American Realty Capital Trust, Inc.
Form S-11
February 15, 2012

As filed with the Securities and Exchange Commission on February 15, 2012

Registration No. 333-

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

FORM S-11

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

AMERICAN REALTY CAPITAL TRUST, INC.

(Exact Name of Registrant as Specified in Its Governing Instruments)

106 York Road
Jenkintown, Pennsylvania 19046
(215) 887-2189

(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant s Principal Executive Offices)

Nicholas S. Schorsch
Chairman of the Board
AMERICAN REALTY CAPITAL TRUST, INC.
106 York Road
Jenkintown, Pennsylvania 19046
(215) 887-2189

(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

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Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after the effective date of this Registration Statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

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. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) 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. o

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. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

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 o	Accelerated filer o	Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Securities to Be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, $0.01 par value per share	$ 87,285,000	$ 10,003

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

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 WHICH 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 COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated February 15, 2012

PROSPECTUS

6,600,000 Shares

American Realty Capital Trust, Inc.

Common Stock

American Realty Capital Trust, Inc. is a leading self-administered real estate company that owns and acquires single tenant free standing commercial real estate properties that are primarily net leased on a long-term basis to investment grade credit rated and other creditworthy tenants. As of January 31, 2012, our property portfolio, which was 100% occupied, consisted of 485 single tenant, free standing properties, located in 43 states and Puerto Rico, with over 15.6 million leasable square feet leased to 61 different commercial enterprises doing business in 20 different industries.

We are offering 6,600,000 shares of our common stock and expect the public offering price to be $ per share. We have applied to list our common stock on The NASDAQ Global Select Market, or NASDAQ, under the symbol ARCT. Between 2008 and 2011, we raised equity capital primarily through a continuous public offering of our common stock for aggregate gross proceeds of approximately $1.8 billion, including shares issued pursuant to our Distribution Reinvestment Plan. As of January 31, 2012, there were 178.2 million shares of our common stock outstanding owned by approximately 40,000 stockholders. Currently, no public market exists for our shares and therefore this will be our first public offering of securities listed on a national stock exchange.

We are a Maryland corporation and have elected to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2008. Our charter contains a restriction on ownership of our common stock that prevents any person or entity from owning directly or indirectly more than 9.8% in value of the aggregate of our outstanding shares of stock and not more than 9.8% (in value or in number of shares, whichever is more restrictive) of any class or series of our shares of stock, subject to certain possible exceptions. These restrictions, as well as other share ownership and transfer restrictions contained in our charter, are designed, among other purposes, to enable us to comply with share accumulation and other restrictions imposed on REITs by the Internal Revenue Code of 1986, as amended, or the Code.

Investing in our common stock involves risks. Before buying any shares, you should carefully consider the risk factors described in Risk Factors beginning on page 23.

	Per Share*	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

We estimate that total expenses of this offering, excluding the underwriting discount, will be approximately $.

The underwriters may also purchase up to an additional 990,000 shares of common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common stock on or about , 2012.

LADENBURG THALMANN & CO. INC.

The date of this prospectus is , 2012

* We are not currently listed on any exchange. We have assumed that the shares of common stock to be sold in this offering will be sold at a public offering price of $11.50 per share, which we have estimated based on our anticipated operating performance, trading levels of comparable companies and a dividend discount analysis. The actual offering price will be dependent on a number of factors, including the market price of shares of common stock at the time of the offering, and may be higher or lower than this assumed price.

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You should rely on the information contained in this prospectus. Neither we nor the underwriters have authorized anyone to provide you with different information. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

We use market data and industry forecasts and projections throughout this prospectus, including market and industry data from publicly available industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on industry surveys and the preparers experience in the industry, and there is no assurance that any of the projected amounts will be achieved. We believe that the surveys and market research others have performed are reliable, but we have not independently verified this information.

