

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2004-08-12** | Period of Report: **2004-06-30**
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FILER

CNL INCOME FUND XIII LTD

CIK: **893562** | IRS No.: **593143094** | State of Incorporation: **FL** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-23968** | Film No.: **04967961**
SIC: **6500** Real estate

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ORLANDO FL 32801
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended June 30, 2004

OR

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

For the transition period from _____ to _____

Commission file number 0-23968

CNL Income Fund XIII, Ltd.

(Exact name of registrant as specified in its charter)

Florida

59-3143094

(State or other jurisdiction of incorporation or organization)

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

450 South Orange Avenue Orlando, Florida

32801

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number (including area code)

(407) 540-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act): Yes ___ No X -

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CNL INCOME FUND XIII, LTD.
(A Florida Limited Partnership)
CONDENSED BALANCE SHEETS

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	June 30, 2004	December 31, 2003
	-----	-----
ASSETS		
Real estate properties with operating leases, net	\$ 20,284,505	\$ 20,484,569
Net investment in direct financing leases	4,994,176	5,067,879
Real estate held for sale	--	577,504
Investment in joint ventures	3,280,846	3,310,368
Cash and cash equivalents	1,773,478	1,123,111
Receivables, less allowance for doubtful accounts of \$42,910 and \$69,401, respectively	366	97,948
Accrued rental income	1,900,497	1,913,104
Other assets	42,670	37,310
	-----	-----
	\$ 32,276,538	\$ 32,611,793
	=====	=====
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable and accrued expenses	\$ 29,629	\$ 16,519
Real estate taxes payable	6,551	5,319
Distributions payable	850,002	850,002
Due to related parties	31,472	17,178
Rents paid in advance	186,850	174,627
Deferred rental income	21,318	22,146
	-----	-----
Total liabilities	1,125,822	1,085,791
Partners' capital	31,150,716	31,526,002
	-----	-----
	\$ 32,276,538	\$ 32,611,793
	=====	=====

</TABLE>

See accompanying notes to condensed financial statements.

CNL INCOME FUND XIII, LTD.
(A Florida Limited Partnership)
CONDENSED STATEMENTS OF INCOME

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	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenues:				
Rental income from operating leases	\$ 616,898	\$ 621,933	\$ 1,229,761	\$ 1,244,516
Earned income from direct financing leases	138,945	138,331	274,545	278,231
Contingent rental income	23,610	56,708	53,570	93,788
Interest and other income	23,542	597	24,876	1,343
	802,995	817,569	1,582,752	1,617,878
Expenses:				
General operating and administrative	108,453	61,758	207,060	140,956
Property related	31,463	3,512	32,615	4,619
Management fees to related parties	8,971	9,431	18,319	18,517
State and other taxes	3,670	--	50,932	56,240
Depreciation and amortization	100,146	100,091	200,238	200,182
	252,703	174,792	509,164	420,514
Income before equity in earnings of unconsolidated joint ventures	550,292	642,777	1,073,588	1,197,364
Equity in earnings of unconsolidated joint ventures	82,319	79,303	163,275	156,545
Income from continuing operations	632,611	722,080	1,236,863	1,353,909
Discontinued operations:				
Income from discontinued operations	8,996	13,011	24,193	26,108
Gain on disposal of discontinued operations	63,662	--	63,662	--
	72,658	13,011	87,855	26,108
Net income	\$ 705,269	\$ 735,091	\$ 1,324,718	\$ 1,380,017
Income per limited partner unit:				
Continuing operations	\$ 0.16	\$ 0.18	\$ 0.31	\$ 0.34
Discontinued operations	0.02	--	0.02	0.01
	\$ 0.18	\$ 0.18	\$ 0.33	\$ 0.35
Weighted average number of limited partner units outstanding	4,000,000	4,000,000	4,000,000	4,000,000

</TABLE>

See accompanying notes to condensed financial statements.

