

American Realty Capital Trust, Inc.
Form 8-K
November 25, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported):
November 19, 2009

American Realty Capital Trust, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of Incorporation)

333-145949
(Commission File Number)

71-1036989
(IRS Employer Identification No.)

106 Old York Road
Jenkintown, PA
(Address of Principal Executive Offices)

19046
(Zip Code)

(215) 887-2189 (Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01 Completion of Acquisition of Assets.

CVS Pharmacy, Inc. Store Locations

On November 19, 2009, the Company acquired a portfolio of fifteen newly-constructed retail stores (the “CVS Properties II”) directly from CVS Pharmacy, Inc. The CVS Properties II contain an aggregate of approximately 199,000 square feet, located in 11 states – Alabama, Arizona, California, Florida, Georgia, Indiana, Maine, Minnesota, Missouri, North Carolina and Nevada. The aggregate purchase price is approximately \$60.0 million, inclusive of all closing costs and fees. The weighted average primary lease term under this net lease arrangement is approximately 24.7 years, having commenced simultaneous with closing, and provides for two fixed-rent options of five years each, plus eight fair market value options of five years each. The average annual base rent on a straight-line basis over the initial lease term is approximately \$5.4 million.

The purchase price is comprised of a combination of proceeds from the sale of the Company’s common shares and proceeds received from a five-year non-recourse, fixed-rate first mortgage loan totaling approximately \$33.1 million. The fixed interest rate is 6.55% for the term of the loan term.

| Address | City | State | Contractual Purchase Price | Compensation to Advisor and Affiliates (1) |
|---------------------------|---------------|-------|-------------------------------|--|
| 5211 Neal Trail Dr. | Walkertown | NC | \$ 3,705,204 | |
| 612 N. Main St. | Creedmoor | NC | 3,380,699 | |
| 1888 Ogletree Rd. | Auburn | AL | 4,224,431 | |
| 4145 NW 53rd Ave. | Gainesville | FL | 5,968,893 | |
| 50 Duval Station Rd. | Jacksonville | FL | 4,429,342 | |
| 505 County Road 1100 N | Chesterton | IN | 5,925,600 | |
| 601 Howard Simmons Rd. | East Ellijay | GA | 3,825,510 | |
| 300 S. Commercial | Harrisonville | MO | 3,757,909 | |
| 151 Village Walk Dr. | Holly Springs | NC | 3,806,651 | |
| 384 Elm St. | Biddeford | ME | 3,615,565 | |
| 7996 Brooklyn Blvd. | Brooklyn Park | MN | 2,706,251 | |
| 1905 Marth Berry Blvd. | Rome | GA | 3,033,849 | |
| 1081 Steamboat Pkwy. | Reno | NV | 3,036,074 | |
| 180 N Dobson Rd. | Chandler | AZ | 3,883,302 | |
| 9256 E. Slauson Ave. | Pico Rivera | CA | 4,488,682 | |
| Total | | | \$ 59,787,962 | \$ 910,823 |

(1) Compensation to advisor and affiliate includes acquisition fees and financing coordination fees.

The CVS Properties II are net leased to CVS Pharmacy, Inc., pursuant to which CVS Pharmacy, Inc. will be required to pay all operating expenses and capital expenditures in addition to base rent, simultaneously with the acquisition of the properties. Annual rent is approximately \$4,984,000 for the first year of the initial lease term, which increases 5%

every five years.

| Address | City | State | Total Square Feet Leased | Rent Per Square Foot | Year 1 Rent | Initial Lease Term (Years) |
|------------------------|---------------|-------|--------------------------|----------------------|---------------------|----------------------------|
| 5211 Neal Trail Dr. | Walkertown | NC | 12,900 | \$ 37.72 | \$ 486,621 | 25 |
| 612 N. Main St. | Creedmoor | NC | 12,900 | 27.91 | 360,000 | 25 |
| 1888 Ogletree Rd. | Auburn | AL | 11,945 | 23.10 | 275,894 | 25 |
| 4145 NW 53rd Ave. | Gainesville | FL | 13,225 | 36.78 | 486,371 | 25 |
| 50 Duval Station Rd. | Jacksonville | FL | 13,225 | 23.19 | 306,725 | 25 |
| 505 County Road 1100 N | Chesterton | IN | 13,225 | 23.53 | 311,160 | 25 |
| 601 Howard Simmons Rd. | East Ellijay | GA | 13,225 | 22.89 | 302,760 | 25 |
| 300 S. Commercial | Harrisonville | MO | 13,225 | 23.60 | 312,086 | 25 |
| 151 Village Walk Dr. | Holly Springs | NC | 12,900 | 26.70 | 344,457 | 25 |
| 384 Elm St. | Biddeford | ME | 13,013 | 17.93 | 233,306 | 25 |
| 7996 Brooklyn Blvd. | Brooklyn Park | MN | 13,625 | 19.25 | 262,300 | 25 |
| 1905 Marth Berry Blvd. | Rome | GA | 13,225 | 23.70 | 313,494 | 20 |
| 1081 Steamboat Pkwy. | Reno | NV | 15,887 | 24.55 | 389,979 | 24 |
| 180 N Dobson Rd. | Chandler | AZ | 13,013 | 25.87 | 336,617 | 24 |
| 9256 E. Slauson Ave. | Pico Rivera | CA | 13,013 | 20.13 | 261,900 | 25 |
| Total | | | 198,546 | \$ 25.10 | \$ 4,983,670 | 24.7 |

