of the acquisition both on diversification of each entity's investments by type of property, geographic area and tenant concentration;

the amount of funds available to each program and the length of time such funds have been available for investment;

the policy of each entity relating to leverage of properties;

the income tax effects of the purchase to each entity; and

the size of the investment.

If, in the judgment of the Advisor, the investment opportunity may be equally appropriate for more than one program, then the entity that has had the longest period of time elapse since it was offered an investment opportunity will first be offered such investment opportunity.

If a subsequent development, such as a delay in the closing of the acquisition or a delay in the construction of a property, causes any such investment, in the opinion of the Advisor, to be more appropriate for an entity other than the entity that committed to make the investment, the Advisor may determine that another program sponsored by Cole Real Estate Investments will make the investment. The CCPT II Board, including the independent directors, has a duty to ensure that the method used for the allocation of the acquisition of properties by two or more programs seeking to acquire similar types of properties is applied fairly to CCPT II.

CCPT II will not enter into any other transaction with its sponsor, the Advisor, any of its directors or any of their affiliates, including the acceptance of goods or services from its sponsor, the Advisor, any of its directors or any of their affiliates, unless a majority of CCPT II's directors, including a majority of the independent directors, not otherwise interested in the transaction approve such transaction as fair and reasonable to CCPT II and on terms and conditions not less favorable to CCPT II than those available from unaffiliated third parties.

CCPT II's Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto included in this joint proxy statement/prospectus. See also Cautionary Note Regarding Forward-Looking Statements.

Overview

CCPT II was organized on September 29, 2004 to acquire and operate commercial real estate primarily consisting of freestanding, single-tenant, retail properties net leased to investment grade and other creditworthy

Table of Contents

Index to Financial Statements

tenants located throughout the United States. CCPT II commenced its principal operations on September 23, 2005, when it issued the initial 486,000 shares of its common stock in CCPT II's initial offering. CCPT II has no paid employees and is externally advised and managed by the Advisor. Commencing with its taxable year ended December 31, 2005, CCPT II has qualified as a REIT for federal income tax purposes, and CCPT II intends to continue to so qualify for its taxable year that includes the merger.

CCPT II's operating results and cash flows are primarily influenced by rental income from its commercial properties and interest expense on its property indebtedness. Rental and other property income accounted for 92%, 90% and 89% of total revenue for the years ended December 31, 2012, 2011, and 2010, respectively. As 96% of CCPT II's rentable square feet was under lease as of December 31, 2012, with a weighted average remaining lease term of 9.8 years, CCPT II believes its exposure to changes in commercial rental rates on its portfolio is substantially mitigated, except for vacancies caused by tenant bankruptcies or other factors. The Advisor regularly monitors the creditworthiness of CCPT II's tenants by reviewing the tenant's financial results, credit rating agency reports (if any) on the tenant or guarantor, the operating history of the property with such tenant, the tenant's market share and track record within its industry segment, the general health and outlook of the tenant's industry segment, and other information for changes and possible trends. If the Advisor identifies significant changes or trends that may adversely affect the creditworthiness of a tenant, it will gather a more in-depth knowledge of the tenant's financial condition and, if necessary, attempt to mitigate the tenant's credit risk by evaluating the possible sale of the property, or identifying a possible replacement tenant should the current tenant fail to perform on the lease.

As of December 31, 2012, the debt leverage ratio of CCPT II's consolidated real estate assets, which is the ratio of debt to total gross real estate and related assets, net of gross intangible lease liabilities, was 51%, with 12% of the debt, or \$212.3 million, including \$208.0 million in CCPT II Revolving Loans outstanding under the CCPT II Credit Facility, subject to variable interest rates. Should CCPT II acquire additional commercial real estate, it will be subject to changes in real estate prices and changes in interest rates on any refinancings or new indebtedness used to acquire the properties. CCPT II may manage its risk of changes in real estate prices on future property acquisitions, if any, by entering into purchase agreements and loan commitments simultaneously so that its operating yield is determinable at the time it enters into a purchase agreement, by contracting with developers for future delivery of properties, or by entering into sale-leaseback transactions. CCPT II manages its interest rate risk by monitoring the interest rate environment in connection with its future property acquisitions, if any, or upcoming debt maturities to determine the appropriate financing or refinancing terms, which may include fixed rate loans, variable rate loans or interest rate hedges. If CCPT II is unable to acquire suitable properties or obtain suitable financing terms for future acquisitions or refinancing, its results of operations may be adversely affected.

Recent Market Conditions and Portfolio Strategies

Beginning in late 2007, domestic and international financial markets experienced significant disruptions that were brought about in large part by challenges in the world-wide banking system. These disruptions severely impacted the availability of credit and contributed to rising costs associated with obtaining credit. Since 2010, the volume of mortgage lending for commercial real estate has been increasing and lending terms have improved and they continue to improve; however, such lending activity continues to be significantly less than previous levels. Although lending market conditions have improved, certain factors continue to negatively affect the lending environment, including the sovereign credit issues of certain countries in the European Union. CCPT II has experienced, and may continue to experience, more stringent lending criteria, which may affect its ability to finance certain property acquisitions or refinance its debt at maturity. For properties for which CCPT II is able to obtain financing, the interest rates and other terms on such loans may be unacceptable. Additionally, if CCPT II is able to refinance its existing debt as it matures, such debt may be at lower leverage levels or at rates and terms which are less favorable than CCPT II's existing debt or, if CCPT II elects to extend the maturity dates of the mortgage notes in accordance with any hyper-amortization provisions, the interest rates charged to CCPT II will be higher, each of which may adversely affect CCPT II's results of operations and the distribution rate it is able

Table of Contents

Index to Financial Statements

to pay to its investors. CCPT II has managed, and expects to continue to manage, the current mortgage lending environment by utilizing borrowings on the CCPT II Credit Facility, and considering alternative lending sources, including the securitization of debt, utilizing fixed rate loans, short-term variable rate loans, assuming existing mortgage loans in connection with property acquisitions, or entering into interest rate lock or swap agreements, or any combination of the foregoing.

The economic downturn led to high unemployment rates and a decline in consumer spending. These economic trends have adversely impacted the retail and real estate markets by causing higher tenant vacancies, declining rental rates and declining property values. In 2011 and 2012, the economy improved and continues to show signs of recovery. Additionally, the real estate markets have experienced an improvement in property values, occupancy and rental rates; however, in many markets property values, occupancy and rental rates continue to be below those previously experienced before the economic downturn. As of December 31, 2012, 96% of CCPT II's rentable square feet was under lease. During the year ended December 31, 2012, CCPT II's percentage of rentable square feet under lease remained stable. However, if the recent improvements in economic conditions do not continue, CCPT II may experience additional vacancies or be required to reduce rental rates on occupied space. The Advisor is actively seeking to lease all of CCPT II's vacant space, however, as many retailers and other tenants have been delaying or eliminating their store expansion plans, the amount of time required to re-lease a property has increased.

Application of Critical Accounting Policies

CCPT II's accounting policies have been established to conform with GAAP. The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If management's judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied, thus, resulting in a different presentation of the financial statements. Additionally, other companies may utilize different estimates that may impact comparability of CCPT II's results of operations to those of companies in similar businesses.

The critical accounting policies outlined below have been discussed with members of the audit committee of the CCPT II Board.

Investment in and Valuation of Real Estate and Related Assets

Real estate and related assets are stated at cost, less accumulated depreciation and amortization. Amounts capitalized to real estate and related assets consist of the cost of acquisition, excluding acquisition related expenses, construction and any tenant improvements, major improvements and betterments that extend the useful life of the real estate and related assets and leasing costs. All repairs and maintenance are expensed as incurred.

CCPT II is required to make subjective assessments as to the useful lives of its depreciable assets. CCPT II considers the period of future benefit of each respective asset to determine the appropriate useful life of the assets. Real estate and related assets, other than land, are depreciated or amortized on a straight-line basis. The estimated useful lives of CCPT II's assets by class are generally as follows:

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

CCPT II continually monitors events and changes in circumstances that could indicate that the carrying amounts of its real estate and related assets may not be recoverable. Impairment indicators that it considers include, but are not limited to, bankruptcy or other credit concerns of a property's major tenant, such as a history

Table of Contents

Index to Financial Statements

of late payments, rental concessions, and other factors, a significant decrease in a property's revenues due to lease terminations, vacancies, co-tenancy clauses, reduced lease rates, or other circumstances. When indicators of potential impairment are present, CCPT II assesses the recoverability of the assets by determining whether the carrying amount of the assets will be recovered through the undiscounted future cash flows expected from the use of the assets and their eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying amount, CCPT II will adjust the real estate and related assets to their respective fair values and recognize an impairment loss. Generally, fair value is determined using a discounted cash flow analysis and recent comparable sales transactions.

CCPT II continually monitors certain properties for which it has identified impairment indicators. As of December 31, 2012, CCPT II had seven properties with an aggregate book value of \$46.7 million for which it assessed the recoverability of the carrying amounts. For six of these properties, the undiscounted future cash flows expected as a result of the use of the real estate and related assets and the eventual disposition of the assets, continued to exceed their carrying amount as of December 31, 2012. Should the conditions related to any of these, or any other properties change, the underlying assumptions used to determine the expected undiscounted future cash flows may change and adversely affect the recoverability of the respective real estate and related assets' carrying amounts. CCPT II identified two properties during the year ended December 31, 2012 and one property during the year ended December 31, 2010 with impairment indicators for which the undiscounted future cash flows expected as a result of the use and eventual disposition of each of the real estate and related assets were less than the carrying amount of the respective properties. As a result, CCPT II reduced the carrying amount of the real estate and related assets to their estimated fair value by recognizing an impairment loss of \$5.7 million during the year ended December 31, 2012 and \$4.5 million during the year ended December 31, 2010. No impairment losses were recorded during the year ended December 31, 2011.

When developing estimates of expected future cash flows, CCPT II makes certain assumptions regarding future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, terminal capitalization and discount rates, the expected number of months it takes to re-lease the property, required tenant improvements and the number of years the property will be held for investment. The use of alternative assumptions in estimating expected future cash flows could result in a different determination of the property's expected future cash flows and a different conclusion regarding the existence of an impairment, the extent of such loss, if any, as well as the fair value of CCPT II's real estate and related assets.

When a real estate asset is identified by management as held for sale, CCPT II ceases depreciation and amortization of the assets related to the property and estimate the fair value, net of selling costs. If, in management's opinion, the fair value, net of selling costs, of the asset is less than the carrying amount of the asset, an adjustment to the carrying value would be recorded to reflect the estimated fair value of the property, net of selling costs.

Allocation of Purchase Price of Real Estate and Related Assets

Upon the acquisition of real properties, CCPT II allocates the purchase price to acquired tangible assets, consisting of land, buildings and improvements, and identified intangible assets and liabilities, consisting of the value of above market and below market leases and the value of in-place leases, based in each case on their respective fair values. Acquisition related expenses are expensed as incurred. CCPT II utilizes independent appraisals to assist in the determination of the fair values of the tangible assets of an acquired property (which includes land and building). CCPT II obtains an independent appraisal for each real property acquisition. The information in the appraisal, along with any additional information available to CCPT II, is used in estimating the amount of the purchase price that is allocated to land. Other information in the appraisal, such as building value and market rents, may be used by CCPT II in estimating the allocation of purchase price to the building and to intangible lease assets and liabilities. The appraisal firm has no involvement in CCPT II's allocation decisions other than providing this market information.