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CNL INCOME FUND XIII, LTD.
(A Florida Limited Partnership)
CONDENSED STATEMENTS OF PARTNERS' CAPITAL

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	Six Months Ended June 30, 2004	Year Ended December 31, 2003
General partners:		
Beginning balance	\$ 191,934	\$ 191,934
Net income	--	--

	191,934	191,934
	-----	-----
Limited partners:		
Beginning balance	31,334,068	31,896,264
Net income	1,324,718	2,837,812
Distributions (\$0.43 and \$0.85 per limited partner unit, respectively)	(1,700,004)	(3,400,008)
	-----	-----
	30,958,782	31,334,068
	-----	-----
Total partners' capital	\$ 31,150,716	\$ 31,526,002
	=====	=====

</TABLE>

See accompanying notes to condensed financial statements.

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CNL INCOME FUND XIII, LTD.
(A Florida Limited Partnership)
CONDENSED STATEMENTS OF CASH FLOWS

<TABLE>
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	Six Months Ended June 30,	
	2004	2003
	-----	-----
Net cash provided by operating activities	\$ 1,710,411	\$ 1,583,992
	-----	-----
Cash flows from investing activities:		
Proceeds from sale of assets	639,960	--
	-----	-----
Net cash provided by investing activities	639,960	--
	-----	-----
Cash flows from financing activities:		
Distributions to limited partners	(1,700,004)	(1,700,004)
	-----	-----
Net cash used in financing activities	(1,700,004)	(1,700,004)
	-----	-----
Net increase (decrease) in cash and cash equivalents	650,367	(116,012)
	-----	-----
Cash and cash equivalents at beginning of period	1,123,111	1,275,846
	-----	-----
Cash and cash equivalents at end of period	\$ 1,773,478	\$ 1,159,834
	=====	=====
Supplemental schedule of non-cash financing activities:		
Distributions declared and unpaid at end of period	\$ 850,002	\$ 850,002
	=====	=====

</TABLE>

See accompanying notes to condensed financial statements.

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CNL INCOME FUND XIII, LTD.
(A Florida Limited Partnership)
NOTES TO CONDENSED FINANCIAL STATEMENTS
Quarters and Six Months Ended June 30, 2004 and 2003

1. Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles. The financial statements reflect all adjustments, consisting of normal recurring adjustments, which are, in the opinion of the general partners, necessary for a fair statement of the results for the interim periods presented. Operating results for the quarter and six months ended June 30, 2004, may not be indicative of the results that may be expected for the year ending December 31, 2004. Amounts as of December 31, 2003, included in the financial statements, have been derived from audited financial statements as of that date.

These unaudited financial statements should be read in conjunction with the financial statements and notes thereto included in Form 10-K of CNL Income Fund XIII, Ltd. (the "Partnership") for the year ended December 31, 2003.

In December 2003, the Financial Accounting Standards Board issued a revision to FASB Interpretation No. 46 (originally issued in January 2003) ("FIN 46R"), "Consolidation of Variable Interest Entities" requiring existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries. Application of FIN 46R is required in financial statements of public entities that have interests in variable interest entities for periods ending after March 15, 2004. The Partnership adopted FIN 46R during the quarter ended March 31, 2004. The Partnership was not the primary beneficiary of a variable interest entity at the time of adoption of FIN 46R, therefore the adoption had no effect on the balance sheet, partners' capital or net income.

2. Reclassification

Certain items in the prior year's financial statements have been reclassified to conform to 2004 presentation. These reclassifications had no effect on total partners' capital or net income.

3. Discontinued Operations

In February 2004, the Partnership entered into an agreement to sell its property in Blytheville, Arkansas. The Partnership sold this property in May 2004 for approximately \$640,000 resulting in a gain on disposal of discontinued operations of approximately \$63,700.

The following presents the operating results of the discontinued operations for this property.