The term fully-diluted basis when used in reference to our shares of common stock means all outstanding shares of common stock at such time plus all outstanding shares of restricted stock, phantom shares, shares of common stock issuable upon the exercise of outstanding options that have vested and shares of common stock exchangeable, at our discretion, for common units of limited partnership interest in our operating partnership, or OP units, on a one-for-one basis, which is not the same as the meaning of fully-diluted under generally accepted accounting principles, or GAAP. In addition, pro forma or on a pro forma basis means that the information presented gives effect to this offering, as well as our internalization transaction and our tender offer (each as described herein under Selected Consolidated Financial and Pro Forma Data), in each case as if such transactions had occurred on January 1, 2011. For pro forma purposes, we have assumed that we will acquire pursuant to the tender offer $200.0 million of shares of our common stock at a price per share of $10.75, which we believe is the probable result of our tender offer.

We use certain defined terms throughout this prospectus that have the following meanings:

We use the term net lease throughout this prospectus. Under a net lease, the tenant occupying the leased property (usually as a single tenant) does so in much the same manner as if the tenant were the owner of the property. There are various forms of net leases, most typically classified as triple net or double net. Triple net leases typically require the tenant to pay all costs associated with a property, including real estate taxes, insurance, utilities and routine maintenance in addition to the base rent. Double net leases typically require the tenant to pay all the costs as triple net leases, but hold the landlord responsible for capital expenditures, including the repair or replacement of specific structural and/or bearing components of a property, such as the roof or structure of the building. Accordingly, the owner receives the rent net of these expenses, rendering the cash flow associated with the lease predictable for the term of the lease. Under a net lease, the tenant generally agrees to lease the property for a significant term and agrees that it will have either no ability or only limited ability to terminate the lease or abate rent prior to the expiration of the term of the lease as a result of real estate driven events such as casualty, condemnation or failure by the landlord to fulfill its obligations under the lease. Substantially all the leases of our properties are net leases.
We use the term modified gross lease throughout this prospectus. Under a modified gross lease, the commercial enterprises occupying the leased property pay base rent plus a proportional share of some of the other costs associated with the property, such as property taxes, utilities, insurance and maintenance. Some (but not a material portion) of

our properties are subject to modified gross leases.

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We use the term credit tenant throughout this prospectus. When we refer to a credit tenant, we mean a tenant that has entered into a lease and that we determine is creditworthy and may include tenants with an investment grade or below investment grade credit rating, as determined by major credit rating agencies, or unrated tenants. To the extent we determine that a tenant is a credit tenant even though it does not have an investment grade credit rating, we do so based on our reasonable determination that a tenant should have the financial wherewithal to honor its obligations under its lease with us. This reasonable determination is based on our substantial experience closing net lease transactions and is made after evaluating all tenants due diligence materials that are made available to us, including financial statements and operating data.

We use the term average annual rent throughout this prospectus. When we refer to average annual rent, we mean the rental income under our leases reflecting straight-line rent adjustments associated with contractual rent increases in the leases as required by GAAP, as further adjusted to reflect the effect of (i) tenant concessions and abatements such as free rent, as applicable, (ii) in respect of our modified gross leased properties, the effect of operating expense reimbursement revenue less property operating expenses, as applicable, and (iii) with respect to our properties that are subject to ground leases, the effect of ground lease payments.

We use the following terms throughout this prospectus:

our former advisor, which refers to American Realty Capital Advisors, LLC, a Delaware limited liability company;

our property manager, which refers to American Realty Capital Properties, LLC, a Delaware limited liability company; and

ARC, which refers to AR Capital, LLC, a Delaware limited liability company (formerly known as American Realty Capital II, LLC).

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any document that we file at the public reference facilities of the SEC at 100 F Street, N.E., Washington, D.C. 25049. Please call the SEC at (800) SEC-0330 for further information about the public reference facilities. These documents also may be accessed through the SEC s electronic data gathering, analysis and retrieval system, or EDGAR, via electronic means, including the SEC s home page on the Internet (*www.sec.gov*).

