American Realty Capital Trust, Inc.
Form S-11
February 15, 2012

As filed with the Securities and Exchange Commission on February 15, 2012

Registration No. 333-

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

FORM S-11

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

AMERICAN REALTY CAPITAL TRUST, INC.

(Exact Name of Registrant as Specified in Its Governing Instruments)

106 York Road
Jenkintown, Pennsylvania 19046
(215) 887-2189

(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant s Principal Executive Offices)

Nicholas S. Schorsch
Chairman of the Board
AMERICAN REALTY CAPITAL TRUST, INC.
106 York Road
Jenkintown, Pennsylvania 19046
(215) 887-2189

(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

With a Copy to:

Peter M. Fass, Esq.
Steven L. Lichtenfeld, Esq.
Proskauer Rose LLP
Eleven Times Square
New York, New York 10036-8299
Tel: (212) 969-3000
Fax: (212) 969-2900

Alan I. Annex, Esq.
Greenberg Traurig, LLP
200 Park Avenue
New York, New York 10166
Tel: (212) 801-9200
Fax: (212) 805-9293

Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after the effective date of this Registration Statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Securities to Be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, $0.01 par value per share	$ 87,285,000	$ 10,003

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated February 15, 2012

PROSPECTUS

6,600,000 Shares

American Realty Capital Trust, Inc.

Common Stock

American Realty Capital Trust, Inc. is a leading self-administered real estate company that owns and acquires single tenant free standing commercial real estate properties that are primarily net leased on a long-term basis to investment grade credit rated and other creditworthy tenants. As of January 31, 2012, our property portfolio, which was 100% occupied, consisted of 485 single tenant, free standing properties, located in 43 states and Puerto Rico, with over 15.6 million leasable square feet leased to 61 different commercial enterprises doing business in 20 different industries.

We are offering 6,600,000 shares of our common stock and expect the public offering price to be $ per share. We have applied to list our common stock on The NASDAQ Global Select Market, or NASDAQ, under the symbol ARCT. Between 2008 and 2011, we raised equity capital primarily through a continuous public offering of our common stock for aggregate gross proceeds of approximately $1.8 billion, including shares issued pursuant to our Distribution Reinvestment Plan. As of January 31, 2012, there were 178.2 million shares of our common stock outstanding owned by approximately 40,000 stockholders. Currently, no public market exists for our shares and therefore this will be our first public offering of securities listed on a national stock exchange.

We are a Maryland corporation and have elected to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2008. Our charter contains a restriction on ownership of our common stock that prevents any person or entity from owning directly or indirectly more than 9.8% in value of the aggregate of our outstanding shares of stock and not more than 9.8% (in value or in number of shares, whichever is more restrictive) of any class or series of our shares of stock, subject to certain possible exceptions. These restrictions, as well as other share ownership and transfer restrictions contained in our charter, are designed, among other purposes, to enable us to comply with share accumulation and other restrictions imposed on REITs by the Internal Revenue Code of 1986, as amended, or the Code.

Investing in our common stock involves risks. Before buying any shares, you should carefully consider the risk factors described in Risk Factors beginning on page 23.

	Per Share*	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

We estimate that total expenses of this offering, excluding the underwriting discount, will be approximately $.

The underwriters may also purchase up to an additional 990,000 shares of common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common stock on or about , 2012.

LADENBURG THALMANN & CO. INC.

The date of this prospectus is , 2012

* We are not currently listed on any exchange. We have assumed that the shares of common stock to be sold in this offering will be sold at a public offering price of $11.50 per share, which we have estimated based on our anticipated operating performance, trading levels of comparable companies and a dividend discount analysis. The actual offering price will be dependent on a number of factors, including the market price of shares of common stock at the time of the offering, and may be higher or lower than this assumed price.

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You should rely on the information contained in this prospectus. Neither we nor the underwriters have authorized anyone to provide you with different information. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

We use market data and industry forecasts and projections throughout this prospectus, including market and industry data from publicly available industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on industry surveys and the preparers experience in the industry, and there is no assurance that any of the projected amounts will be achieved. We believe that the surveys and market research others have performed are reliable, but we have not independently verified this information.