<TABLE>
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	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Rental revenues	\$ 8,996	\$ 13,011	\$ 24,193	\$ 26,108
Expenses	--	--	--	--
Income from discontinued operations	\$ 8,996	\$ 13,011	\$ 24,193	\$ 26,108

</TABLE>

4. Subsequent Event

On August 9, 2004, the Partnership entered into a definitive Agreement and Plan of Merger pursuant to which the Partnership will be merged

with a subsidiary of U.S. Restaurant Properties, Inc. (NYSE: USV). The merger is one of multiple concurrent transactions pursuant to which 17 other affiliated limited partnerships also will be merged with a subsidiary of U.S. Restaurant Properties, Inc. and in which CNL Restaurant Properties, Inc., an affiliate, also will be merged with U.S. Restaurant Properties, Inc. CNL Restaurant Properties, Inc. currently provides property management and other services to the Partnership. The merger of the Partnership (and each of the 17 other affiliated mergers) is subject to certain conditions including approval by a majority of the limited partners, consummation of a minimum number of limited partnership mergers representing at least 75.0% in value (as measured by the value of the merger consideration) of all limited partnerships, consummation of the merger between U. S. Restaurant Properties, Inc. and CNL Restaurant Properties, Inc., approval of the shareholders of U.S. Restaurant Properties, Inc., and availability of financing. The transaction is expected to be consummated in the first quarter of 2005.

Under the terms of the transaction, the limited partners will receive total consideration of approximately \$38.22 million, consisting of approximately \$31.96 million in cash and approximately \$6.26 million in U.S. Restaurant Properties, Inc. Series A Convertible Preferred Stock that is listed on the New York Stock Exchange. The general partners will receive total consideration of approximately \$150,000 consisting of approximately \$125,000 in cash and approximately \$25,000 in preferred stock.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CNL Income Fund XIII, Ltd. (the "Partnership," which may be referred to as "we," "us," or "our") is a Florida limited partnership that was organized on September 25, 1992, to acquire for cash, either directly or through joint venture arrangements, both newly constructed and existing restaurants, as well as properties upon which restaurants were to be constructed (the "Properties"), which are leased primarily to operators of national and regional fast-food and family-style restaurant chains. The leases are generally triple-net leases, with the lessees generally responsible for all repairs and maintenance, property taxes, insurance and utilities. As of June 30, 2003, we owned 40 Properties directly and six Properties indirectly through joint venture or tenancy in common arrangements. As of June 30, 2004, we owned 39 Properties directly and seven Properties indirectly through joint venture or tenancy in common arrangements.

Capital Resources

Net cash provided by operating activities was \$1,710,411 and \$1,583,992 for the six months ended June 30, 2004 and 2003, respectively.

At June 30, 2004, we had \$1,773,478 in cash and cash equivalents, as compared to \$1,123,111 at December 31, 2003. At June 30, 2004, these funds were held in a demand deposit account at a commercial bank. The funds remaining at June 30, 2004, after payment of distributions and other liabilities may be used to invest in an additional Property and to meet our working capital needs.

Short-Term Liquidity

Our investment strategy of acquiring Properties for cash and leasing them under triple-net leases to operators who meet specified financial standards minimizes our operating expenses. The general partners believe that the leases will generate net cash flow in excess of operating expenses.

Our short-term liquidity requirements consist primarily of our operating expenses.

The general partners have the right, but not the obligation, to make additional capital contributions if they deem it appropriate in connection with our operations.

We generally distribute cash from operations remaining after the payment of operating expenses, to the extent that the general partners determine that such funds are available for distribution. Based on current and anticipated future cash from operations, we declared distributions to the limited partners

of \$1,700,004 for each of the six months ended June 30, 2004 and 2003. This represents distributions of \$0.43 per unit for each of the six months ended June 30, 2004 and 2003, (\$0.21 per unit for each applicable quarter). No distributions were made to the general partners for the quarters and six months ended June 30, 2004 and 2003. No amounts distributed to the limited partners for the six months ended June 30, 2004 and 2003 are required to be or have been treated as a return of capital for purposes of calculating the limited partners' return on their adjusted capital contributions. We intend to continue to make distributions of cash to the limited partners on a quarterly basis.