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company, including under the caption Risk Factors, and our historical and pro forma consolidated financial statements and related notes appearing elsewhere in this prospectus for a more complete understanding of this offering before deciding to invest in our common stock. Except where the context suggests otherwise, the terms we, us, our and our company refer to American Realty Capital Trust, Inc., together with its subsidiaries, including American Realty Capital Operating Partnership L.P., which we refer to as our operating partnership. Unless otherwise indicated, the information in this prospectus assumes and reflects: (i) the completion of our internalization of our management and the termination of our advisory agreement with our former advisor and the purchase by us for nominal consideration of our property manager, each on the terms described in this prospectus, which we refer to as our Internalization, (ii) the purchase by us of approximately 18.6 million shares of our common stock at a price of $10.75 per share (representing an aggregate purchase price of $200.0 million), which is the mid-point of the range of prices set forth in the tender offer with the final purchase price being determined through a modified Dutch auction process, which we refer to as our Tender Offer , (iii) the amendment and restatement of the agreement of limited partnership of our operating partnership, (iv) the amendment and restatement of our bylaws, (v) the common stock to be sold in this offering is sold at $ per share, (vi) no exercise by the underwriters of their option to purchase up to an additional 990,000 shares of our common stock solely to cover over-allotments, if any, and (vii) all property information is as of January 31, 2012.

Our Company

Overview

We are a leading self-administered real estate company that invests in single tenant free standing retail, distribution warehouse and office properties that are primarily net leased to investment grade rated and other credit tenants. As of January 31, 2012, 71.1% of our average annual rent is derived from tenants that have an investment grade credit rating as determined by a major credit agency, and 100.0% of our average annual rent is derived from tenants who we believe are credit tenants, including FedEx Corporation, or FedEx, Walgreen Co., or Walgreens, CVS Caremark Corporation, or CVS, and the General Service Administration, or GSA. Our portfolio is diversified by tenant, property type and geography, and our properties are generally subject to long-term leases that have an average duration to expiration of 13.5 years. The majority of our leases have tenant extension options. Our targeted retail properties are well-located on the corner of Main Street and Main Street, USA, and our office and distribution warehouse properties are typically situated along high traffic transit corridors at locations carefully selected by our tenants to support operationally essential activities. As of January 31, 2012, our portfolio is 100% occupied and consists of 485 properties located in 43 states and Puerto Rico, with over 15.6 million square feet, leased to 61 different commercial enterprises doing business in 20 separate industries.

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The following is a summary of our portfolio diversity based on geography, property type and tenant credit quality (all percentages based on average annual rent):

Property Geographic Distribution **Property Type Distribution**

Tenant Credit Quality Distribution

We expect to maintain our current balance of properties by type and tenant credit quality and to continue to diversify our portfolio geographically.

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We have virtually no lease expirations over the next six years, with only 0.9% of our average annual rent expiring through December 31, 2017, and well-staggered lease maturities thereafter. Our average remaining lease term is 13.5 years as of January 31, 2012. We believe our high-quality properties and long-term leases to credit tenants result in strong predictability of cash flows. The following is a summary of our lease expirations over the next ten years as of January 31, 2012:

Our properties generally have been recently constructed or renovated and have a weighted average age, as of January 31, 2012, of 5.3 years. We believe that the low average age and modern amenities of our properties make them attractive to tenants, and result in higher current rents, lower vacancies and a higher number of alternative uses.

Our executive management team and our Chairman of the Board possess substantial expertise in all aspects of net leased property acquisition, leasing, management and finance. Nicholas S. Schorsch, one of our company s co-founders and our Chairman of the Board, and William M. Kahane, one of our company s co-founders and our President and Chief Executive Officer, have been actively involved, since the formation of our company and through January 31, 2012, in the acquisition of all our 485 net leased properties, with more than 61 credit tenants. Messrs. Schorsch and Kahane also have substantial public REIT operating experience, Mr. Schorsch as the former Chief Executive Officer and Vice Chairman of American Financial Realty Trust, Inc., or AFRT, a

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New York Stock Exchange, or NYSE, listed REIT, and the current Chairman and Chief Executive Officer of American Realty Capital Properties, Inc., or ARCP, a NASDAQ Stock Market listed REIT, and Mr. Kahane as a former trustee of AFRT, the former Non-Executive Chairman of the Board of Catellus Development Corp., or Catellus, a NYSE-listed growth-oriented real estate development company, and President and Chief Operating Officer of ARCP (a position he will resign concurrently with the consummation of the offering). As of the closing of this offering, we expect to employ approximately ten individuals, including accounting, reporting, asset and property management, human resources, investor relations and capital markets and acquisitions professionals.