The fair values of above market and below market lease values are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between

Table of Contents

Index to Financial Statements

(1) the contractual amounts to be paid pursuant to the in-place leases and (2) an estimate of fair market lease rates for the corresponding in-place leases, which is generally obtained from independent appraisals, measured over a period equal to the remaining non-cancelable term of the lease including any bargain renewal periods, with respect to a below market lease. The above market and below market lease values are capitalized as intangible lease assets or liabilities, respectively. Above market lease values are amortized as a reduction to rental income over the remaining terms of the respective leases. Below market leases are amortized as an increase to rental income over the remaining terms of the respective leases, including any bargain renewal periods. In considering whether or not CCPT II expects a tenant to execute a bargain renewal option, it evaluates economic factors and certain qualitative factors at the time of acquisition, such as the financial strength of the tenant, remaining lease term, the tenant mix of the leased property, its relationship with the tenant and the availability of competing tenant space. If a lease is terminated prior to its stated expiration, all unamortized amounts of above market or below market lease values relating to that lease would be recorded as an adjustment to rental income.

The fair values of in-place leases include estimates of direct costs associated with obtaining a new tenant and opportunity costs associated with lost rental and other property income, which are avoided by acquiring a property with an in-place lease. Direct costs associated with obtaining a new tenant include commissions and other direct costs and are estimated, in part, by utilizing information obtained from independent appraisals and management's consideration of current market costs to execute a similar lease. The intangible values of opportunity costs, which are calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease, are capitalized as intangible lease assets and are amortized to expense over the remaining term of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts of in-place lease assets relating to that lease would be expensed.

CCPT II estimates the fair value of assumed mortgage notes payable based upon indications of current market pricing for similar types of debt financing with similar maturities. Assumed mortgage notes payable are initially recorded at their estimated fair value as of the assumption date, and the difference between such estimated fair value and the mortgage note's outstanding principal balance is amortized to interest expense over the term of the respective mortgage note payable.

The determination of the fair values of the real estate and related assets and liabilities acquired requires the use of significant assumptions with regard to the current market rental rates, rental growth rates, capitalization and discount rates, interest rates and other variables. The use of alternative estimates may result in a different allocation of CCPT II's purchase price, which could impact its results of operations.

Investment in Direct Financing Leases

For real estate property leases classified as direct financing leases, the building portion of the leases are accounted for as direct financing leases, while the land portion is accounted for as operating leases. For direct financing leases, CCPT II records an asset which represents (net investment) that is determined by using the aggregate of the total amount of future minimum lease payments, the estimated residual value of the leased property and the deferred incremental direct costs less unearned income. Income is recognized over the life of the lease to approximate a level rate of return on the net investment. Residual values, which are reviewed quarterly, represent the estimated amount CCPT II expects to receive at lease termination from the eventual disposition of the leased property. Actual residual values realized could differ from these estimates. CCPT II evaluates the collectability of future minimum lease payments on each direct financing lease to determine collectability primarily through the evaluation of payment history. CCPT II has not provided for an allowance of doubtful accounts based on the grouping of direct financing leases because it believes the characteristics of each direct financing lease are not sufficiently similar to allow an evaluation as a group for a possible allowance. As such, all of its direct financing leases are evaluated individually for the purpose of determining if an allowance is needed. Any write-down of an estimated residual value is recognized as an impairment loss in the current period.

Table of Contents

Index to Financial Statements

Investment in Mortgage Notes Receivable

Mortgage notes receivable consist of loans CCPT II acquired, which are secured by real estate properties. Mortgage notes receivable are recorded at stated principal amounts net of any discount or premium and deferred loan origination costs or fees. The related discounts or premiums on mortgage notes receivable purchased are amortized or accreted over the life of the related mortgage receivable. CCPT II defers certain loan origination and commitment fees, and amortizes them as an adjustment of the mortgage notes receivable's yield over the term of the related mortgage receivable. CCPT II evaluates the collectability of both interest and principal on each mortgage note receivable to determine whether it is collectible, primarily through the evaluation of credit quality indicators such as underlying collateral and payment history. CCPT II does not provide for an allowance for loan losses based on the grouping of loans as it believes the characteristics of the loans are not sufficiently similar to allow for an evaluation of these loans as a group for a possible loan loss allowance. As such, all of CCPT II's loans are evaluated individually for the purpose of determining if an allowance is needed. A mortgage note receivable is considered to be impaired, when based upon current information and events, it is probable that CCPT II will be unable to collect all amounts due according to the existing contractual terms. If a mortgage note receivable is considered to be impaired, the amount of loss is calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the mortgage note receivable's effective interest rate to the value of the underlying collateral if the mortgage note receivable is collateral dependent. Interest income on performing mortgage note receivable is accrued as earned. Interest income on impaired mortgage notes receivable is recognized on a cash basis.

Investment in Unconsolidated Joint Ventures

CCPT II did not have an investment in any unconsolidated joint ventures as of December 31, 2012. The investment in unconsolidated joint venture as of December 31, 2011 consisted of CCPT II's non-controlling majority interest in a joint venture that owned a multi-tenant property in Independence, Missouri, which was sold on September 28, 2012.

CCPT II accounted for the unconsolidated joint venture using the equity method of accounting as CCPT II had the ability to exercise significant influence, but not control, over operating and financial policies of the venture. The equity method of accounting requires the investment to be initially recorded at cost and subsequently adjusted for CCPT II's share of equity in the joint venture's earnings and distributions. CCPT II is required to determine whether an event or change in circumstances has occurred that may have a significant adverse effect on the fair value of its investment in the joint venture. If an event or change in circumstance has occurred, CCPT II is required to evaluate the joint venture for potential impairment and determine if the carrying amount of its investment exceeds its fair value. An impairment charge is recorded when an impairment is deemed to be other than temporary. To determine whether an impairment is other-than-temporary, CCPT II considers whether it has the ability and intent to hold the investment until the carrying amount is fully recovered. The evaluation of an investment in a joint venture for potential impairment requires the Advisor to exercise significant judgment and to make certain assumptions. The use of different judgments and assumptions could result in different conclusions. CCPT II recognizes gains or losses on the sale of interests in joint ventures to the extent the economic substance of the transaction is a sale.

Revenue Recognition

Certain properties have leases where minimum rental payments increase during the term of the lease. CCPT II records rental income for the full term of each lease on a straight-line basis. When CCPT II acquires a property, the terms of existing leases are considered to commence as of the acquisition date for the purposes of this calculation. CCPT II defers the recognition of contingent rental income, such as percentage rents, until the specific target that triggers the contingent rental income is achieved. Expected reimbursements from tenants for recoverable real estate taxes and operating expenses are included in tenant reimbursement income in the period when such costs are incurred.

Table of Contents**Index to Financial Statements***Income Taxes*

CCPT II elected to be taxed and has qualified as a REIT for federal income tax purposes under Sections 856 through 860 of the Code commencing with its taxable year ended December 31, 2005. As a REIT, CCPT II is required, among other things, to distribute at least 90% of its taxable income (excluding capital gains) to its stockholders. In addition, CCPT II generally will not be subject to federal corporate income tax to the extent it distributes its taxable income to its stockholders. REITs are subject to a number of other organizational and operational requirements. Even if CCPT II maintains its qualification for taxation as a REIT, it may be subject to certain state and local taxes on its income and property, and federal income and excise taxes on its undistributed income.

Derivative Instruments and Hedging Activities

CCPT II accounts and reports for its derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities at fair value. Accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative instrument and the designation of the derivative instrument. The change in fair value of the effective portion of the derivative instrument that is designated as a hedge is recorded as other comprehensive income. The changes in fair value for derivative instruments that are not designated as a hedge or that do not meet the hedge accounting criteria are recorded as a gain or loss to operations. Considerable judgment is necessary to develop estimated fair values of financial assets and liabilities, and the determination of hedge effectiveness can involve significant estimates. If CCPT II incorrectly estimates the fair value of derivatives and hedge effectiveness, its net income could be impacted.

Results of Operations

CCPT II's results of operations are influenced by the timing of acquisitions and the operating performance of its real estate investments. The following table shows the property statistics of CCPT II's consolidated real estate assets as of December 31, 2012, 2011, and 2010:

	2012	2011	2010
Number of commercial properties	752	753	725
Approximate rentable square feet ⁽¹⁾	21.2 million	21.2 million	20.6 million
Percentage of rentable square feet leased	96%	96%	94%

(1) Including square feet of the buildings on land that are subject to ground leases.

The following table summarizes CCPT II's consolidated real estate investment activity during the years ended December 31, 2012, 2011, and 2010:

	2012	2011	2010
Commercial properties acquired	1	28	31 ⁽¹⁾
Approximate purchase price of acquired properties	\$ 7.6 million	\$ 100.7 million	\$ 107.5 million
Approximate rentable square feet ⁽²⁾	49,000	525,000	1.1 million

(1) Excludes two properties substituted for one property under a master lease agreement with one of CCPT II's tenants.

(2) Including square feet of the buildings on land that are subject to ground leases.

Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011

Revenue. Revenue increased \$3.6 million, or 1%, to \$282.9 million for the year ended December 31, 2012, compared to \$279.3 million for the year ended December 31, 2011. CCPT II's revenue consisted primarily of rental and other property income from net leased commercial properties, which accounted for 92% and 90% of total revenues during the years ended December 31, 2012 and 2011, respectively.

Table of Contents

Index to Financial Statements

Rental and other property income increased \$8.1 million, or 3%, to \$259.6 million for the year ended December 31, 2012, compared to \$251.5 million for the year ended December 31, 2011. The increase was primarily due to the acquisition of 28 properties during the year ended December 31, 2011 and one property acquired subsequent to December 31, 2011, combined with additional revenue from the expansion and improvements to certain existing properties. CCPT II also pays certain operating expenses subject to reimbursement by the tenant. Tenant reimbursement income decreased \$1.8 million, or 10%, to \$15.2 million for the year ended December 31, 2012, compared to \$17.0 million for the year ended December 31, 2011, primarily due to a change in CCPT II's expected reimbursements from tenants for recoverable real estate taxes and operating expenses during the year ended December 31, 2012.

Earned income from direct financing leases remained constant at \$1.9 million for the years ended December 31, 2012, and December 31, 2011. CCPT II owned 13 properties accounted for as direct financing leases for each of the years ended December 31, 2012 and 2011.

Interest income on mortgage notes receivable remained relatively constant, decreasing \$277,000, or 4%, to \$6.1 million for the year ended December 31, 2012, compared to \$6.4 million for the year ended December 31, 2011, as CCPT II recorded interest income on mortgages receivable on 69 amortizing mortgage notes receivable during each of the years ended December 31, 2012 and 2011. CCPT II expects interest income to decrease in future periods as the proportion of principal payments received increases.

There was no interest income recorded on marketable securities during the year ended December 31, 2012, compared to \$2.5 million for the year ended December 31, 2011. The decrease was due to the sale of all of CCPT II's CMBS during the year ended December 31, 2011.

General and Administrative Expenses. General and administrative expenses remained relatively constant, increasing \$41,000, or 1%, to \$8.0 million for the year ended December 31, 2012, compared to \$7.9 million for the year ended December 31, 2011. The primary general and administrative expense items are escrow and trustee fees, operating expenses reimbursable to the Advisor, state franchise and income taxes, professional fees, unused fees on CCPT II's line of credit, board of directors costs, insurance, and other licenses and fees.

Property Operating Expenses. Property operating expenses remained relatively constant, increasing \$684,000, or 3%, to \$23.4 million for the year ended December 31, 2012, compared to \$22.7 million for the year ended December 31, 2011. The primary property operating expense items are property taxes, repairs and maintenance, property insurance and bad debt expense.