The Company has secured first mortgage indebtedness from Ladder Capital Finance, LLC. The following table outlines the terms of the debt financing incurred in connection with acquisitions of the CVS Properties II. The loan will be secured by a mortgage on all of the CVS Properties II.

| Mortgage Debt Amount | Rate | Term |
|----------------------|----------|------------|
| \$33,068,100 | 6.55%(1) | five years |

(1) Weighted average rate - interest rate on fee simple properties is 6.50%; interest rate on leasehold properties is 6.65%.

The net leases are guaranteed by CVS Caremark Corporation (“CVS”), a pharmacy services company, provides prescriptions and related healthcare services in the United States. CVS operates through two segments, Pharmacy Services and Retail Pharmacy. The Pharmacy Service segment provides a range of prescription benefit management services, including mail order pharmacy services, specialty pharmacy services, plan design and administration, formulary management, and claims processing. This segment serves primarily employers, insurance companies, unions, government employee groups, managed care organizations and other sponsors of health benefit plans, and individuals. As of December 31, 2008, the Pharmacy Services segment operated 58 retail specialty pharmacy stores, 19 specialty mail order pharmacies, and 7 mail service pharmacies located in 26 states of the United States, Puerto Rico, and the District of Columbia. The Retail Pharmacy Segment sells prescription drugs, over-the-counter drugs, beauty products and cosmetics, photo finishing, seasonal merchandise, greeting cards, and convenience foods through its pharmacy retail stores, and online. This segment also provides health care services. As of December 31, 2008, this

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segment operated 6,923 retail drugstores located in 41 states and the District of Columbia; and 560 retail health care clinics in 27 states. CVS was founded in 1892 and is headquartered in Woonsocket, Rhode Island. CVS stock is listed on the New York Stock Exchange (NYSE: “CVS”), and has a credit rating of BBB+ by Standard & Poor’s.

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CVS currently files its financial statements in reports filed with the Securities and Exchange Commission, and the following summary financial data regarding CVS. are taken from such filings:

| (Amounts in millions) | Nine | | For the Fiscal Year Ended | |
|--|---------------------------------------|------------------|---------------------------|------------------|
| | Months Ended September 30, 2009 | Dec. 31, 2008 | Dec. 29, 2007 | Dec. 30, 2006 |
| Consolidated Statements of Operations | | | | |
| Net revenues | \$ 72,906.9 | \$ 87,471.9 | \$ 76,329.5 | \$ 43,821.4 |
| Gross profit | 14,811.9 | 18,290.4 | 16,107.7 | 11,742.2 |
| Net earnings | 2,646.2 | 3,212.1 | 2,637.0 | 1,368.9 |

| Consolidated Balance Sheets | As of | | As of the Fiscal Year Ended | |
|-----------------------------|-----------------------|---------------|-----------------------------|---------------|
| | September 30, 2009 | Dec. 31, 2008 | Dec. 29, 2007 | Dec. 30, 2006 |
| Total assets | \$ 61,879.3 | \$ 60,959.9 | \$ 54,721.9 | \$ 20,574.1 |
| Long-term debt | 8,756.2 | 8,057.2 | 8,349.7 | 2,870.4 |
| Shareholders' equity | 35,674.9 | 34,574.4 | 31,321.9 | 9,917.6 |

SIGNATURES

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

AMERICAN REALTY CAPITAL TRUST, INC.

Date: November 25, 2009

By: /s/ Nicholas S. Schorsch
Name: Nicholas S. Schorsch
Title: Chief Executive Officer and
Chairman of the Board of
Directors