The term fully-diluted basis when used in reference to our shares of common stock means all outstanding shares of common stock at such time plus all outstanding shares of restricted stock, phantom shares, shares of common stock issuable upon the exercise of outstanding options that have vested and shares of common stock exchangeable, at our discretion, for common units of limited partnership interest in our operating partnership, or OP units, on a one-for-one basis, which is not the same as the meaning of fully-diluted under generally accepted accounting principles, or GAAP. In addition, pro forma or on a pro forma basis means that the information presented gives effect to this offering, as well as our internalization transaction and our tender offer (each as described herein under Selected Consolidated Financial and Pro Forma Data), in each case as if such transactions had occurred on January 1, 2011. For pro forma purposes, we have assumed that we will acquire pursuant to the tender offer $200.0 million of shares of our common stock at a price per share of $10.75, which we believe is the probable result of our tender offer.

We use certain defined terms throughout this prospectus that have the following meanings:

We use the term net lease throughout this prospectus. Under a net lease, the tenant occupying the leased property (usually as a single tenant) does so in much the same manner as if the tenant were the owner of the property. There are various forms of net leases, most typically classified as triple net or double net. Triple net leases typically require the tenant to pay all costs associated with a property, including real estate taxes, insurance, utilities and routine maintenance in addition to the base rent. Double net leases typically require the tenant to pay all the costs as triple net leases, but hold the landlord responsible for capital expenditures, including the repair or replacement of specific structural and/or bearing components of a property, such as the roof or structure of the building. Accordingly, the owner receives the rent net of these expenses, rendering the cash flow associated with the lease predictable for the term of the lease. Under a net lease, the tenant generally agrees to lease the property for a significant term and agrees that it will have either no ability or only limited ability to terminate the lease or abate rent prior to the expiration of the term of the lease as a result of real estate driven events such as casualty, condemnation or failure by the landlord to fulfill its obligations under the lease. Substantially all the leases of our properties are net leases.
We use the term modified gross lease throughout this prospectus. Under a modified gross lease, the commercial enterprises occupying the leased property pay base rent plus a proportional share of some of the other costs associated with the property, such as property taxes, utilities, insurance and maintenance. Some (but not a material portion) of

our properties are subject to modified gross leases.

We use the term credit tenant throughout this prospectus. When we refer to a credit tenant, we mean a tenant that has entered into a lease and that we determine is creditworthy and may include tenants with an investment grade or below investment grade credit rating, as determined by major credit rating agencies, or unrated tenants. To the extent we determine that a tenant is a credit tenant even though it does not have an investment grade credit rating, we do so based on our reasonable determination that a tenant should have the financial wherewithal to honor its obligations under its lease with us. This reasonable determination is based on our substantial experience closing net lease transactions and is made after evaluating all tenants due diligence materials that are made available to us, including financial statements and operating data.

We use the term average annual rent throughout this prospectus. When we refer to average annual rent, we mean the rental income under our leases reflecting straight-line rent adjustments associated with contractual rent increases in the leases as required by GAAP, as further adjusted to reflect the effect of (i) tenant concessions and abatements such as free rent, as applicable, (ii) in respect of our modified gross leased properties, the effect of operating expense reimbursement revenue less property operating expenses, as applicable, and (iii) with respect to our properties that are subject to ground leases, the effect of ground lease payments.

We use the following terms throughout this prospectus:

our former advisor, which refers to American Realty Capital Advisors, LLC, a Delaware limited liability company;

our property manager, which refers to American Realty Capital Properties, LLC, a Delaware limited liability company; and

ARC, which refers to AR Capital, LLC, a Delaware limited liability company (formerly known as American Realty Capital II, LLC).

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any document that we file at the public reference facilities of the SEC at 100 F Street, N.E., Washington, D.C. 25049. Please call the SEC at (800) SEC-0330 for further information about the public reference facilities. These documents also may be accessed through the SEC s electronic data gathering, analysis and retrieval system, or EDGAR, via electronic means, including the SEC s home page on the Internet (*www.sec.gov*).

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company, including under the caption Risk Factors, and our historical and pro forma consolidated financial statements and related notes appearing elsewhere in this prospectus for a more complete understanding of this offering before deciding to invest in our common stock. Except where the context suggests otherwise, the terms we, us, our and our company refer to American Realty Capital Trust, Inc., together with its subsidiaries, including American Realty Capital Operating Partnership L.P., which we refer to as our operating partnership. Unless otherwise indicated, the information in this prospectus assumes and reflects: (i) the completion of our internalization of our management and the termination of our advisory agreement with our former advisor and the purchase by us for nominal consideration of our property manager, each on the terms described in this prospectus, which we refer to as our Internalization, (ii) the purchase by us of approximately 18.6 million shares of our common stock at a price of $10.75 per share (representing an aggregate purchase price of $200.0 million), which is the mid-point of the range of prices set forth in the tender offer with the final purchase price being determined through a modified Dutch auction process, which we refer to as our Tender Offer , (iii) the amendment and restatement of the agreement of limited partnership of our operating partnership, (iv) the amendment and restatement of our bylaws, (v) the common stock to be sold in this offering is sold at $ per share, (vi) no exercise by the underwriters of their option to purchase up to an additional 990,000 shares of our common stock solely to cover over-allotments, if any, and (vii) all property information is as of January 31, 2012.