Property and Asset Management Expenses. Pursuant to the Advisory Agreement, as amended, CCPT II is required to pay to the Advisor a monthly asset management fee equal to one-twelfth of 0.25% of the aggregate valuation of our invested assets, as determined by the CCPT II Board. Additionally, CCPT II reimburses costs incurred by the Advisor in providing asset management services, subject to certain limitations, as set forth in the Advisory Agreement. Pursuant to the Property Management Agreement with the Property Manager, CCPT II is required to pay to the Property Manager a property management fee in an amount up to 2% of gross revenues received from each of its single-tenant properties and up to 4% of gross revenues received from each of its multi-tenant properties, less all payments to third-party management subcontractors. CCPT II reimburses the Property Manager's costs of managing and leasing the properties, subject to certain limitations as set forth in the Property Management Agreement.

Property and asset management expenses increased \$714,000, or 4%, to \$17.7 million for the year ended December 31, 2012, compared to \$17.0 million for the year ended December 31, 2011. Of this amount, property management expenses increased to \$8.5 million for the year ended December 31, 2012 from \$8.1 million for the year ended December 31, 2011, and asset management expenses increased to \$9.2 million for the year ended December 31, 2012, from \$8.9 million for the year ended December 31, 2011. These increases were primarily due to an increase in property and asset management fees related to the acquisition of 28 properties throughout

Table of Contents

Index to Financial Statements

the year ended December 31, 2011 and one property acquired subsequent to December 31, 2011, combined with an increase in CCPT II's asset base related to the CCPT II Board's determination of the estimated share value of \$9.35 as of July 27, 2011, compared to the previously determined share value of \$8.05.

Merger Related Expenses. CCPT II recorded \$5.8 million in merger related expenses for the year ended December 31, 2012. No merger related expenses were recorded during the year ended December 31, 2011.

Acquisition Related Expenses. CCPT II recorded \$233,000 in acquisition related expenses for the year ended December 31, 2012, compared to \$3.0 million recorded for the year ended December 31, 2011. During the year ended December 31, 2012 CCPT II acquired one property for \$7.6 million, and during the year ended December 31, 2011 CCPT II acquired 28 properties for \$100.7 million. Pursuant to the Advisory Agreement, CCPT II pays an acquisition fee to the Advisor of 2% of the contract purchase price of each property or asset acquired. Acquisition related expenses also include reimbursements to the Advisor for certain acquisition expenses as well as acquisition expenses CCPT II pays directly to external parties incurred in the process of acquiring such property.

Depreciation and Amortization Expenses. Depreciation and amortization expenses remained relatively constant, increasing \$992,000, or 1%, to \$89.2 million for the year ended December 31, 2012, compared to \$88.2 million for the year ended December 31, 2011. The increase was primarily related to depreciation and amortization on 28 properties acquired throughout the year ended December 31, 2011 and one property acquired subsequent to December 31, 2011.

Impairment of Real Estate Assets. An impairment loss of \$5.7 million was recorded relating to two properties during the year ended December 31, 2012. There were no real estate impairment losses recorded during the year ended December 31, 2011.

Equity in Income of Unconsolidated Joint Ventures and Other Income. Equity in income of unconsolidated joint ventures and other income increased \$448,000, or 60%, to \$1.2 million during the year ended December 31, 2012, compared to \$749,000 during the year ended December 31, 2011. The increase was primarily due to the sale of CCPT II's interest in one of its unconsolidated joint ventures, which was operating at a loss throughout the prior year, on September 30, 2011.

Gain on Sale of Real Estate Assets and Property Condemnation. CCPT II recorded a \$639,000 gain on the sale of real estate assets and property condemnations for the year ended December 31, 2012 related primarily to the sale of two properties. CCPT II recorded a \$92,000 gain related to the condemnation of one property during the year ended December 31, 2011.

Gain on Sale of Marketable Securities. During the year ended December 31, 2011, CCPT II recorded a gain on sale of marketable securities of \$15.6 million in connection with the sale of six CMBS. No similar transactions occurred during the year ended December 31, 2012.

Gain on Sale of Unconsolidated Joint Venture Interests. CCPT II recorded a gain on the sale of its interest in an unconsolidated joint venture of \$5.2 million during the year ended December 31, 2011. No gain was recorded on the sale of CCPT II's interest in an unconsolidated joint venture during the year ended December 31, 2012.

Impairment of Investment in Unconsolidated Joint Venture. CCPT II recorded an impairment of \$1.2 million related to an unconsolidated joint venture during the year ended December 31, 2012. No impairment was recorded on CCPT II's investment in unconsolidated joint ventures during the year ended December 31, 2011.

Interest Expense. Interest expense remained relatively constant, decreasing \$223,000, or less than 1%, to \$108.0 million for the year ended December 31, 2012, compared to \$108.2 million during the year ended

Table of Contents**Index to Financial Statements**

December 31, 2011, primarily due to a decrease in the weighted average interest rate, which was partially offset by an increase of \$14.9 million in the average outstanding debt balance resulting from borrowings incurred to acquire 28 properties during the year ended December 31, 2011, and one property subsequent to December 31, 2011.

Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

Revenue Revenue increased \$10.1 million, or 4%, to \$279.3 million for the year ended December 31, 2011, compared to \$269.2 million for the year ended December 31, 2010. CCPT II's revenue consisted primarily of rental and other property income from net leased commercial properties, which accounted for 90% and 89% of total revenues during the years ended December 31, 2011 and 2010, respectively.

Rental and other property income increased \$12.8 million, or 5%, to \$251.5 million for the year ended December 31, 2011, compared to \$238.7 million for the year ended December 31, 2010. The increase was primarily related to rental revenue from the acquisition of 28 new properties subsequent to December 31, 2010, as well as an increase in CCPT II's occupancy rate from 94% to 96% during 2011. In addition, tenant reimbursement income increased \$3.0 million, or 21%, to \$17.0 million for the year ended December 31, 2011, compared to \$14.0 million for the year ended December 31, 2010. The increase was primarily due to an increase in certain operating expenses related to these properties that are subject to reimbursement by the tenant, primarily property tax expense and repairs and maintenance during year ended December 31, 2011.

Earned income from direct financing leases remained relatively constant, decreasing \$125,000, or 6%, to \$1.9 million for the year ended December 31, 2011, compared to \$2.1 million for the year ended December 31, 2010. CCPT II owned 13 properties accounted for as direct financing leases for each of the years ended December 31, 2011 and 2010.

Interest income on mortgage notes receivable remained relatively constant, decreasing \$236,000, or 4%, to \$6.4 million for the year ended December 31, 2011, compared to \$6.7 million for the year ended December 31, 2010, as CCPT II recorded interest income on 69 amortizing mortgage notes receivable during each of the years ended December 31, 2011 and 2010. CCPT II expects interest income to decrease in future periods as the proportion of principal payments received increases.

Interest income on marketable securities decreased \$5.2 million, or 68%, to \$2.5 million for the year ended December 31, 2011, compared to \$7.7 million for the year ended December 31, 2010. The decrease was due to the sale of all of CCPT II's CMBS bonds during the first half of the year ended December 31, 2011.

General and Administrative Expenses General and administrative expenses increased \$954,000, or 14%, to \$7.9 million for the year ended December 31, 2011, compared to \$7.0 million for the year ended December 31, 2010. The increase was primarily due to an increase in insurance expense combined with higher unused fees on the CCPT II Credit Facility due to the increase in the size of the CCPT II Credit Facility from \$135 million to \$350 million in December 2010. The primary general and administrative expense items are legal and accounting fees, insurance, state franchise and income taxes, escrow and trustee fees, unused fees on the CCPT II Credit Facility, operating expenses reimbursable to the Advisor, and other licenses and fees.

Property Operating Expenses Property operating expenses increased \$2.4 million, or 12%, to \$22.7 million for the year ended December 31, 2011, compared to \$20.3 million for the year ended December 31, 2010. The increase was primarily due to an increase in property tax expense of \$1.5 million, which is subject to reimbursement, combined with an increase in repairs and maintenance expense of \$1.0 million. The primary property operating expense items are property taxes, repairs and maintenance, insurance and bad debt expense.

Property and Asset Management Expenses Pursuant to the Advisory Agreement, as amended, CCPT II is required to pay to the Advisor a monthly asset management fee equal to one-twelfth of 0.25% of the aggregate valuation of its invested assets, as determined by the CCPT II Board. Additionally, CCPT II reimburses costs

Table of Contents

Index to Financial Statements

incurred by the Advisor in providing asset management services, subject to certain limitations, as set forth in the Advisory Agreement. Pursuant to the Property Management Agreement, CCPT II is required to pay to its Property Manager a property management fee in an amount up to 2% of gross revenues received from each of its single-tenant properties and up to 4% of gross revenues received from each of its multi-tenant properties, less all payments to third-party management subcontractors. CCPT II reimburses the Property Manager's costs of managing and leasing the properties, subject to certain limitations as set forth in the Property Management Agreement.

Property and asset management expenses remained relatively constant, increasing \$540,000, or 3%, to \$17.0 million for the year ended December 31, 2011, compared to \$16.4 million for the year ended December 31, 2010. Of this amount, property management expenses increased to \$8.1 million for the year ended December 31, 2011 from \$8.0 million for the year ended December 31, 2010, and asset management expenses increased to \$8.9 million for the year ended December 31, 2011, from \$8.5 million for the year ended December 31, 2010, primarily due to an increase in property and asset management fees related to 28 new properties acquired subsequent to December 31, 2010, combined with property and asset management fees recorded for a full year on 31 properties acquired during the year ended December 31, 2010.

Acquisition Related Expenses Acquisition related expenses decreased \$420,000, or 12%, to \$3.0 million for the year ended December 31, 2011, compared to \$3.4 million for the year ended December 31, 2010. The decrease was a result of fewer acquisition related expenses recorded on 28 properties purchased during the year ended December 31, 2011 with an aggregate purchase price of \$100.7 million compared to 31 properties during the year ended December 31, 2010 with an aggregate purchase price of \$107.5 million. Pursuant to the Advisory Agreement, CCPT II pays an acquisition fee to the Advisor of 2% of the contract purchase price of each property or asset acquired. Acquisition related expenses also include reimbursements to the Advisor for certain acquisition expenses as well as acquisition expenses CCPT II pays directly to external parties incurred in the process of acquiring such property.

Depreciation and Amortization Expenses Depreciation and amortization expenses increased \$3.0 million, or 4%, to \$88.2 million for the year ended December 31, 2011, compared to \$85.2 million for the year ended December 31, 2010. The increase was primarily related to additional depreciation and amortization recorded on 28 new properties acquired subsequent to December 31, 2010.

Impairment of Real Estate Assets There were no impairment losses recorded during the year ended December 31, 2011. An impairment loss of \$4.5 million was recorded relating to one property during the year ended December 31, 2010.

Equity in Income of Unconsolidated Joint Ventures and Other Income Equity in income of unconsolidated joint ventures and other income decreased \$341,000, or 31%, to \$749,000 during the year ended December 31, 2011, compared to \$1.1 million during the year ended December 31, 2010. The decrease was primarily due to the sale of CCPT II's interest in one of its unconsolidated joint ventures on September 30, 2011.

Gain on Sale of Real Estate Assets and Property Condemnation CCPT II recorded a \$92,000 gain on the sale of real estate assets and property condemnations for the year ended December 31, 2011 related to the condemnation of one property. CCPT II recorded no gains related to the sale of real estate assets and property condemnation during the year ended December 31, 2010.

Gain on Sale of Marketable Securities During the year ended December 31, 2011, CCPT II recorded a gain on sale of marketable securities of \$15.6 million in connection with the sale of all of its CMBS bonds. No similar transactions occurred during the year ended December 31, 2010.

Gain on Sale of Unconsolidated Joint Venture Interests During the year ended December 31, 2011, CCPT II recorded a gain on the sale of its interest in an unconsolidated joint venture of \$5.2 million. No similar transactions occurred during the year ended December 31, 2010.

