

American Realty Capital Trust, Inc.  
Form 10-Q  
May 13, 2011

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

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: 333-145949

AMERICAN REALTY CAPITAL TRUST, INC.  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction  
of incorporation or organization)

71-1036989  
(I.R.S. Employer Identification  
No.)

106 York Road  
Jenkintown, PA  
(Address of principal executive  
offices)

19046  
(Zip Code)

(215) 887-2189

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Edgar Filing: American Realty Capital Trust, Inc. - Form 10-Q

No

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 definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated  
filer

Accelerated filer

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

Smaller reporting  
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of outstanding shares of the registrant's common stock on April 30, 2011 was 100,176,556 shares.

---

AMERICAN REALTY CAPITAL TRUST, INC.

INDEX

<b>PART I — FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	
Consolidated Balance Sheets as of March 31, 2011 (Unaudited) and December 31, 2010	1
Consolidated Statements of Operations for the Three Months Ended March 31, 2011 and 2010 (Unaudited)	2
Consolidated Statement of Stockholders' Equity for the Three Months Ended March 31, 2011 (Unaudited)	3
Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2011 and 2010 (Unaudited)	4
Notes to Consolidated Financial Statements (Unaudited)	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	31
Item 3. Quantitative and Qualitative Disclosures About Market Risk	48
Item 4. Controls and Procedures	49
<b>PART II — OTHER INFORMATION</b>	
Item 1. Legal Proceedings	49
Item 1A. Risk Factors	49
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	49
Item 3. Defaults Upon Senior Securities	49
Item 4. Reserved	49
Item 5. Other Information	49
Item 6. Exhibits	49
Signatures	50

## AMERICAN REALTY CAPITAL TRUST, INC.

CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share data)

	March 31, 2011 (Unaudited)	December 31, 2010
<b>ASSETS</b>		
Real estate investments, at cost:		
Land	\$ 215,832	\$ 142,401
Buildings, fixtures and improvements	905,049	631,999
Acquired intangible lease assets	153,699	108,193
Total real estate investments, at cost	1,274,580	882,593
Less accumulated depreciation and amortization	(42,640 )	(32,777 )
Total real estate investments, net	1,231,940	849,816
Cash and cash equivalents	19,583	31,985
Restricted cash	3,525	90
Prepaid expenses and other assets	22,363	12,049
Investment in joint venture with affiliate	11,762	11,945
Deferred financing costs, net	11,661	8,169
Total assets	\$ 1,300,834	\$ 914,054
<b>LIABILITIES AND EQUITY</b>		
Mortgage notes payable	\$ 542,713	\$ 372,755
Mortgage discount and premium, net	788	1,163
Long-term notes payable	12,720	12,790
Below-market lease liabilities, net	8,378	8,454
Derivatives, at fair value	4,401	5,214
Accounts payable and accrued expenses	6,245	3,638
Deferred rent and other liabilities	3,482	3,858
Distributions payable	4,954	3,518
Total liabilities	583,681	411,390
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.01 par value; 240,000,000 shares authorized, 87,864,496 and 61,824,238 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	879	618
Additional paid-in capital	760,864	529,740
Accumulated other comprehensive loss	(3,176 )	(3,878 )
Accumulated deficit	(63,794 )	(46,464 )
Total stockholders' equity	694,773	480,016
Non-controlling interests	22,380	22,648
Total equity	717,153	502,664
Total liabilities and equity	\$ 1,300,834	\$ 914,054

The accompanying notes are an integral part of these financial statements



## AMERICAN REALTY CAPITAL TRUST, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)

(Unaudited)

	Three Months Ended March 31,	
	2011	2010
<b>Revenues:</b>		
Rental income	\$ 20,718	\$ 7,428
Operating expense reimbursements	139	—
Total revenues	20,857	7,428
<b>Expenses:</b>		
Fees to affiliate	600	—
Acquisition and transaction related	7,132	341
Property expenses	213	—
General and administrative	524	224
Depreciation and amortization	9,943	3,785
Total operating expenses	18,412	4,350
Operating income	2,445	3,078
<b>Other income (expenses):</b>		
Interest expense	(6,785)	(3,673)
Other income	38	11
Gains (losses) on derivative instruments	142	(152)
Loss on disposition of property	(44)	—
Gains (losses) on sale to non-controlling interestholders, net of taxes	(102)	335
Income from joint venture with affiliate	24	—
Total other expenses	(6,727)	(3,479)
Net loss	(4,282)	(401)
Net (income) loss attributable to non-controlling interests	(238)	12
Net loss attributable to stockholders	\$ (4,520)	\$ (389)
Basic and diluted net loss per share	\$ (0.07)	\$ (0.02)

The accompanying notes are an integral part of these financial statements

## AMERICAN REALTY CAPITAL TRUST, INC.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three Months Ended March 31, 2011

(Dollar amounts in thousands)

(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stock- holders Equity	Non-controlling Interests	Total Equity
	Number of Shares	Par Value						
Balance, December 31, 2010	61,824,238	\$618	\$529,740	\$(3,878)	\$(46,464)	\$480,016	\$22,648	\$502,664
Issuance of common stock	25,561,135	256	251,908	—	—	252,164	—	252,164
Offering costs, commissions and dealer manager fees	—	—	(24,518)	—	—	(24,518)	—	(24,518)
Common stock issued through distribution reinvestment plan	516,247	5	4,899	—	—	4,904	—	4,904
Distributions declared	—	—	—	—	(12,810)	(12,810)	—	(12,810)
Common stock redemptions	(37,124)	—	(1,520)	—	—	(1,520)	—	(1,520)
Amortization of restricted shares	—	—	355	—	—	355	—	355
Distributions to non-controlling interest holders	—	—	—	—	—	—	(506)	(506)
Designated derivatives, fair value adjustment	—	—	—	702	—	702	—	702
Net income (loss)	—	—	—	—	(4,520)	(4,520)	238	(4,282)
Total comprehensive income (loss)	—	—	—	—	—	(3,818)	238	(3,580)
Balance, March 31, 2011	87,864,496	\$879	\$760,864	\$(3,176)	\$(63,794)	\$694,773	\$22,380	\$717,153

The accompanying notes are an integral part of these financial statements

## AMERICAN REALTY CAPITAL TRUST, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net loss	\$(4,282 )	\$(401 )
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	7,818	3,074
Amortization of intangibles	2,125	711
Amortization of deferred financing costs	628	168
Amortization of mortgage discounts and premiums, net	(44 )	—
Amortization of restricted stock grants	355	—
Accretion of below-market lease liability	(76 )	(79 )
Loss on disposition of property	44	—
(Gain) loss on derivative instruments	(142 )	152
Gain on sales to non-controlling interest holders	—	(511 )
Income from unconsolidated joint venture	(24 )	—
Changes in assets and liabilities:		
Prepaid expenses and other assets	(4,047 )	(1,177 )
Accounts payable and accrued expenses	1,451	(12 )
Due to affiliated entity	—	(76 )
Deferred rent and other liabilities	(376 )	211
Net cash provided by operating activities	3,430	2,060
Cash flows from investing activities:		