Our Company

Overview

We are a leading self-administered real estate company that invests in single tenant free standing retail, distribution warehouse and office properties that are primarily net leased to investment grade rated and other credit tenants. As of January 31, 2012, 71.1% of our average annual rent is derived from tenants that have an investment grade credit rating as determined by a major credit agency, and 100.0% of our average annual rent is derived from tenants who we believe are credit tenants, including FedEx Corporation, or FedEx, Walgreen Co., or Walgreens, CVS Caremark Corporation, or CVS, and the General Service Administration, or GSA. Our portfolio is diversified by tenant, property type and geography, and our properties are generally subject to long-term leases that have an average duration to expiration of 13.5 years. The majority of our leases have tenant extension options. Our targeted retail properties are well-located on the corner of Main Street and Main Street, USA, and our office and distribution warehouse properties are typically situated along high traffic transit corridors at locations carefully selected by our tenants to support operationally essential activities. As of January 31, 2012, our portfolio is 100% occupied and consists of 485 properties located in 43 states and Puerto Rico, with over 15.6 million square feet, leased to 61 different commercial enterprises doing business in 20 separate industries.

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The following is a summary of our portfolio diversity based on geography, property type and tenant credit quality (all percentages based on average annual rent):

Property Geographic Distribution **Property Type Distribution**

Tenant Credit Quality Distribution

We expect to maintain our current balance of properties by type and tenant credit quality and to continue to diversify our portfolio geographically.

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We have virtually no lease expirations over the next six years, with only 0.9% of our average annual rent expiring through December 31, 2017, and well-staggered lease maturities thereafter. Our average remaining lease term is 13.5 years as of January 31, 2012. We believe our high-quality properties and long-term leases to credit tenants result in strong predictability of cash flows. The following is a summary of our lease expirations over the next ten years as of January 31, 2012:

Our properties generally have been recently constructed or renovated and have a weighted average age, as of January 31, 2012, of 5.3 years. We believe that the low average age and modern amenities of our properties make them attractive to tenants, and result in higher current rents, lower vacancies and a higher number of alternative uses.

Our executive management team and our Chairman of the Board possess substantial expertise in all aspects of net leased property acquisition, leasing, management and finance. Nicholas S. Schorsch, one of our company s co-founders and our Chairman of the Board, and William M. Kahane, one of our company s co-founders and our President and Chief Executive Officer, have been actively involved, since the formation of our company and through January 31, 2012, in the acquisition of all our 485 net leased properties, with more than 61 credit tenants. Messrs. Schorsch and Kahane also have substantial public REIT operating experience, Mr. Schorsch as the former Chief Executive Officer and Vice Chairman of American Financial Realty Trust, Inc., or AFRT, a

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New York Stock Exchange, or NYSE, listed REIT, and the current Chairman and Chief Executive Officer of American Realty Capital Properties, Inc., or ARCP, a NASDAQ Stock Market listed REIT, and Mr. Kahane as a former trustee of AFRT, the former Non-Executive Chairman of the Board of Catellus Development Corp., or Catellus, a NYSE-listed growth-oriented real estate development company, and President and Chief Operating Officer of ARCP (a position he will resign concurrently with the consummation of the offering). As of the closing of this offering, we expect to employ approximately ten individuals, including accounting, reporting, asset and property management, human resources, investor relations and capital markets and acquisitions professionals.

Our principal executive office is located at 106 York Road, Jenkintown, PA 19046; our telephone number is (215) 887-2189. Our website address is *www.arctreit.com*. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the SEC.

Our Competitive Strengths

High-Quality Net Leased Property Portfolio. Our 485-property portfolio consists of high-quality free standing single tenant properties that are geographically diversified in strategic locations in well-defined target markets, with properties located in 43 states and Puerto Rico. We have a diverse tenant roster made up of 61 different national and regional commercial enterprises doing business in 20 separate industries. We believe our tenant credit quality is among the strongest in the public net lease REIT industry, and our leases have an average remaining life of 13.5 years. We have minimal scheduled lease expirations over the next six years, with only 0.9% of our average annual rent expiring through December 31, 2017. As of January 31, 2012, 71.1% of average annual rent is generated from tenants with an investment grade rating (92.0% of average annual rent is from rated tenants), as determined by major credit rating agencies. Our properties have been constructed relatively recently, with an average age of 5.3 years. As of January 31, 2012, our properties had a 100.0% occupancy rate and we have not had any vacancies in our properties since their purchase by us. We believe that the low average age and recent design of our properties make them attractive to tenants and result in higher current rents, lower vacancies and a higher number of alternative uses.