Table of Contents**Index to Financial Statements**

Interest Expense Interest expense increased \$5.2 million, or 5%, to \$108.2 million for the year ended December 31, 2011, compared to \$103.0 million during the year ended December 31, 2010, primarily due to an increase of \$80.1 million in the average outstanding debt balance.

Portfolio Information***Real Estate Portfolio***

As of December 31, 2012, CCPT II directly owned 752 properties located in 45 states and the U.S. Virgin Islands, the gross rentable space of which was 96% leased with a weighted average lease term remaining of 9.8 years. Of the leases related to these properties, 13 were classified as direct financing leases.

As of December 31, 2012, CCPT II's five highest tenant concentrations, based on gross annualized rental revenue, were as follows:

Tenant	Total Number of Leases	Leased Square Feet ⁽¹⁾	2012 Gross Annualized Rental Revenue (in Thousands)	Percentage of 2012 Gross Annualized Rental Revenue
Walgreens drug store	70	1,011,529	\$ 23,097	9%
Church's Chicken restaurant	1	244,231	14,056	6%
Academy Sports sporting goods	9	1,955,411	12,944	5%
Circle K convenience store	83	250,580	11,550	5%
CVS drug store	37	412,496	9,408	4%
	200	3,874,247	\$ 71,055	29%

(1) Including square feet of the buildings on land that is subject to ground leases.

As of December 31, 2012, CCPT II's five highest tenant industry concentrations, based on gross annualized rental revenue, were as follows:

Tenant	Total Number of Leases	Leased Square Feet ⁽¹⁾	2012 Gross Annualized Rental Revenue (in Thousands)	Percentage of 2012 Gross Annualized Rental Revenue
Specialty retail	203	4,626,991	\$ 43,077	17%
Drugstore	128	1,690,979	38,568	15%
Restaurant	122	955,988	37,044	15%
Sporting goods	17	2,278,621	17,106	7%
Home improvement	13	1,616,529	13,256	5%
	483	11,169,108	\$ 149,051	59%

(1) Including square feet of the buildings on land that is subject to ground leases.

As of December 31, 2012, CCPT II's five highest geographic concentrations, based on gross annualized rental revenue, were as follows:

Location	Total Number of Properties	Rentable Square Feet⁽¹⁾	2012 Gross Annualized Rental Revenue (in Thousands)	Percentage of 2012 Gross Annualized Rental Revenue
Texas	166	3,638,467	\$ 40,604	16%
Florida	23	2,088,910	24,954	10%
Georgia	63	1,131,834	19,731	8%
Illinois	23	1,742,432	18,899	7%
Ohio	64	666,985	13,293	5%
	339	9,268,628	\$ 117,481	46%

Table of Contents

Index to Financial Statements

(1) Including square feet of the buildings on land that is subject to ground leases.
Mortgage Notes Receivable Portfolio

As of December 31, 2012, CCPT II owned two portfolios of mortgage notes receivable with a balance of \$73.4 million consisting of 69 mortgage notes receivable, secured by 43 restaurant properties and 26 retail properties with a weighted average maturity of 7.7 years.

Funds From Operations and Modified Funds From Operations

Funds From Operations, referred to herein as FFO, is a non-GAAP financial performance measure defined by the National Association of Real Estate Investment Trusts, referred to herein as NAREIT, and widely recognized by investors and analysts as one measure of operating performance of a real estate company. The FFO calculation excludes items such as real estate depreciation and amortization, gains and losses on the sale of depreciable real estate, impairments of depreciable real estate and impairments of joint ventures. Depreciation and amortization as applied in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, it is CCPT II's management's view, and CCPT II believes the view of many industry investors and analysts, that the presentation of operating results for real estate companies by using the historical cost method alone is insufficient. In addition, FFO also excludes gains and losses from the sale of depreciable real estate, which CCPT II believes provides management and investors with a helpful additional measure of the performance of CCPT II's real estate portfolio, as it allows for comparisons, year to year, that reflect the impact on operations from trends in items such as occupancy rates, rental rates, operating costs, general and administrative expenses and interest costs. FFO also excludes real estate impairments of depreciable real estate and impairments of joint ventures that are attributable to measurable decreases in the fair value of depreciable real estate held by the venture. Impairment write-downs are items that management does not include in its evaluation of the historical operating performance of CCPT II's real estate investments, as the Advisor believes that the impact of these items will be reflected over time through changes in rental income or other related costs. CCPT II computes FFO in accordance with NAREIT's definition.

In addition to FFO, CCPT II uses Modified Funds From Operations, referred to herein as MFFO, as a non-GAAP supplemental financial performance measure to evaluate the operating performance of CCPT II's real estate portfolio. MFFO, as defined by CCPT II, excludes from FFO merger and acquisition related costs, which are required to be expensed in accordance with GAAP. In evaluating the performance of CCPT II's portfolio over time, the Advisor employs business models and analyses that differentiate the costs to merge or acquire investments from the investments' revenues and expenses. The Advisor believes that excluding merger and acquisition costs from MFFO provides investors with supplemental performance information that is consistent with the performance models and analysis used by CCPT II's management, and provides investors a view of the performance of CCPT II's portfolio over time, including after CCPT II ceases to acquire properties on a frequent and regular basis. MFFO also allows for a comparison of the performance of CCPT II's portfolio with other REITs that are not currently engaging in mergers or acquisitions, as well as a comparison of CCPT II's performance with that of other non-traded REITs, as MFFO, or an equivalent measure, is routinely reported by non-traded REITs, and CCPT II believes often used by analysts and investors for comparison purposes.

For all of these reasons, CCPT II believes FFO and MFFO, in addition to net income and cash flows from operating activities, as defined by GAAP, are helpful supplemental performance measures and useful in understanding the various ways in which the Advisor evaluates the performance of CCPT II's real estate portfolio over time. However, not all REITs calculate FFO and MFFO the same way, so comparisons with other REITs may not be meaningful. FFO and MFFO should not be considered as alternatives to net income or to cash flows from operating activities, and are not intended to be used as a liquidity measure indicative of cash flow available to fund CCPT II's cash needs.

Table of Contents**Index to Financial Statements**

MFFO may provide investors with a useful indication of CCPT II's future performance, particularly after its acquisition stage, and of the sustainability of CCPT II's current distribution policy. However, because MFFO excludes acquisition expenses, which are an important component in an analysis of the historical performance of a property, MFFO should not be construed as a historic performance measure. Neither the SEC, NAREIT, nor any other regulatory body has evaluated the acceptability of the exclusions contemplated to adjust FFO in order to calculate MFFO and its use as a non-GAAP financial performance measure.

CCPT II's calculation of FFO and MFFO, and reconciliation to net income, which is the most directly comparable GAAP financial measure, is presented in the table below for the years ended December 31, 2012, 2011 and 2010, respectively (in thousands). FFO and MFFO are influenced by the timing of acquisitions and the operating performance of CCPT II's real estate investments.

	Year Ended December 31,		
	2012	2011	2010
NET INCOME	\$ 25,397	\$ 53,809	\$ 30,430
Depreciation of real estate assets	60,890	59,782	56,615
Amortization of lease related costs	28,348	28,464	28,547
Depreciation and amortization of real estate assets in unconsolidated joint ventures	995	1,331	2,347
Impairment of real estate assets	5,742		4,500
Impairment of joint venture investment	1,156		
Gain on sale of unconsolidated joint venture interests		(5,162)	
Gain on sale and condemnation of real estate assets	(639)	(92)	
Funds from operations (FFO)	121,889	\$ 138,132	\$ 122,439
Acquisition related expenses	233	3,021	3,441
Merger related expenses	5,847		
Modified funds from operations (MFFO)	\$ 127,969	\$ 141,153	\$ 125,880

Set forth below is additional information that may be helpful in assessing CCPT II's operating results:

During the year ended December 31, 2011, CCPT II sold six CMBS for \$82.1 million, and realized a gain on the sale of \$15.6 million, of which \$14.7 million had previously been recorded in other comprehensive income. No sales of CMBS occurred during the years ended December 31, 2012 and 2010.

In order to recognize rental income on a straight-line basis over the terms of the respective leases, CCPT II recognized additional rental income by straight-lining rental income of \$9.1 million, \$11.0 million and \$11.8 million during the years ended December 31, 2012, 2011 and 2010, respectively. In addition, related to CCPT II's unconsolidated joint ventures, straight-line revenue of \$50,000, \$21,000 and \$48,000 for the years ended December 31, 2012, 2011 and 2010, respectively, is included in equity in income of unconsolidated joint ventures and other income on the consolidated statements of operations.

Amortization of deferred financing costs and amortization of fair value adjustments of mortgage notes assumed totaled \$9.2 million, \$9.1 million and \$8.4 million during the years ended December 31, 2012, 2011 and 2010, respectively. In addition, related to CCPT II's unconsolidated joint ventures, amortization of deferred financing costs and amortization of fair value adjustments of mortgage notes assumed totaled \$26,000, \$135,000 and \$601,000 for the years ended December 31, 2012, 2011 and 2010 respectively, which is included in equity in income of unconsolidated joint ventures and other income on the consolidated statements of operations.

Distributions

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

The CCPT II Board authorized a daily distribution, based on 366 days in the calendar year, of \$0.001707848 per share (which equates to 6.25% on an annualized basis calculated at the current rate, assuming a \$10.00 per

Table of Contents

Index to Financial Statements

share purchase price, and an annualized return of approximately 6.68%, based on the July 27, 2011 estimate of the value of its shares of \$9.35 per share) for stockholders of record as of the close of business on each day of the period, commencing on January 1, 2012 and ending on December 31, 2012. In addition, the CCPT II Board authorized a daily distribution, based on 365 days in the calendar year, of \$0.001712523 per share (which equates to approximately 6.25% on an annualized basis calculated at the current rate, based on the original offering price of \$10.00 per share, and an annualized distribution rate of approximately 6.61%, based on the January 23, 2013 estimate of the value of CCPT II's shares of \$9.45 per share) for stockholders of record as of the close of business on each day of the period commencing on January 1, 2013 and ending on March 31, 2013.

During the years ended December 31, 2012 and 2011, CCPT II paid distributions of \$131.4 million and \$131.0 million, respectively, including \$57.0 million and \$59.7 million, respectively, through the issuance of shares pursuant to the CCPT II DRIP offering. CCPT II's distributions for the year ended December 31, 2012 were funded by net cash provided by operating activities of \$118.4 million, or 90%, a portion of the net proceeds in excess of CCPT II's investment from its prior year sale of marketable securities of \$9.2 million, or 7%, principal payments from mortgage notes receivable and real estate under direct financing leases of \$3.6 million, or 3%, and proceeds from the CCPT II DRIP offering of \$233,000, or less than 1%. CCPT II's distributions for the year ended December 31, 2011 were funded by net cash provided by operating activities of \$114.4 million, or 87%, portion of the net proceeds in excess of our investment from the sale of marketable securities of \$11.3 million, or 9%, proceeds from the DRIP offering of \$3.0 million, or 2%, and return of capital from unconsolidated joint ventures of \$2.3 million, or 2%. Net cash provided by operating activities for the years ended December 31, 2012 and 2011, reflect a reduction for real estate acquisition related expenses incurred and expensed of \$233,000 and \$3.0 million, respectively, in accordance with GAAP. CCPT II treats its real estate acquisition expenses as funded by proceeds from the offering of CCPT II's shares, including proceeds from the CCPT II DRIP offering. Therefore, for consistency, proceeds from the issuance of common stock for the years ended December 31, 2012 and 2011 have been reported as a source of distributions to the extent that acquisition expenses have reduced net cash flows from operating activities.

On December 6, 2012, the CCPT II Board, including all of its independent directors, voted to suspend the CCPT II DRIP and the share redemption program. Beginning with the distributions previously authorized by the CCPT II Board for the month of December 2012, which were paid in January 2013, and continuing until such time as the CCPT II Board may approve the resumption of the CCPT II DRIP, all distributions authorized by the CCPT II Board are to be paid to our stockholders in cash.

