

American Realty Capital Trust, Inc.
Form 10-Q
August 16, 2010

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 June 30, 2010

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 submitted electronically and posted on its corporate Web Site, 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

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 filer (Do not check if a smaller 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 August 11, 2010 was 35,333,928 shares.

AMERICAN REALTY CAPITAL TRUST, INC.
INDEX

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets as of June 30, 2010 (Unaudited) and December 31, 2009 3

Consolidated Statements of Operations for the three months and six months ended June 30, 2010 and 2009 (Unaudited) 4

Consolidated Statement of Equity for the six months ended June 30, 2010 (Unaudited) 5

Consolidated Statements of Cash Flows for the six months ended June 30, 2010 and 2009 (Unaudited) 6

Notes to Consolidated Financial Statements (Unaudited) 7

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 32

Item 3. Quantitative and Qualitative Disclosures About Market Risk 45

Item 4. Controls and Procedures 46

PART II — OTHER INFORMATION 46

Item 1. Legal Proceedings 46

Item 1A. Risk Factors 46

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 46

Item 3. Defaults Upon Senior Securities 46

Item 4. Reserved 47

Item 5. Other Information 47

Item 6. Exhibits 47

Signatures 48

PART I - Financial Information

Item 1. Financial Statements

AMERICAN REALTY CAPITAL TRUST, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands except per share data)

	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Real estate investments, at cost:		
Land	\$ 67,678	\$ 37,779
Buildings, fixtures and improvements	390,481	261,939
Acquired intangible lease assets	62,581	38,838
Total real estate investments, at cost	520,740	338,556
Less accumulated depreciation and amortization	(19,758)	(11,292)
Total real estate investments, net	500,982	327,264
Cash and cash equivalents	8,979	5,010
Restricted cash	64	43
Prepaid expenses and other assets	7,231	4,458
Deferred financing costs, net	3,663	2,502
Total assets	\$ 520,919	\$ 339,277
LIABILITIES AND EQUITY		
Short-term bridge equity funds	\$ —	\$ 15,878
Mortgage notes payable	245,855	183,811
Long-term notes payable	13,000	13,000
Below-market lease liabilities, net	8,928	9,085
Derivatives, at fair value	5,619	2,768
Accounts payable and accrued expenses	2,845	1,536
Deferred rent and other liabilities	1,614	1,144
Distributions payable	1,637	1,499
Total liabilities	279,498	228,721
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, 30,069,412 and 14,672,237 shares issued and outstanding at June 30, 2010 and December 31, 2009, respectively	300	147
Additional paid-in capital	255,621	122,506
Unamortized restricted shares	(88)	—
Accumulated other comprehensive loss	(4,197)	(1,737)
Accumulated deficit	(22,260)	(13,669)
Total American Realty Capital Trust, Inc. stockholders' equity	229,376	107,247
Noncontrolling interests	12,045	3,309
Total equity	241,421	110,556
Total liabilities and equity	\$ 520,919	\$ 339,277

The accompanying notes are an integral part of these financial statements

3

AMERICAN REALTY CAPITAL TRUST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenue:				
Rental income	\$ 9,382	\$ 2,935	\$ 16,810	\$ 5,862
Operating expenses:				
Asset management fees to affiliate	350	—	350	—
Acquisition and transaction related	640	—	981	—
General and administrative	340	72	562	198
Depreciation and amortization	4,721	1,730	8,506	3,460
Total operating expenses	6,051	1,802	10,399	3,658
Operating income	3,331	1,133	6,411	2,204
Other income (expense):				
Interest expense	(4115)	(2,319)	(7,788)	(4,770)
Interest income	22	1	33	5
Gains on sales to noncontrolling interest holders, net	17	—	352	—
Gains (losses) on derivative instruments	(239)	512	(391)	549
Total other expenses	(4,315)	(1,806)	(7,794)	(4,216)
Net loss	(984)	(673)	(1,383)	(2,012)
Net (income)loss attributable to noncontrolling interests	(8)	—	4	—
Net loss attributable to American Realty Capital Trust, Inc.	\$			