Total liabilities, including distributions payable, were \$1,125,822 at June 30, 2004, as compared to \$1,085,791 at December 31, 2003. The general partners believe that we have sufficient cash on hand to meet our current working capital needs.

Long-Term Liquidity

We have no long-term debt or other long-term liquidity requirements.

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Results of Operations

Rental revenues from continuing operations decreased to \$1,504,306 for the six months ended June 30, 2004 as compared to \$1,522,747 in the same period in 2003, of which, \$755,843 and \$760,264 were earned during the second quarters of 2004 and 2003, respectively. In March 2004, the lease relating to the Property in Lafayette, Indiana expired. Also in March 2004, the tenant of the Property in Houston, Texas terminated the lease, as permitted by the lease agreement, as a result of a right of way taking. The lost revenues resulting from these vacant Properties will continue to have an adverse effect on our results of operations until we are able to re-lease the Properties.

During the six months ended June 30, 2004 and 2003, we earned \$53,570 and \$93,788, respectively, in contingent rental income, of which, \$23,610 and \$56,708 were earned during the second quarters of 2004 and 2003, respectively. The decrease in contingent rental income, during 2004, was due to a decrease in reported gross sales of certain restaurant Properties, the leases of which require the payment of contingent rent.

During the six months ended June 30, 2004 and 2003, we earned \$163,275 and \$156,545, respectively, attributable to net income earned by unconsolidated joint ventures, of which, \$82,319 and \$79,303 were earned during the second quarters of 2004 and 2003, respectively. The increase is primarily due a new tenancy in common arrangement we invested in during November 2003.

During the six months ended June 30, 2004 and 2003, we earned \$24,876 and \$1,343 in interest and other income of which, \$23,542 and \$597 were earned during the second quarters of 2004 and 2003, respectively. Interest and other income were higher during the quarter and six months ended June 30, 2004 because we received reimbursement of property expenditures that were incurred in previous years relating to a vacant Property. The former tenant reimbursed these amounts as a result of its 1998 bankruptcy proceedings.

Operating expenses, including depreciation and amortization expense, were \$509,164 and \$420,514 for the six months ended June 30, 2004 and 2003, respectively, of which, \$252,703 and \$174,792 were incurred during the second quarters of 2004 and 2003, respectively. The increase in operating expenses during the quarter and six months ended June 30, 2004, was due to additional general operating and administrative expenses, including legal fees. In addition, operating expenses were higher during the quarter and six months ended June 30, 2004 because we incurred property related expenses such as insurance, repairs and maintenance, legal fees and real estate taxes relating to the two vacant Properties in Lafayette, Indiana, and Houston, Texas. We will continue to incur these expenses until the Properties are re-leased. The increase was partially offset by a decrease in state tax expense relating to several states in which we do business.

We recognized income from discontinued operations (rental revenues less property related expenses) relating to the Property in Blytheville, Arkansas, of \$24,193 and \$26,108 during the six months ended June 30, 2004 and 2003, respectively, of which \$8,996 and \$13,011 were recognized during the second quarters of 2004 and 2003, respectively. We sold the Property in May 2004, resulting in a gain on disposal of discontinued operations of approximately \$63,700.

In December 2003, the Financial Accounting Standards Board issued a revision to FASB Interpretation No. 46 (originally issued in January 2003) ("FIN 46R"), "Consolidation of Variable Interest Entities" requiring existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries. Application of FIN 46R is required in financial statements of public entities that have interests in variable interest entities for periods ending after March 15, 2004. We adopted FIN 46R during the quarter ended March 31, 2004. We were not the primary beneficiary of a variable interest entity at the time of adoption of FIN 46R, therefore the adoption had no effect on the balance sheet, partners' capital or net income.