Our principal executive office is located at 106 York Road, Jenkintown, PA 19046; our telephone number is (215) 887-2189. Our website address is *www.arctreit.com*. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the SEC.

Our Competitive Strengths

High-Quality Net Leased Property Portfolio. Our 485-property portfolio consists of high-quality free standing single tenant properties that are geographically diversified in strategic locations in well-defined target markets, with properties located in 43 states and Puerto Rico. We have a diverse tenant roster made up of 61 different national and regional commercial enterprises doing business in 20 separate industries. We believe our tenant credit quality is among the strongest in the public net lease REIT industry, and our leases have an average remaining life of 13.5 years. We have minimal scheduled lease expirations over the next six years, with only 0.9% of our average annual rent expiring through December 31, 2017. As of January 31, 2012, 71.1% of average annual rent is generated from tenants with an investment grade rating (92.0% of average annual rent is from rated tenants), as determined by major credit rating agencies. Our properties have been constructed relatively recently, with an average age of 5.3 years. As of January 31, 2012, our properties had a 100.0% occupancy rate and we have not had any vacancies in our properties since their purchase by us. We believe that the low average age and recent design of our properties make them attractive to tenants and result in higher current rents, lower vacancies and a higher number of alternative uses.

Growth Oriented Capital Structure. Our capital structure provides us with significant financial capacity to fund future growth. As of December 31, 2011, our pro forma debt to total market capitalization ratio would have been 42.5%, assuming a price per share of $. On a pro forma basis, as of December 31, 2011, and giving effect to the use of proceeds as set forth under Use of Proceeds, we anticipate we will have $89.8 million available under our $230.0 million revolving credit facility with RBS Citizens, N.A., or RBS Citizens, assuming a price of $ per share in this offering and assuming our lenders increase their aggregate commitments to $230.0 million as we expect. As of the consummation of this offering, 232 of our properties will be unencumbered.

Proven Acquisition Capabilities. We believe one of our competitive strengths is our ability to source and close on a larger number of smaller, off-market acquisitions than our competitors. Our acquisition capabilities are driven by our extensive network of industry relationships within the corporate, brokerage, development and investor community. The majority of the acquisitions we completed, based on total purchase price, have been sourced in transactions where there has been no formal sales process. A significant portion of our acquisitions has been from sellers with whom we have had repeat business and transaction activities. Our strong relationship with the tenant and leasing brokerage communities aids in attracting and retaining tenants. Additionally, we believe that Mr. Schorsch s prior and current experience with two exchange-traded REITs, AFRT and ARCP, and Mr. Kahane s prior and current experience with three exchange-traded REITs, AFRT, Catellus and ARCP, as well as being the founders and senior executive officers of our former advisor and of ARC, a sponsor of non-traded REITs,

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allows them to enjoy long-standing relationships with both public and private owners of net leased properties, corporate tenants, brokers and other key industry participants that provide a level of transaction flow not otherwise available to the general investment community.

Experienced and Committed Team. Nicholas S. Schorsch, our Chairman of the Board, and William M. Kahane, our President and Chief Executive Officer, collectively have over 70 years commercial real estate experience and collectively have over 20 years experience focused on the net-lease real estate sector. Additionally, each of our Chairman of the Board and Chief Executive Officer has significant public company operating experience, with each having held and currently holding senior positions at publicly traded REITs. Upon completion of this offering, our officers and directors and their affiliates are expected to collectively own less than 1.0% of the equity interest in our company on a fully-diluted basis and our Chairman of the Board and our Chief Executive Officer will receive only performance-based compensation from us, which aligns executive management s interests with those of our stockholders.

