



Full-Cycle Event Details: American Realty Capital Trust IV, Inc.

The company was incorporated February 14, 2012, to primarily acquire a diversified portfolio of commercial properties, comprised mainly of free-standing single-tenant properties that are net leased to investment grade and other credit-worthy tenants. The REIT purchased its first property and commenced active operations in September, 2012.

American Realty Capital Trust IV, Inc. (ARCT IV) commenced its initial public offering (IPO) of 60.0 million shares of common stock at a price of \$25.00 per share on June 8, 2012. As of March 26, 2013, the Company had issued the entire 60.0 million shares of common stock registered in connection with its IPO, and closed its IPO on April 15, 2013, having achieved its target equity raise of \$1.7 billion. As of November 15, 2013, ARCT IV had 71,106,749 shares of common stock outstanding, including unvested restricted shares and shares issued pursuant to ARCT IV's distribution reinvestment plan.

On July 1, 2013, the REIT entered into an Agreement and Plan of Merger with American Realty Capital Properties (ARCP). Pursuant to the terms of the Merger Agreement, the common stock of the company will be exchanged for (i) \$9.00 to be paid in cash plus (ii) 0.5190 shares of ARCP's common stock, and (iii) 0.5937 shares of a series of ARCP preferred stock designated Series F Cumulative Redeemable Preferred Stock, with a liquidation preference of \$25.00 per share. ARCP closed at \$12.87 per share on January 2, for a fixed nominal consideration of \$30.52.

On January 3, 2014, the merger was completed with a wholly owned subsidiary of ARCP. The special meeting of shareholders voted to approve the merger with 47.119 million shares voting for and 0.183 million against, with 0.319 million abstaining.

Under the merger agreement, in connection with management's successful attainment of the 6% performance hurdle and the return to the Company's stockholders of approximately \$358.3 million in addition to their initial investment (determined based on the value of the merger consideration per share of the Company common stock), ARCT IV Special Limited Partner would receive distributions in an amount of approximately \$63.2 million.

Key Highlights

- Fundraising time – 10 months
- Closed period – 9 months
- Total – 19 months
- The REIT paid monthly distributions at the annualized rate of 6.60% beginning in 4Q 2012.
- The total real estate investments, at cost, as of September 30, 2013 were \$2.145 billion.

Pre-Merger Portfolio

- As of September 30, 2013, ARCT IV owned 1,203 properties comprised of 9.2 million square feet, which were 100% leased with a weighted average remaining lease term of 11.5 years.
- The properties were leased to 276 different retail and commercial enterprises in 25 separate industries.
- The properties were located in 46 states and the District of Columbia, with the largest percentage of lease revenues in Florida (15.0%), Texas (10.4%), Ohio (7.0%) and Indiana (6.7%).

Other Actions

- ARCP increased its annualized dividend from \$0.94 per share to \$1.00 per share effective with closing of its merger with Cole Real Estate Investments on February 7, 2014.

About American Realty Capital

- AR Capital currently sponsors five public non-traded REIT offerings that became effective in the last 18 months.
- ARCT IV and ARCP each were sponsored directly by AR Capital.
- AR Capital currently advises eleven nontraded REITs and a BDC, Business Development Corporation of America.
- The REIT's officers and the officers of the Advisor are part of the senior management or are key personnel of the other American Realty Capital-sponsored REITs and their advisors. None of the American Realty Capital-sponsored REITs are more than five years old.
- AR Capital has completed four other full-cycle events for nontraded REITs since 2012.
 - American Realty Capital Trust, Inc. (3/1/2012)
 - American Realty Capital Trust III, Inc. (2/28/13)
 - American Realty Capital New York Recovery REIT (4/15/14)
 - American Realty Capital Healthcare Trust (4/7/2014)