The general partners believe their primary objective is to maintain current operations with restaurant operators as successfully as possible, while evaluating strategic alternatives, including alternatives that may provide liquidity to the limited partners. Real estate markets are strong throughout much of the nation, and the performance of restaurants has generally improved after several challenging years. As a result, the general partners believe that this is an attractive period for a strategic event to monetize the interests of the limited partners.

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In furtherance of this, on August 9, 2004, we entered into a definitive Agreement and Plan of Merger pursuant to which we will be merged with a subsidiary of U.S. Restaurant Properties, Inc. (NYSE: USV). The merger is one of multiple concurrent transactions pursuant to which 17 other affiliated limited partnerships also will be merged with a subsidiary of U.S. Restaurant Properties, Inc. and in which CNL Restaurant Properties, Inc., an affiliate, also will be merged with U.S. Restaurant Properties, Inc. Our merger (and each of the 17 other affiliated mergers) is subject to certain conditions including approval by a majority of the limited partners, consummation of a minimum number of limited partnership mergers representing at least 75.0% in value (as measured by the value of the merger consideration) of all limited partnerships, consummation of the merger between U. S. Restaurant Properties, Inc. and CNL Restaurant Properties, Inc., approval of the shareholders of U.S. Restaurant Properties, Inc., and availability of financing. U.S. Restaurant Properties, Inc. is a real estate investment trust (REIT) that focuses primarily on acquiring, owning and leasing restaurant properties. The transaction is expected to be consummated in the first quarter of 2005.

Under the terms of the transaction, our limited partners will receive total consideration of approximately \$38.22 million, consisting of approximately \$31.96 million in cash and approximately \$6.26 million in U.S. Restaurant Properties, Inc. Series A Convertible Preferred Stock that is listed on the New York Stock Exchange. The general partners will receive total consideration of approximately \$150,000 consisting of approximately \$125,000 in cash and approximately \$25,000 in preferred stock.

We received an opinion from Wachovia Capital Markets, LLC that as of August 9, 2004 the merger consideration to be received by the holders of our general and limited partnership interests is fair, from a financial point of view, to such holders.

As reflected above, the contemplated transactions are complex, and contingent upon certain conditions. The restaurant marketplace, the real estate industry, and the equities markets, all individually or taken as a whole, could impact the economics of this transaction. As a result, there is no assurance that we will be successful in completing the contemplated transaction.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

The general partners maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The principal executive and financial officers of the corporate general partner have evaluated our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q and have determined that such disclosure controls and procedures are

effective.

There was no change in internal control over financial reporting that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings. Inapplicable.

Item 2. Changes in Securities. Inapplicable.

Item 3. Default upon Senior Securities. Inapplicable.

Item 4. Submission of Matters to a Vote of Security Holders. Inapplicable.

Item 5. Other Information. Inapplicable.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

3.1 Affidavit and Certificate of Limited Partnership of CNL Income Fund XIII, Ltd. (Included as Exhibit 3.2 to Registration Statement No. 33-53672-01 on Form S-11 and incorporated herein by reference.)

4.1 Affidavit and Certificate of Limited Partnership of CNL Income Fund XIII, Ltd. (Included as Exhibit 3.2 to Registration Statement No. 33-53672-01 on Form S-11 and incorporated herein by reference.)

4.2 Amended and Restated Agreement of Limited Partnership of CNL Income Fund XIII, Ltd. (Included as Exhibit 4.2 to Form 10-K filed with the Securities and Exchange Commission on March 31, 1994, incorporated herein by reference.)

10.1 Management Agreement between CNL Income Fund XIII, Ltd. and CNL Investment Company (Included as Exhibit 10.1 to Form 10-K filed with the Securities and Exchange Commission on March 31, 1994, and incorporated herein by reference.)

10.2 Assignment of Management Agreement from CNL Investment Company to CNL Income Fund Advisors, Inc. (Included as exhibit 10.2 to Form 10-K filed with the Securities and Exchange Commission on March 30, 1995, and incorporated herein by reference.)