Business and Growth Strategies

Our principal business objectives are to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO, per share and to grow cash available for distributions through accretive acquisitions and have embedded rental rate growth leases that provide for increasing cash rents over time. We expect to accomplish these objectives by continuing to assemble a high-quality well located portfolio of net leased properties diversified by tenant, industry, geography and lease duration. We intend to pursue a fully-integrated acquisition and investment approach that will allow us to maximize cash flow and achieve sustainable long-term growth in FFO, thereby maximizing total return to our stockholders.

Based on our portfolio s current lease expiration schedule and the profile of our target assets, we expect that we will not have any significant lease expirations until 2018. We believe the anticipated stability of our cash flows during the next six years differentiates our portfolio from other publicly traded REITs that invest in net lease properties which have substantial annual lease expirations that require management time and focus. As such, we intend to focus our efforts during this period on expanding our business and enhancing our diversified portfolio of high-quality properties with credit tenants.

Investing in Properties Occupied by High-Quality Tenants. Our portfolio of properties consists of free standing, single tenant net leased properties where 100% of the underlying tenants are of high credit quality (as determined by us consistent with our definition of credit tenant, or based on credit ratings as determined by major credit rating agencies), and it is our intention to continue to invest in properties leased to high credit quality tenants. We believe that investing in properties leased to credit tenants provides us with a stable and reliable source of cash flow from our properties.

Acquiring Critical-Use Net Leased Properties. We intend to acquire and own additional commercial properties subject to net leases to credit tenants, with a substantial focus on acquiring properties that are of critical use to the tenants occupying such properties or that have multiple clear alternative uses. Critical use means that, based on a property s location and physical characteristics, it is positioned to be fundamentally important to its tenant s business. We will be focused on acquiring net leased properties at or below replacement cost and in geographies where the market fundamentals will give us the flexibility to renew or extend the lease with the existing tenant or reposition the property for alternative uses. We intend to continue to acquire retail, distribution warehouse and office properties and, over time, will seek to have rents from our retail properties constitute at least 60% of our average annual rent.

Focus on Capital Preservation. Our management team focuses on protecting and preserving capital by performing a comprehensive risk-reward analysis on each

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investment, with a rigorous focus on relative values and replacement cost among the target assets that are available in the market. Our investment strategy employs appropriate leverage to enhance equity returns while avoiding unwarranted levels of debt, interest rate risk or re-financing exposure. Prior to effecting any acquisitions, we analyze (1) the property s design, construction quality, efficiency, functionality and location with respect to the immediate sub-market, city and region; (2) lease integrity with respect to the term, rental rate increases, corporate guarantees and property maintenance provisions, if any; (3) present and anticipated conditions in the local real estate market; and (4) prospects for selling or re-leasing the property on favorable terms in the event of a vacancy. We also evaluate each potential tenant s financial strength, growth prospects, competitive position within its respective industry, business model, and a property s strategic location and function within a tenant s operations or distribution systems. We believe that our comprehensive underwriting process is critical to the assessment of long-term profitability of any investment by us.

Maximize Cash Flow Through Internal Growth. We seek investments that provide for attractive returns initially and increasing returns over the remaining lease term with fixed rent escalations, Consumer Price Index, or CPI, based escalations and/or percentage rent features that allow participation in the financial performance of the property. We have typically structured our property acquisitions to achieve a positive spread between our cost of capital and the rental amounts paid by our tenants. We also have embedded rental rate growth in our existing leases. During such lease term and any renewal periods, our leases typically provide for periodic increases in rent and/or percentage rent based upon a percentage of the tenant s prior sales over a predetermined level. As of January 31, 2012, 74.4% of our leases relating to our properties provided for fixed periodic increases in rent, which increases averaged 1.26% per annum on a weighted average basis, excluding potential increases for leases with increases based on CPI. Additionally, we believe there is embedded potential for growth in our properties.

Financing Strategy

We intend to finance future acquisitions with the most advantageous source of capital available to us at the time of each transaction, which may include a combination of public and private offerings of our equity and debt securities, secured and unsecured corporate-level debt, property-level debt and mortgage financing and other public, private or bank debt. In addition, we may acquire properties in exchange for the issuance of common stock or OP units.

