



## Full-Cycle Events Post December 31, 2012

### **American Realty Capital Trust III, Inc.**

American Realty Capital Trust III (ARCT III), Inc. was formed in 2010 to acquire a diversified portfolio of commercial properties, comprised primarily of freestanding single-tenant properties that are net leased to investment grade and other credit worthy tenants. On December 14, 2012, the Company entered into an Agreement and Plan of Merger with American Realty Capital Properties, Inc. (ARCP) subject to stockholder approval. Stockholders approved the merger at a special meeting and the merger was completed on February 28, 2013.

ARCP is a publicly traded corporation listed on the NASDAQ. With the merger, shareholders in ARCT III had the right to receive either (i) 0.95 of a share of common stock of ARCP or (ii) \$12.00 in cash, with a limitation that no more than 30% of the shares of ARCT III's common stock were redeemed in cash. ARCP shares closed at \$13.09 on February 28, 2013, making the 0.95 per ARCT III share worth \$12.44. As of the date of this release (April 17, 2013) the closing price of ARCP was \$16.23 or \$15.49 per pre-merger share of ARCT III.

This is AR Capital's second nontraded REIT full-cycle event in the last twelve months following the listing of American Realty Capital Trust, Inc. on March 1, 2012.

### **Key Highlights**

- Fundraising time: 16 months
- Closed period: 5 months
- Total: 21 months (previous shortest period for a nontraded REIT to go full-cycle was 42 months by Apple Suites in 2003)
- Upon closing of the transaction, ARCP became one of the largest publicly traded REITs in the net lease sector, with over \$3 billion enterprise value.

### **Other Actions**

- ARCP's annual dividend rate increased by \$0.005 per share from \$0.895 to \$0.900 per annum, paid monthly.
- The companies agreed to reduce asset management fees paid from 50 bps to 40 bps on investment assets that exceed \$3 billion and eliminate acquisition fees and financing fees payable by ARCP.

- The companies agreed not to pay an internalization fee.
- The companies agreed to waive any disposition fees payable to the Advisor by the company which could total \$48 million.
- ARC and its affiliates will be entitled to subordinated distributions of net sales proceeds estimated at \$59.0 million. These subordinated distributions will be in the form of Company OP Units converted into ARCP OP Units and subject to a one-year holding period before being exchangeable for ARCP common stock.
- On December 14, 2012, the Board suspended the distribution reinvestment plan effective for distributions payable in January, 2013.
- The Company's share repurchase program was maintained.

### **About American Realty Capital Properties, Inc.**

- Formed in December, 2010, and completed initial public offering on September 7, 2011, listing on NASDAQ.
- Created as a net lease REIT that focused on purchasing freestanding, single tenant properties fully occupied by high credit quality corporate tenants with a primary remaining lease term of under 10 years as of the acquisition.
- Total assets pre-merger were \$256 million (as of December 31, 2012).

### **Post-Merger Portfolio**

- 692 single tenant, 100% occupied freestanding commercial properties, net-leased to 49 primarily investment grade rated tenants (79%), totaling approximately 16.4 million square feet in 44 states and Puerto Rico, with an average remaining lease term of 11.5 years.
- Enterprise value \$3.1 billion.