Share Redemptions

On December 6, 2012, the CCPT II Board, including all of the independent directors, voted to suspend the CCPT II's share redemption program. When active CCPT II's share redemption program provides that CCPT II will redeem shares of CCPT II common stock from requesting stockholders, subject to the terms and conditions of the share redemption program. During any calendar year, CCPT II will not redeem in excess of 3% of the weighted average number of shares outstanding during the prior calendar year and the cash available for redemption is limited to the proceeds from the sale of shares pursuant to the CCPT II DRIP offering. In addition, CCPT II will redeem shares of CCPT II common stock on a quarterly basis, at the rate of approximately one-fourth of 3% of the weighted average number of shares outstanding during the prior calendar year (including shares requested for redemption upon the death of a stockholder). Funding for redemptions for each quarter will be limited to the net proceeds CCPT II receives from the sale of shares, during such quarter, from the CCPT II DRIP offering. As a result of the suspension of the share redemption program in December 2012, all redemption requests received from stockholders during the fourth quarter of 2012 on or before December 6, 2012 and that were determined to be in good order on or before December 12, 2012 were honored in accordance with the terms, conditions and limitations of the share redemption program. CCPT II did not process or accept any requests for redemption received after December 6, 2012 and will not process or accept any future requests until such time as the CCPT II Board may approve resumption of the share redemption program.

Table of Contents**Index to Financial Statements**

Pursuant to the share redemption program, as amended, the redemption price per share is dependent on the length of time the shares are held and the most recently disclosed estimated share value. As of December 31, 2012, the estimated share value was \$9.35 per share, as determined by the CCPT II Board on July 27, 2011. During the year ended December 31, 2012 CCPT II received valid redemption requests pursuant to the share redemption program, as amended, relating to approximately 19.5 million shares, including those requests unfulfilled and resubmitted from a previous period, and requests relating to approximately 6.1 million shares were redeemed for \$56.9 million at an average price of \$9.32 per share. The remaining redemption requests relating to approximately 13.4 million shares went unfulfilled, including those requests unfulfilled and resubmitted from a previous period.

Liquidity and Capital Resources***General***

CCPT II's principal demands for funds are for the payment of principal and interest on its outstanding indebtedness, operating and property maintenance expenses and distributions to CCPT II stockholders. CCPT II may also acquire additional real estate and real estate related investments. Generally, cash needs for payments of interest, operating and property maintenance expenses and distributions to stockholders will be generated from cash flows from operations from CCPT II's real estate assets. The sources of CCPT II's operating cash flows are primarily driven by the rental income received from leased properties, interest income earned on mortgage notes receivable and interest income on CCPT II's cash balances. CCPT II expects to utilize available borrowings on the CCPT II Credit Facility and potential additional financings and refinancings to repay CCPT II's outstanding indebtedness and complete possible future property acquisitions.

As of December 31, 2012, CCPT II had cash and cash equivalents of \$21.4 million and available borrowings of \$30.4 million under the CCPT II Credit Facility. Additionally, as of December 31, 2012, CCPT II had unencumbered properties with a gross book value of \$1.0 billion, including \$636.1 million of assets that are part of the CCPT II Credit Facility's unencumbered borrowing base, referred to herein as the Borrowing Base Assets, which may be used as collateral to secure additional financing in future periods or as additional collateral to facilitate the refinancing of current mortgage debt as it becomes due, subject to certain covenants and leverage and borrowing base restrictions related to the CCPT II Credit Facility; however, the use of any Borrowing Base Assets as collateral would reduce the available borrowings under the CCPT II Credit Facility.

Short-term Liquidity and Capital Resources

On a short-term basis, CCPT II's principal demands for funds will be for operating expenses, distributions to stockholders and interest and principal on current and any future debt financings. CCPT II expects to meet its short-term liquidity requirements through available cash, cash provided by property operations, the issuance of new mortgage notes on unencumbered assets and borrowings from the CCPT II Credit Facility. As of December 31, 2012, CCPT II had \$319.1 million under the CCPT II Credit Facility maturing within the next 12 months, which CCPT II expects to be repaid or refinanced in connection with or subsequent to the merger. If the merger is not completed, CCPT II will seek to refinance amounts outstanding under the CCPT II Credit Facility.

Long-term Liquidity and Capital Resources

CCPT II expects to meet its long-term liquidity requirements through proceeds from secured or unsecured financings from banks and other lenders, the selective and strategic sale of properties and net cash flows from operations. CCPT II expects that its primary uses of capital will be for property and other asset acquisitions and the payment of tenant improvements, operating expenses, including debt service payments on any outstanding indebtedness, and distributions to CCPT II stockholders.

CCPT II expects that substantially all cash flows from operations will be used to pay distributions to CCPT II stockholders after certain capital expenditures, including tenant improvements and leasing commissions, are paid; however, CCPT II may use other sources to fund distributions as necessary, including borrowing on the

Table of Contents

Index to Financial Statements

CCPT II Credit Facility and/or borrowings in anticipation of future cash flow. To the extent that cash flows from operations are lower due to lower than expected returns on the properties or CCPT II elects to retain cash flows from operations to make additional real estate investments or reduce its outstanding debt, distributions paid to CCPT II stockholders may be lower.

CCPT II expects that substantially all net cash resulting from debt financing will be used to fund acquisitions, for certain capital expenditures identified at acquisition, for repayments of outstanding debt, or for any distributions to stockholders in excess of cash flows from operations.

As of December 31, 2012, CCPT II had issued approximately 231.2 million shares of CCPT II common stock in the offerings resulting in gross proceeds of \$2.3 billion. As of December 31, 2012, CCPT II had redeemed a total of approximately 22.6 million shares of common stock for a cost of \$206.1 million. Redemption requests relating to approximately 13.4 million shares that were received during the year ended December 31, 2012 went unfulfilled.

As of December 31, 2012, CCPT II had \$1.8 billion of debt outstanding, consisting of (1) \$1.4 billion of CCPT II Fixed Rate Debt, which includes \$77.6 million of variable rate debt swapped to fixed rates, (2) \$4.3 million of CCPT II Variable Rate Debt and (3) \$319.1 million outstanding under the CCPT II Credit Facility, which includes \$111.1 million swapped to a fixed rate. The CCPT II Fixed Rate Debt has annual interest rates ranging from 3.15% to 7.22%, with a weighted average annual interest rate of 5.68%, and various maturity dates ranging from September, 2014 through August, 2031. The CCPT II Variable Rate Debt has an annual interest rate of LIBOR plus 275 basis points, and matures in September, 2014. As of December 31, 2012, the weighted average interest rate in effect for the CCPT II Revolving Loans under the CCPT II Credit Facility was 3.71% and the CCPT II Term Loan was fixed at a rate of 4.94% per annum based on CCPT II's overall leverage levels. Additionally, the ratio of debt to gross real estate and related assets net of gross intangible lease liabilities, as of December 31, 2012, was 51% and the weighted average years to maturity was 3.6 years. CCPT II's contractual obligations as of December 31, 2012 were as follows (in thousands):

	Total	Payments due by period ⁽¹⁾⁽²⁾			More Than 5 Years
		Less Than 1 Year	1-3 Years	3-5 Years	
Principal payments fixed rate debt ⁽³⁾	\$ 1,442,354	\$ 5,142	\$ 331,924	\$ 916,277	\$ 189,011
Interest payments fixed rate debt ⁽³⁾	345,337	82,574	156,321	87,128	19,314
Principal payments variable rate debt	4,250		4,250		
Interest payments variable rate debt ⁽³⁾	222	125	97		
Principal payments credit facility	319,111	319,111			
Interest payments credit facility ⁽⁴⁾⁽⁶⁾	12,776	12,776			
Total	\$ 2,124,050	\$ 419,728	\$ 492,592	\$ 1,003,405	\$ 208,325

- (1) The table above does not include amounts due to the Advisor or its affiliates pursuant to the Advisory Agreement because such amounts are not fixed and determinable.
- (2) Principal pay down amounts are included in payments due by period.
- (3) Principal payment amounts reflect actual payments based on face amount of notes payable. As of December 31, 2012, the fair value adjustment, net of amortization, of mortgage notes assumed was \$8.4 million.
- (4) As of December 31, 2012, CCPT II had \$188.7 million of CCPT II Variable Rate Debt and CCPT II Credit Facility borrowings fixed through the use of interest rate swaps. CCPT II used the fixed rates under the swap agreement to calculate the debt payment obligations in future periods.
- (5) A rate of 2.96% was used to calculate the variable debt payment obligations in future periods. This was the rate effective as of December 31, 2012.
- (6) Payment obligations for the CCPT II Term Loan and CCPT II Revolving Loans outstanding under the CCPT II Credit Facility calculated based on interest rates of 4.94% and 3.71%, respectively, in effect as of December 31, 2012.

Table of Contents**Index to Financial Statements**

CCPT II charter prohibits CCPT II from incurring debt that would cause CCPT II's borrowings to exceed the greater of 60% of its gross assets, valued at the greater of the aggregate cost (before depreciation and other non-cash reserves) or fair value of all assets owned by CCPT II, unless approved by a majority of its independent directors and disclosed to CCPT II's stockholders in its next quarterly report.

Cash Flow Analysis***Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011***

Operating Activities. Net cash provided by operating activities increased \$3.9 million, or 3%, to \$118.4 million for the year ended December 31, 2012, compared to \$114.4 million for the year ended December 31, 2011. The increase was primarily due to a net change in CCPT II's working capital accounts of \$2.8 million and an increase in net income before non-cash adjustments for depreciation, amortization, bad debt expense, impairments, gains on sale of marketable securities and real estate assets and unconsolidated joint ventures of \$1.1 million for the year ended December 31, 2012 compared to December 31, 2011. See **Results of Operations** for a more complete discussion of the factors impacting CCPT II's operating performance.

Investing Activities. Net cash provided by investing activities increased \$29.5 million to \$11.2 million for the year ended December 31, 2012, compared to net cash used in investing activities of \$18.3 million for the year ended December 31, 2011. The increase was primarily a result of less cash used for investments in real estate and related assets as CCPT II made one real estate acquisition with a purchase price of \$7.6 million during the year ended December 31, 2012, compared to the acquisition of 28 properties for a total purchase price of \$100.7 million during the year ended December 31, 2011. Additionally, CCPT II used cash of \$15.0 million for capital expenditures during the year ended December 31, 2012, compared with \$20.9 million during the year ended December 31, 2011. CCPT II received \$28.6 million in proceeds from the sale of real estate assets and CCPT II's interest in an unconsolidated joint venture during the year ended December 31, 2012 compared to proceeds of \$19.0 million from the sale of real estate assets and its interest in an unconsolidated joint venture during the year ended December 31, 2011. These amounts were partially offset by a decrease in proceeds from sale of marketable securities of \$82.1 million, as no sales of marketable securities occurred during the year ended December 31, 2012.

Financing Activities. Net cash used in financing activities increased \$72.7 million, or 82%, to \$161.4 million for the year ended December 31, 2012 compared to \$88.7 million for the year ended December 31, 2011. During the year ended December 31, 2012, CCPT II's loan activity resulted in net repayments of \$12.2 million and during the year ended December 31, 2011 CCPT II's loan activity resulted in net borrowings of \$38.2 million, combining for an increase in cash used for mortgage notes payable, the CCPT II Credit Facility and the repurchase agreement of \$50.3 million, referred to herein as the CCPT II Repurchase Agreement. Additionally, the increase in net cash used in financing activities was due to an increase in cash used for the redemptions of common stock of \$18.7 million and an increase in distributions to investors of \$3.0 million for the year ended December 31, 2012 compared to the year ended December 31, 2011.

Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

Operating Activities. Net cash provided by operating activities increased \$8.8 million, or 8%, to \$114.4 million for the year ended December 31, 2011, compared to \$105.6 million for the year ended December 31, 2010. The increase was primarily due to an increase in net income before non-cash adjustments for depreciation, amortization, accretion, and impairment of \$25.7 million, combined with an increase in the change in accounts payable and accrued expenses of \$4.8 million for the year ended December 31, 2011 compared to December 31, 2010. These increases were offset by a gain on the sale of marketable securities of \$15.6 million and a gain on the sale of a joint venture interest of \$5.2 million for the year ended December 31, 2011.

Investing Activities. Net cash used in investing activities decreased \$91.9 million, or 83%, to \$18.3 million for the year ended December 31, 2011 compared to \$110.2 million for the year ended December 31, 2010. The decrease was primarily related to proceeds of \$82.1 million received from the sale of marketable securities,

Table of Contents

Index to Financial Statements

combined with net proceeds of \$18.8 million received from the sale of CCPT II's interests in an unconsolidated joint venture during the year ended December 31, 2011. No such sales occurred during the year ended December 31, 2010. The increase from sale proceeds was partially offset by an increase in the acquisition of real estate and related assets of \$5.8 million combined with an increase in restricted cash of \$4.7 million during the year ended December 31, 2011.

Financing Activities. Net cash used in financing activities increased \$110.7 million to \$88.7 million for the year ended December 31, 2011, compared to net cash provided by financing activities of \$22.0 million for the year ended December 31, 2010. The increase in cash used was primarily due to a decrease in proceeds from mortgage notes payable, the CCPT II Credit Facility and the CCPT II Repurchase Agreement of \$197.5 million combined with an increase in cash used for the redemptions of common stock of \$31.0 million during the year ended December 31, 2011 compared to December 31, 2010. These amounts were partially offset by a decrease of \$117.5 million in outstanding amounts repaid under the mortgage notes payable, the CCPT II Credit Facility and the CCPT II Repurchase Agreement for the year ended December 31, 2011 compared to the year ended December 31, 2010.

Election as a REIT

CCPT II is taxed as a REIT under the Code. In order to maintain its qualification as a REIT, CCPT II must continue to meet certain requirements relating to its organization, sources of income, nature of assets, distributions of income to CCPT II stockholders and recordkeeping. As a REIT, CCPT II generally is not subject to federal income tax on taxable income that it distributes to its stockholders so long as CCPT II distributes at least 90% of its annual taxable income (computed without regard to the dividends paid deduction and excluding net-capital gains).

If CCPT II fails to maintain its qualification as a REIT for any reason in a taxable year and applicable relief provisions do not apply, CCPT II will be subject to tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates. CCPT II will not be able to deduct distributions paid to CCPT II stockholders in any year in which CCPT II fails to maintain its qualification as a REIT. CCPT II also will be disqualified for the four taxable years following the year during which it lost its qualification unless CCPT II is entitled to relief under specific statutory provisions. Such an event could materially adversely affect CCPT II's net income and net cash available for distribution to stockholders. However, CCPT II believes that it is organized and operates in such a manner as to maintain its qualification as a REIT for federal income tax purposes. No provision for federal income taxes has been made in CCPT II's accompanying consolidated financial statements in this joint proxy statement/prospectus. CCPT II is subject to certain state and local taxes related to the operations of properties in certain locations, which have been provided for in the accompanying consolidated financial statements.

Inflation

CCPT II is exposed to inflation risk as income from long-term leases is the primary source of its cash flows from operations. There are provisions in certain of CCPT II's tenant leases that are intended to protect CCPT II from, and mitigate the risk of, the impact of inflation. These provisions include rent steps and clauses enabling CCPT II to receive payment of additional rent calculated as a percentage of the tenants' gross sales above pre-determined thresholds. In addition, most of CCPT II's leases require the tenant to pay all or a majority of the property's operating expenses, including real estate taxes, special assessments and sales and use taxes, utilities, insurance and building repairs. However, because of the long-term nature of leases for real property, such leases may not re-set frequently enough to adequately offset the effects of inflation.

Commitments and Contingencies

CCPT II may be subject to certain commitments and contingencies with regard to certain transactions. Refer to Note 14 to CCPT II's consolidated financial statements in this joint proxy statement/prospectus for further explanations.

Table of Contents

Index to Financial Statements

Related-Party Transactions and Agreements

CCPT II has entered into agreements with the Advisor and its affiliates, whereby CCPT II has paid, and may continue to pay, certain fees to, or reimburse certain expenses of, the Advisor or its affiliates such as acquisition and advisory fees and expenses, financing coordination fees, organization and offering costs, sales commissions, dealer manager fees, asset and property management fees and expenses, leasing fees, real estate commissions and reimbursement of certain operating costs. See Note 15 to CCPT II's consolidated financial statements in this joint proxy statement/prospectus for a further explanation of the various related-party transactions, agreements and fees.

Impact of Recent Accounting Pronouncements

There have been no accounting pronouncements issued, but not yet applied by CCPT II, that will significantly impact CCPT II's financial statements. Refer to Note 3 to CCPT II's consolidated financial statements included in this joint proxy statement/prospectus for further explanations.

Off Balance Sheet Arrangements

As of December 31, 2012 and 2011, CCPT II had no material off-balance sheet arrangements that had or are reasonably likely to have a current or future effect on its financial condition, results of operations, liquidity or capital resources.

Quantitative and Qualitative Disclosures about Market Risk

CCPT II has obtained variable rate debt financing to fund certain property acquisitions, and therefore CCPT II is exposed to changes in LIBOR and a bank's prime rate. CCPT II's objectives in managing interest rate risks will be to limit the impact of interest rate changes on operations and cash flows, and to lower overall borrowing costs. To achieve these objectives CCPT II will borrow primarily at interest rates with the lowest margins available and, in some cases, with the ability to convert variable interest rates to fixed rates. CCPT II has entered, and may continue to enter, into derivative financial instruments, such as interest rate swaps and caps in order to mitigate its interest rate risk on a given variable rate financial instrument. CCPT II has not entered, and do not intend to enter, into derivative or interest rate transactions for speculative purposes. CCPT II may also enter into rate lock arrangements to lock interest rates on future borrowings. CCPT II may be exposed to credit and market risks including, but not limited to, the failure of any counterparty to perform under the terms of the derivative contract or the adverse effect on the value of the financial instrument resulting from a change in interest rates.

As of December 31, 2012, \$212.3 million of the \$1.8 billion outstanding on notes payable and the CCPT II Credit Facility was subject to variable interest rates. The CCPT II Revolving Loans under the CCPT II Credit Facility bore interest at a weighted average rate of 3.71%. The remaining variable rate debt bore interest at the one-month LIBOR plus 275 basis points. As of December 31, 2012, an increase of 50 basis points in interest rates would result in a change in interest expense of \$1.1 million per year, assuming all of CCPT II's derivatives remain effective hedges.

As of December 31, 2012, CCPT II had four interest rate swap agreements outstanding, which mature on various dates from November 2013 through March 2016, with an aggregate notional amount under the swap agreements of \$188.7 million and an aggregate net fair value of \$(2.2) million. The fair value of these interest rate swap agreements is dependent upon existing market interest rates and swap spreads. As of December 31, 2012, an increase of 50 basis points in interest rates would result in an increase to the fair value of these interest rate swaps of \$1.3 million. These interest rate swaps were designated as hedging instruments.

CCPT II does not have any foreign operations and thus CCPT II is not exposed to foreign currency fluctuations.

Table of Contents

Index to Financial Statements

Spirit Realty Capital, Inc.

Description of Spirit's Business

Spirit is a Maryland corporation incorporated on August 14, 2003 and organized to operate as a self-administered and self-managed REIT. Spirit became a public company in December 2004 and was subsequently taken private in August 2007 by a consortium of private investors. On September 25, 2012, Spirit completed an initial public offering of 33.4 million shares of common stock (including shares issued on October 1, 2012 pursuant to the underwriters' option to purchase additional shares).

Spirit's objective is to maximize stockholder value by seeking superior risk-adjusted returns, with an emphasis on stable rental revenue. Spirit generates its revenue primarily by leasing its properties to its tenants. Spirit primarily invests in single-tenant, operationally essential real estate throughout the United States that is leased on a long-term, triple-net basis primarily to tenants engaged in retail, service and distribution industries. Single-tenant, operationally essential real estate consists of properties that are generally free-standing, commercial real estate facilities where Spirit's tenants conduct retail, service or distribution activities that are essential to the generation of their sales and profits. Under a triple-net lease, the tenant is typically responsible for all improvements and is contractually obligated to pay all property operating expenses, such as real estate taxes, insurance premiums and repair and maintenance costs. In support of Spirit's primary business of owning and leasing real estate, Spirit has also strategically originated or acquired long-term, commercial mortgage and equipment loans. Spirit views its operations as one segment consisting of triple-net leases.

As of December 31, 2012, Spirit's undepreciated gross investment in real estate and loans totaled approximately \$3.65 billion, representing investment in 1,207 properties, including properties securing its mortgage loans. Of this amount, 98.6% consisted of Spirit's gross investment in real estate, representing ownership of 1,122 properties, and the remaining 1.4% consisted of commercial mortgage and equipment loans receivable secured by the remaining 85 properties or other related assets. As of December 31, 2012, Spirit's owned properties were approximately 98.8% occupied (based on number of properties), and its leases had a weighted average non-cancelable remaining lease term (based on annual rent) of approximately 11.1 years. Spirit's leases are generally long-term, with non-cancelable initial terms typically of 15 to 20 years and tenant renewal options for additional terms. As of December 31, 2012, approximately 96% of Spirit's leases (based on annual rent) provided for increases in future annual base rent.

Spirit's portfolio of 1,122 owned properties was leased to approximately 165 tenants as of December 31, 2012. In February 2012, two of Spirit's general merchandising tenants, Shopko Stores Operating Co., LLC, referred to herein as Shopko, and Pamida Stores Operating Co. LLC, referred to herein as Pamida, completed a merger. As a result, the combined company, referred to herein as Shopko/Pamida, contributed 29.4% of Spirit's annual rent as of December 31, 2012. Spirit leases 181 properties to Shopko/Pamida, 179 of which are leased pursuant to three master leases that, as of December 31, 2012, had a weighted average non-cancelable remaining lease term of approximately 12.8 years.

Table of Contents

Index to Financial Statements

Spirit's tenants operate in 18 different industries, which are as follows:

Spirit's properties are geographically diversified across 47 states, with only 4 states contributing more than 5.0% of its annual rent. The diversity of Spirit's portfolio has contributed to its stable occupancy. As of December 31, 2012, 2011, 2010, 2009 and 2008, Spirit's occupancy rate (based on number of properties) was 98.8%, 98.4%, 96.3%, 99.4%, and 99.0%, respectively.

Spirit's common stock is listed on the NYSE and it currently trades under the symbol SRC.

Investment Policies

Investments in Real Estate or Interests in Real Estate

Spirit conducts all of its investment activities through the Spirit Partnership and its subsidiaries. Spirit's objective is to maximize stockholder value by seeking superior risk-adjusted returns, with an emphasis on stable rental revenue, by investing primarily in operationally essential real estate leased on a long-term, triple-net basis.