As of December 31, 2011, our outstanding secured debt was approximately 31.7% of the book value of our portfolio. We expect to maintain a prudent capital structure by generally targeting our debt to gross undepreciated asset value at 45.0% or below and our debt-to-EBITDA (earnings before interest, taxes, depreciation and amortization) ratio at 6.0x or below. In addition to these targets, our revolving credit facility includes covenants that restrict our level of indebtedness, and which may be more restrictive than these targets. See Business and Properties Revolving Credit Facility. On a pro forma basis, we will have a remaining borrowing capacity of $89.8 million under our $230.0 million revolving credit facility, which will be available to us, upon notice, provided that no default exists, we satisfy certain collateral requirements and other financial ratio requirements and assuming our lenders increase their aggregate commitments to $230.0 million as we expect. See Business and Properties Revolving Credit Facility below. We expect that we will incur additional corporate-level debt and property level debt in the future.

We began the process to garner a corporate credit rating and received our first rating from a major rating agency in late-2010. By early-2011, we secured a second corporate credit rating from another major rating agency. We intend to focus on improving our balance sheet and performance metrics in keeping with the rating agencies methodologies. We intend to maintain leverage, coverage and other levels consistent with our existing ratings and to seek to have our ratings increased when appropriate.

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Background

We were founded in 2007 by ARC as an externally-advised REIT to focus on the acquisition and operation of free standing, single tenant commercial properties net leased to investment grade and other credit tenants located throughout the United States and Puerto Rico. Our day-to-day business and operations were managed by our former advisor, and our properties were managed by our property manager, both of which are affiliates of ARC, under the supervision of our Board of Directors. Upon the listing of our common stock on NASDAQ, which we anticipate will occur on or about March 1, 2012, the advisory agreement with our former advisor will be terminated subject to a 60-day notice period (subject to our right to extend this agreement for three consecutive one month periods) and we will purchase our property manager from ARC for $10.00 and our property manager will agree to waive any fees payable by us under the property management agreement to which we are a party. As a result of our Internalization, we will become a self-administered and self-advised REIT.

Between 2008 and 2011, we raised equity capital to finance our real estate investment activities primarily through a continuous public offering of our common stock for aggregate gross proceeds of approximately $1.8 billion, including shares issued pursuant to our Distribution Reinvestment Plan. Accordingly, we have been filing periodic reports with, and have been subject to the rules and regulations of, the SEC since January 25, 2008. As part of our Internalization, we have applied to list our common stock on NASDAQ, which we expect to occur on or about March 1, 2012. As of January 31, 2012, there were 178.2 million shares of our common stock outstanding which were owned by approximately 40,000 stockholders.

Summary Risk Factors

An investment in our common stock involves various risks, and prospective investors should carefully consider the matters discussed in the section Risk Factors beginning on page 23 prior to deciding whether to invest in our common stock. These risks include, but are not limited to, the following:

Our investments in real estate assets are concentrated in the commercial real estate sector, and our business could be adversely affected by an economic downturn in that sector.

Our growth will partially depend upon our ability to successfully acquire future properties, and we may be unable to enter into and consummate property acquisitions on advantageous terms or our property acquisitions may not perform as we expect.

We depend on key personnel, including William M. Kahane and Brian D. Jones, and the loss of services from key members of the management group or a limitation in their availability could adversely affect us.

Unless both Messrs. Schorsch and Kahane remain as members of our Board of Directors, we will be in default under our revolving credit facility.

Several of our employment and director relationships could result in various conflicts of interest and decisions that are not in the best interests of our stockholders. William M. Kahane, our President and Chief Executive Officer, and Nicholas S. Schorsch, our Chairman of the Board, each owns substantial equity interests in ARC and its affiliates, certain of which are companies that sponsor and/or advise other REITs and are entitled to receive fees and distributions in connection with such management, including asset management fees, acquisition fees, financing fees, disposition fees and incentive fees and distributions upon the sale or listing of such REITs. Additionally, Mr. Schorsch is the Chief Executive Officer and Chairman of the Board of eight other REITs, three of which invest in single tenant, free standing commercial real estate as we do. In addition, we expect Mr. Schorsch and ARC to form other REITs that will also invest in our target properties.