10.3 Assignment of Management Agreement from CNL Income Fund Advisors, Inc. to CNL Fund Advisors, Inc. (Included as Exhibit 10.3 to Form 10-K filed with the Securities and Exchange Commission on April 1, 1996, and incorporated herein by reference.)

10.4 Assignment of Management Agreement from CNL Fund Advisors, Inc. to CNL APF Partners, LP. (Included as Exhibit 10.4 to Form 10-Q filed with the Securities and Exchange Commission on August 14, 2001, and incorporated herein by reference.)

10.5 Assignment of Management Agreement from CNL APF Partners, LP to CNL Restaurants XVIII, Inc. (Included as Exhibit 10.5 to Form 10-Q filed with the Securities and Exchange Commission on August 14, 2002, and incorporated herein by reference.)

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- 31.1 Certification of Chief Executive Officer of Corporate General Partner Pursuant to Rule 13a-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
- 31.2 Certification of Chief Financial Officer of Corporate General Partner Pursuant to Rule 13a-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
- 32.1 Certification of Chief Executive Officer of Corporate General Partner Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
- 32.2 Certification of Chief Financial Officer of Corporate General Partner Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)

(b) Reports of Form 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 2004.

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SIGNATURES

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

DATED this 9th day of August 2004.

CNL INCOME FUND XIII, LTD.

By: CNL REALTY CORPORATION
General Partner

By: /s/ James M. Seneff, Jr.

JAMES M. SENEFF, JR.
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Robert A. Bourne

ROBERT A. BOURNE
President and Treasurer
(Principal Financial and
Accounting Officer)

EXHIBIT INDEX

Exhibit Number

(c) Exhibits

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- 31.2 Certification of Chief Financial Officer of Corporate General Partner Pursuant to Rule 13a-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
- 32.1 Certification of Chief Executive Officer of Corporate General Partner Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
- 32.2 Certification of Chief Financial Officer of Corporate General Partner Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)

EXHIBIT 31.1

EXHIBIT 31.2

EXHIBIT 32.1

EXHIBIT 32.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
OF CORPORATE GENERAL PARTNER

PURSUANT TO RULE 13a-14 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James M. Seneff, Jr., the Chief Executive Officer of CNL Realty Corporation, the corporate general partner of CNL Income Fund XIII, Ltd. (the "registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2004

/s/ James M. Seneff, Jr.

James M. Seneff, Jr.
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
OF CORPORATE GENERAL PARTNER

PURSUANT TO RULE 13a-14 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert A. Bourne, the President and Treasurer of CNL Realty Corporation, the corporate general partner of CNL Income Fund XIII, Ltd. (the "registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2004

/s/ Robert A. Bourne

Robert A. Bourne
President and Treasurer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
OF CORPORATE GENERAL PARTNER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, James M. Seneff, Jr., the Chief Executive Officer of CNL Realty Corporation, the corporate general partner of CNL Income Fund XIII, Ltd. (the "Partnership"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Partnership's Quarterly Report on Form 10-Q for the period ending June 30, 2004 (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 9, 2004

/s/ James M. Seneff, Jr.

Name: James M. Seneff, Jr.
Title: Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to CNL Income Fund XIII, Ltd. and will be retained by CNL Income Fund XIII, Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
OF CORPORATE GENERAL PARTNER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Robert A. Bourne, the President and Treasurer of CNL Realty Corporation, the corporate general partner of CNL Income Fund XIII, Ltd. (the "Partnership"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Partnership's Quarterly Report on Form 10-Q for the period ending June 30, 2004 (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 9, 2004

/s/ Robert A. Bourne

Name: Robert A. Bourne

Title: President and Treasurer

A signed original of this written statement required by Section 906 has been provided to CNL Income Fund XIII, Ltd. and will be retained by CNL Income Fund XIII, Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.