Spirit pursues its objective primarily through the ownership by the Spirit Partnership of Spirit's existing properties and other acquired properties and assets. Spirit invests primarily in single-tenant, operationally essential real estate. Spirit's strategy emphasizes a portfolio that (1) derives no more than 10% of its annual rent from any single tenant or more than 2.5% of its annual rent from any single property, (2) is leased to tenants operating in various industries and (3) is located across the United States without significant geographic concentration. While Spirit considers the foregoing when making investments, Spirit has opportunistically made investments in the past that do not meet one or more of these criteria, and Spirit may make additional investments that do not meet one or more of these criteria if Spirit believes the opportunity is sufficiently attractive. Spirit conducts its investment activities in a manner that is consistent with the maintenance of Spirit's status as a REIT

Table of Contents

Index to Financial Statements

for federal income tax purposes. In addition, Spirit may purchase assets for long-term investment, expand and improve the properties Spirit presently owns or other acquired properties, or sell such properties, in whole or in part, when circumstances warrant.

Spirit may also participate with third parties in property ownership, through joint ventures or other types of co-ownership. These types of investments may permit Spirit to own interests in larger assets without unduly reducing Spirit's diversification and, therefore, provide Spirit with flexibility in structuring its portfolio. Spirit will not, however, enter into a joint venture or other partnership arrangement to make an investment that would not otherwise meet Spirit's investment policies.

Equity investments in acquired properties may be subject to existing mortgage financing and other indebtedness or to new indebtedness which may be incurred in connection with acquiring or refinancing these properties. Debt service on such financing or indebtedness will have a priority over any dividends with respect to Spirit common stock. Investments are also subject to Spirit's policy not to be treated as an investment company under the Investment Company Act of 1940, as amended, referred to herein as the 1940 Act.

Investments in Real Estate Mortgages

While Spirit's current portfolio primarily consists of, and Spirit's business strategies emphasize, equity investments in single-tenant, operationally essential real estate, Spirit may invest in mortgages, other types of real estate interests and equipment and other loans in a manner that is consistent with Spirit's qualification as a REIT. Spirit has strategically originated or acquired long-term, commercial mortgage and equipment loans to provide financing solutions to Spirit's tenants. As of December 31, 2012, of Spirit's total investment portfolio, 98.6% represented Spirit's gross investment in properties that Spirit owns and the remaining 1.4% represented mortgages, equipment and other loans receivable. Spirit may further invest in mortgages, equipment and other loans receivable and there is no restriction on the proportion of Spirit's assets that may be invested in a type of asset or any single asset. However, Spirit does not intend to have more than 5% of its portfolio invested in mortgages, equipment and other loans. Investments in mortgages, equipment and other loans run the risk that one or more borrowers may default under the loans and that the collateral securing those loans may not be sufficient to enable Spirit to recoup its full investment.

Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Subject to the percentage of ownership limitations and the income and asset tests necessary for REIT qualification, Spirit may invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. Spirit does not intend that its investments in securities will require it to register as an investment company under the 1940 Act, and Spirit would intend to divest such securities before any such registration would be required.

Investments in Other Securities

Other than as described above, Spirit does not invest in any additional securities such as bonds, preferred stocks or common stock.

Dispositions

In order to maximize the performance and manage the risks within Spirit's portfolio, Spirit will selectively dispose of any of its properties that it determines are not suitable for long-term investment purposes based upon management's review of Spirit's portfolio. Spirit will ensure that this action would be in its best interest and consistent with its qualification as a REIT.

Table of Contents

Index to Financial Statements

Financings and Leverage Policy

Spirit may use a number of different sources to finance its acquisitions and operations, including cash flows from operations, asset sales, seller financing, issuance of debt securities, private financings (such as additional bank credit facilities, which may or may not be secured by its assets), property-level mortgage debt, common or preferred equity issuances or any combination of these sources, to the extent available to Spirit, or other sources that may become available from time to time. Any debt that Spirit incurs may be recourse or non-recourse and may be secured or unsecured. Spirit also may take advantage of joint venture or other partnering opportunities as these opportunities arise in order to acquire properties that would otherwise be unavailable to it. Spirit may use the proceeds of its borrowings to acquire assets, to refinance existing debt or for general corporate purposes.

Although Spirit is not required to maintain any particular leverage ratio, Spirit employs, when appropriate, prudent amounts of leverage and uses debt as a means of providing additional funds for the acquisition of assets, to refinance existing debt or for general corporate purposes. Spirit's charter and bylaws do not limit the amount of debt that Spirit may incur. The Spirit Board has not adopted a policy limiting the total amount of debt that Spirit may incur.

The Spirit Board considers a number of factors in evaluating the amount of debt that Spirit may incur. The Spirit Board may from time to time modify its views regarding the appropriate amount of debt financing in light of then-current economic conditions, relative costs of debt and equity capital, market values of Spirit's properties, general conditions in the market for debt and equity securities, fluctuations in the market price of Spirit common stock, growth and acquisition opportunities and other factors. Spirit's decision to use leverage in the future to finance its assets will be at its discretion and will not be subject to the approval of Spirit's stockholders.

Equity Capital Policies

To the extent that the Spirit Board determines to obtain additional capital, Spirit may issue debt or equity securities, including senior securities, retain earnings (subject to provisions in the Code requiring distributions of income to maintain REIT qualification) or pursue a combination of these methods.

Existing stockholders will have no preemptive right to common or preferred stock or units issued in any securities offering by Spirit, and any such offering might cause a dilution of a stockholder's investment in Spirit. Although Spirit has no current plans to do so, Spirit may in the future issue shares of Spirit common stock or units in the Spirit Partnership in connection with acquisitions of property.

Spirit may, under certain circumstances, purchase shares of Spirit common stock or other securities in the open market or in private transactions with Spirit stockholders, provided that those purchases are approved by the Spirit Board. The Spirit Board has no present intention of causing Spirit to repurchase any shares of Spirit common stock or other securities, and any such action would only be taken in conformity with applicable federal and state laws and the applicable requirements for qualification as a REIT.

Spirit has not issued Spirit common stock or any other securities in exchange for property or any other purpose, but Spirit may engage in such activities in the future.

Spirit has not engaged in trading, underwriting or agency distribution or sale of securities of other than partnership units of or equity interests in the Spirit Partnership and does not intend to do so.

Competitive Strengths

Spirit believes the following competitive strengths contribute to the stability of its rental revenues and distinguishes it from its competitors:

Large Scale and Diversified Portfolio. As of December 31, 2012, Spirit's portfolio consisted of 1,122 owned properties, with approximately 165 tenants operating across 18 different industries, including: general, specialty and discount retail; restaurants; movie theaters; automotive dealers; educational and

Table of Contents

Index to Financial Statements

recreational facilities; and supermarkets. Spirit's properties are geographically diversified across 47 states, with only 4 states contributing more than 5% of annual rent. Spirit believes it would be difficult for a new competitor to replicate such a diversified portfolio on a comparable scale. The diversity of Spirit's portfolio reduces the risks associated with adverse events affecting a particular tenant or an economic decline in any particular state or industry. Additionally, the scale of Spirit's portfolio allows it to make acquisitions without introducing additional concentration risks. In addition, Spirit's operating platform is scalable and will allow Spirit to make new investments without the need for significant additional administrative or management costs.

Long-Term Triple-Net Leases. As of December 31, 2012, Spirit's owned properties were approximately 98.8% occupied (based on number of properties), with a weighted average non-cancelable remaining lease term (based on annual rent) of approximately 11.1 years. Due to the triple-net structure of approximately 95% of Spirit's leases (based on annual rent) as of December 31, 2012, Spirit does not expect to incur significant capital expenditures, and the potential impact of inflation on its operating expenses is minimal. Additionally, as of December 31, 2012, approximately 96% of Spirit's leases (based on annual rent) provided for increases in future annual base rent.

Established Company with Proven Performance. Spirit has been actively investing in triple-net leased real estate since 2003, is well-known within the industry and benefits from an established infrastructure supporting its underwriting, leasing, asset management and reporting functions. From inception in 2003 through December 31, 2012, Spirit made gross investments of approximately \$4.22 billion in properties and loans receivable. Since inception, Spirit's occupancy has never been below 96.1% (based on number of properties), despite the economic downturn of 2008 through 2010.

Disciplined Underwriting and Risk Management Expertise. Spirit's developed underwriting and risk management expertise enhances its ability to identify and structure investments that provide superior risk-adjusted returns, due to specific investment risks that Spirit believes can be identified and mitigated through intensive credit and real estate analysis, tailored lease structures (such as master leases) and ongoing tenant monitoring. When underwriting new acquisitions Spirit generally targets property-level rent coverage ratios in excess of 2.0x.

Experienced Management Team. Spirit's senior management has significant experience in the real estate industry and in managing public companies. Spirit's Chairman and Chief Executive Officer, Thomas H. Nolan, Jr., has been active in the real estate industry for over 25 years, holding numerous leadership positions in private and public real estate companies. Spirit's President and Chief Operating Officer, Peter M. Mavoides, has been active in the single-tenant, net lease industry for over 14 years, holding leadership positions for the past 9 years. Spirit's Senior Vice President and Chief Financial Officer, Michael A. Bender, has held leadership positions for over 30 years in finance and real estate. Spirit's Senior Vice President, Gregg A. Seibert, who has been with Spirit since its inception, has over 20 years of experience in real estate finance, including over 15 years of leadership responsibilities in credit, acquisitions and portfolio management in the sale-leaseback sector. Spirit's Senior Vice President, Mark L. Manheimer, has over 14 years of experience in real estate finance, including leadership positions in the areas of asset management, underwriting and acquisitions.

Attractive In-Place Long-Term Indebtedness. Spirit has approximately \$1.95 billion principal balance of non-recourse mortgage indebtedness outstanding, which had a weighted average maturity of 5.8 years as of December 31, 2012 and an average annual interest rate of approximately 6.12% for the year ended December 31, 2012 (excluding non-cash interest expense attributable to the amortization of deferred financing costs and debt discounts). Prior to January 1, 2016, Spirit only has \$126.3 million of balloon payments due at maturity. Approximately \$1.7 billion principal balance of Spirit's indebtedness is fully or partially amortizing, providing for an ongoing reduction in principal prior to maturity. In addition, Spirit has a \$100.0 million secured revolving credit facility to help fund future acquisitions and for general corporate purposes. As of December 31, 2012, no amounts were drawn on the secured revolving credit facility and \$100.0 million was available.

Table of Contents

Index to Financial Statements

Business and Growth Strategies

Spirit's objective is to seek superior risk-adjusted returns, with an emphasis on stable rental revenue, by investing primarily in single-tenant, operationally essential real estate leased on a long-term, triple-net basis. Spirit intends to pursue this objective through the following business and growth strategies.

Focus on Small and Middle Market Companies. Spirit primarily focuses on investing in properties that it net leases to unrated small and middle market companies that Spirit determines have attractive credit characteristics and stable operating histories. Properties leased to small and middle market companies may offer Spirit the opportunity to achieve superior risk-adjusted returns, as a result of Spirit's intensive credit and real estate analysis, lease structuring and portfolio construction. Small and middle market companies are often willing to enter into leases with structures and terms that Spirit considers attractive (such as master leases and leases that require ongoing tenant financial reporting) and that Spirit believes increase the security of rental payments. In addition to small and middle market companies, Spirit selectively acquires properties leased to large companies where Spirit believes that it can achieve superior risk-adjusted returns.

The following chart highlights the tenants that Spirit targets based on company size and corporate credit equivalent:

Use Spirit's Developed Underwriting and Risk Management Processes to Structure and Manage its Portfolio. Spirit seeks to maintain the stability of its rental revenue and the long-term return on its investments by using its developed underwriting and risk management processes to structure and manage its portfolio. In particular, Spirit's underwriting and risk management processes emphasize the following:

Leases for Operationally Essential Real Estate with Relatively Long Terms. Spirit seeks to own properties that are operationally essential to its tenants, thereby reducing the risk that the tenant would choose not to renew an expiring lease or reject a lease in bankruptcy. In addition, Spirit seeks to enter into leases with relatively long-terms, typically with non-cancelable initial terms of 15 to 20 years and tenant renewal options for additional terms with attractive rent escalation provisions.

Use of the Master Lease Structure. Where appropriate, Spirit seeks to enter into master leases, pursuant to which it leases multiple properties to a single tenant on an all or none basis. In a master lease structure, a tenant is responsible for a single lease payment relating to the entire portfolio of leased properties, as opposed to multiple lease payments relating to individually leased properties. The master lease structure prevents a tenant from cherry picking locations, where it unilaterally gives up underperforming properties while maintaining its leasehold interest in well-performing properties. As of December 31, 2012, Spirit had 56 master leases that had a weighted average non-cancelable remaining lease term (based on annual rent) of 12.6 years and

Table of Contents

Index to Financial Statements

contributed approximately 63.8% of Spirit's annual rent. Spirit's largest master lease, consisting of 112 properties, contributed 25.6% of Spirit's annual rent, and its smallest master lease, consisting of two properties, contributed less than 1% of its annual rent. The average number of properties included under Spirit's master leases as of December 31, 2012 was 12.

Active Management and Monitoring of Risks Related to Spirit's Investments. When monitoring existing investments or evaluating new investments, Spirit typically considers two broad categories of risk: (1) tenant financial distress risk; and (2) lease renewal risk. Spirit seeks to measure these risks through various processes, including the use of a credit modeling product that it licenses from Moody's Analytics that estimates the performance of the leased properties relative to rental payments due under the leases, and a review of current market data and Spirit's historical recovery rates on re-leased properties and property dispositions. Spirit's underwriting and risk management processes are designed to structure new investments and manage existing investments to address and mitigate each of the above risks and preserve the long-term return on its invested capital.

Portfolio Diversification. Spirit monitors and manages the diversification of its real estate investment portfolio in order to reduce the risks associated with adverse developments affecting a particular tenant, property, industry or region. Spirit's strategy emphasizes a portfolio that (1) derives no more than 10% of its annual rent from any single tenant or more than 2.5% of its annual rent from any single property, (2) is leased to tenants operating in various industries and (3) is located across the United States without significant geographic concentration. While Spirit considers the foregoing when making investments, Spirit has opportunistically made investments in the past that do not meet one or more of these criteria, and Spirit may make additional investments that do not meet one or more of these criteria if it believes the opportunity is sufficiently attractive. As of December 31, 2012, Shopko/Pamida contributed 29.4% of Spirit's annual rent. No other tenant contributed more than 10% of Spirit's annual rent, and no one single property contributed more than 2.1% of Spirit's annual rent.

Enhance Spirit's Portfolio through Contractual Growth. Approximately 96% of Spirit's leases (based on annual rent) contain contractual provisions that increase the rental revenue over the term of the lease. Of these leases, approximately 25% contain fixed contractual rental increases, and the remaining 75% contain increases based on the lesser of a fixed contractual percentage increase or the increase in the consumer price index, referred to herein as CPI.

Selectively Grow Spirit's Portfolio through Acquisitions. Spirit selectively makes acquisitions that contribute to Spirit's portfolio's tenant, industry and geographic diversification. Spirit believes there will be ample acquisition opportunities in the single-tenant market fitting Spirit's acquisition criteria.

Continue to Deleverage Spirit's Portfolio. Most of Spirit's debt is partially amortizing, and its principal amount will be reduced prior to the balloon payments due at maturity. Contractual amortization payments are scheduled to reduce Spirit's outstanding principal amount of indebtedness by \$137.0 million prior to January 1, 2016. Spirit also may use any cash from operations in excess of the distributions that it expects to pay to selectively reduce its indebtedness.

Spirit believes contractual rent growth, selective growth through acquisitions and the ongoing deleveraging of its portfolio will contribute to its cash available for distributions.

Financing Strategy

Spirit's long-term financing strategy is to maintain a leverage profile that creates operational flexibility and generates superior risk-adjusted returns for its stockholders. Spirit intends to employ prudent amounts of debt financing as a means of providing additional funds for the acquisition of assets, to refinance existing debt or for general corporate purposes.

Table of Contents**Index to Financial Statements**

Spirit finances its assets using a variety of methods and determines the amount of equity and debt financing to be used when acquiring an asset by evaluating terms available in the credit markets (such as interest rate, repayment provisions and maturity), Spirit's cost of equity capital and Spirit's assessment of the particular asset's risk. Historically, a significant portion of Spirit's debt has been long-term borrowings secured by specific real estate assets or, more typically, pools of real estate assets. Spirit anticipates using a number of different sources to finance its acquisitions and operations going forward, including cash from operations, issuance of debt securities, funds available from its \$100.0 million secured revolving credit facility, private financings (such as bank credit facilities, which may or may not be secured by Spirit's assets), property-level mortgage debt, common or preferred equity issuances or any combination of these sources, to the extent available to Spirit, or other sources that may become available from time to time. To the extent practicable, Spirit expects to maintain a debt profile with manageable near-term maturities.

Spirit's Real Estate Investment Portfolio

As of December 31, 2012, Spirit's gross investment in real estate and loans totaled approximately \$3.65 billion, representing investment in 1,207 properties. Of this amount, 98.6% consisted of Spirit's gross investment in real estate, representing ownership of 1,122 properties, and the remaining 1.4% consisted of commercial mortgage and equipment loans receivable secured by 85 properties or related assets. Spirit's owned properties are leased to approximately 165 tenants operating across 18 different industries, including: general, specialty and discount retail; restaurants; movie theaters; automotive dealers; educational and recreational facilities; and supermarkets. Spirit's properties are geographically diversified across 47 states, with only 4 states contributing more than 5.0% of Spirit's annual rent. Over 95% of Spirit's leases (based on annual rent) as of December 31, 2012 are triple-net, for which the tenant is typically responsible for all improvements and is contractually obligated to pay all property operating expenses, such as real estate taxes, insurance premiums and repair and maintenance costs. Due to the triple-net structure of Spirit's leases, Spirit does not expect to incur significant capital expenditures relating to its triple-net leased properties, and the potential impact of inflation on its operating expenses is reduced.

Investment Diversification

The following tables present the diversity of Spirit's portfolio and are calculated based on percentage of total annual rent.

Diversification by Tenant

The following table lists the top 10 tenants of Spirit's owned real estate properties (based on annual rent) as of December 31, 2012:

	Tenant	Number of Properties	Annual Rent (in thousands)⁽¹⁾	Percent of Total Annual Rent
1.	Shopko Stores/Pamida Operating Co., LLC	181	\$ 83,445	29.4%
2.	84 Properties, LLC	109	18,437	6.5
3.	Carmike Cinemas, Inc.	12	8,024	2.8
4.	Universal Pool Co., Inc.	14	6,680	2.4
5.	CBH20, LP (Camelback Ski Resort)	1	5,779	2.0
6.	Casual Male Retail Group Inc ⁽²⁾	1	4,814	1.7
7.	Carmax, Inc.	5	4,726	1.7
8.	United Supermarkets, LLC	14	4,575	1.6
9.	Main Event Entertainment, LP	6	4,477	1.6
10.	NE Opco, Inc.	6	4,378	1.6
	Other	773	138,193	48.7
	Total	1,122	\$ 283,528	100%

Table of Contents**Index to Financial Statements**

(1) Spirit defines annual rent as rental revenue for the three months ended December 31, 2012 multiplied by four.

(2) Casual Male Retail Group Inc. formally changed its corporate name to Destination XL Group, Inc. effective as of February 25, 2013.

As shown in the table above, as of December 31, 2012, the merged Shopko/Pamida entity contributed 29.4% of Spirit's total annual rent. Shopko/Pamida operates as a multi-department general merchandise retailer and retail health services provider, primarily in mid-size and larger communities in the Midwest, Pacific Northwest, North Central and Western Mountain states. Currently, Spirit leases 181 properties to Shopko/Pamida, 179 of which are leased pursuant to three master leases that, as of December 31, 2012, had a weighted average non-cancelable remaining lease term of approximately 12.8 years.

Spirit believes that, over time, the merger of Shopko and Pamida will be beneficial to Spirit's portfolio from a credit perspective, because Spirit expects: (1) properties that previously operated under the Pamida brand will be improved and converted to the Shopko brand; and (2) the operations at the 114 of Spirit's properties that historically have operated under the Shopko brand will continue as they have historically at the property level. However, no assurance can be given as to the future performance of the merged Shopko/Pamida entity or its stores.

Diversification by Industry

The following table sets forth information regarding the diversification of Spirit's owned real estate properties among different industries (based on annual rent) as of December 31, 2012:

Industry	Number of Properties	Percent of Total Annual Rent ⁽¹⁾
General and discount retail properties	181	29.4%
Restaurants - quick service	392	10.1
Specialty retail properties	48	9.0
Restaurants - casual dining	124	7.8
Movie theatres	23	7.7
Building material suppliers	110	6.6
Industrial properties	26	5.4
Automotive dealers, parts and service properties	70	5.3
Educational properties	22	4.7
Recreational properties	8	3.7
Medical/other office properties	11	2.2
Supermarkets	20	1.9
Convenience stores / car washes	32	1.8
Distribution properties	37	1.4
Health clubs/gyms	5	1.1
Interstate travel plazas	3	1.0
Drugstores	9	*
Call centers	1	*
Total	1,122	100%

* Less than 1%

(1) Spirit defines annual rent as rental revenue for the three months ended December 31, 2012 multiplied by four.

Table of Contents**Index to Financial Statements***Diversification by Geography*

The following table sets forth information regarding the geographic diversification of Spirit's owned real estate properties as of December 31, 2012:

Location	Number of Properties	Percent of Total Annual Rent⁽¹⁾
Wisconsin	57	11.1%
Texas	82	8.5
Illinois	91	6.7
Pennsylvania	50	5.2
Florida	61	4.6
Minnesota	36	4.5
Arizona	26	4.4
Georgia	66	3.9
Indiana	40	3.3
Michigan	34	3.2
Nebraska	17	3.1
Ohio	49	3.0
Massachusetts	6	2.8
California	9	2.6
Utah	14	2.2
North Carolina	25	2.1
Iowa	34	2.1
Idaho	9	2.0
Tennessee	60	1.9
Kentucky	37	1.9
Alabama	43	1.7
Washington	9	1.6
Missouri	30	1.5
Montana	7	1.4
South Dakota	9	1.4
New York	28	1.4
Oregon	6	1.2
Oklahoma	11	1.2
Virginia	29	1.2
West Virginia	26	1.1
Colorado	9	*
Kansas	6	*
South Carolina	12	*
Maryland	18	*
Louisiana	13	*
Maine	20	*
New Jersey	3	*
Arkansas	7	*
Wyoming	8	*
New Mexico	4	*
Nevada	1	*
Delaware	2	*
Vermont	2	*
Mississippi	7	*
North Dakota	2	*

Edgar Filing: Cole Credit Property Trust II Inc - Form S-4/A

New Hampshire	6	*
Rhode Island	1	*
Total properties owned	1,122	100%

Table of Contents**Index to Financial Statements**

* Less than 1%

(1) Spirit defines annual rent as rental revenue for the three months ended December 31, 2012 multiplied by four.

Lease Expirations

The following table sets forth a summary schedule of lease expirations for leases in place as of December 31, 2012. As of December 31, 2012, the weighted average remaining non-cancelable lease term (based on annual rent) was 11.1 years. The information set forth in the table assumes that tenants exercise no renewal options and all early termination rights:

Leases expiring in	Number of Properties	Expiring Annual Rent (in thousands)⁽¹⁾	Percent of Total Annual Rent
2013	11	\$ 2,250	0.8%
2014	53	7,687	2.7
2015	19	4,591	1.6
2016	21	2,546	0.9
2017	35	6,291	2.2
2018	38	11,781	4.2
2019	59		