Growth Oriented Capital Structure. Our capital structure provides us with significant financial capacity to fund future growth. As of December 31, 2011, our pro forma debt to total market capitalization ratio would have been 42.5%, assuming a price per share of $. On a pro forma basis, as of December 31, 2011, and giving effect to the use of proceeds as set forth under Use of Proceeds, we anticipate we will have $89.8 million available under our $230.0 million revolving credit facility with RBS Citizens, N.A., or RBS Citizens, assuming a price of $ per share in this offering and assuming our lenders increase their aggregate commitments to $230.0 million as we expect. As of the consummation of this offering, 232 of our properties will be unencumbered.

Proven Acquisition Capabilities. We believe one of our competitive strengths is our ability to source and close on a larger number of smaller, off-market acquisitions than our competitors. Our acquisition capabilities are driven by our extensive network of industry relationships within the corporate, brokerage, development and investor community. The majority of the acquisitions we completed, based on total purchase price, have been sourced in transactions where there has been no formal sales process. A significant portion of our acquisitions has been from sellers with whom we have had repeat business and transaction activities. Our strong relationship with the tenant and leasing brokerage communities aids in attracting and retaining tenants. Additionally, we believe that Mr. Schorsch s prior and current experience with two exchange-traded REITs, AFRT and ARCP, and Mr. Kahane s prior and current experience with three exchange-traded REITs, AFRT, Catellus and ARCP, as well as being the founders and senior executive officers of our former advisor and of ARC, a sponsor of non-traded REITs,

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allows them to enjoy long-standing relationships with both public and private owners of net leased properties, corporate tenants, brokers and other key industry participants that provide a level of transaction flow not otherwise available to the general investment community.

Experienced and Committed Team. Nicholas S. Schorsch, our Chairman of the Board, and William M. Kahane, our President and Chief Executive Officer, collectively have over 70 years commercial real estate experience and collectively have over 20 years experience focused on the net-lease real estate sector. Additionally, each of our Chairman of the Board and Chief Executive Officer has significant public company operating experience, with each having held and currently holding senior positions at publicly traded REITs. Upon completion of this offering, our officers and directors and their affiliates are expected to collectively own less than 1.0% of the equity interest in our company on a fully-diluted basis and our Chairman of the Board and our Chief Executive Officer will receive only performance-based compensation from us, which aligns executive management s interests with those of our stockholders.

Business and Growth Strategies

Our principal business objectives are to generate dependable monthly cash distributions from a consistent and predictable level of funds from operations, or FFO, per share and to grow cash available for distributions through accretive acquisitions and have embedded rental rate growth leases that provide for increasing cash rents over time. We expect to accomplish these objectives by continuing to assemble a high-quality well located portfolio of net leased properties diversified by tenant, industry, geography and lease duration. We intend to pursue a fully-integrated acquisition and investment approach that will allow us to maximize cash flow and achieve sustainable long-term growth in FFO, thereby maximizing total return to our stockholders.

Based on our portfolio s current lease expiration schedule and the profile of our target assets, we expect that we will not have any significant lease expirations until 2018. We believe the anticipated stability of our cash flows during the next six years differentiates our portfolio from other publicly traded REITs that invest in net lease properties which have substantial annual lease expirations that require management time and focus. As such, we intend to focus our efforts during this period on expanding our business and enhancing our diversified portfolio of high-quality properties with credit tenants.

Investing in Properties Occupied by High-Quality Tenants. Our portfolio of properties consists of free standing, single tenant net leased properties where 100% of the underlying tenants are of high credit quality (as determined by us consistent with our definition of credit tenant, or based on credit ratings as determined by major credit rating agencies), and it is our intention to continue to invest in properties leased to high credit quality tenants. We believe that investing in properties leased to credit tenants provides us with a stable and reliable source of cash flow from our properties.

Acquiring Critical-Use Net Leased Properties. We intend to acquire and own additional commercial properties subject to net leases to credit tenants, with a substantial focus on acquiring properties that are of critical use to the tenants occupying such properties or that have multiple clear alternative uses. Critical use means that, based on a property s location and physical characteristics, it is positioned to be fundamentally important to its tenant s business. We will be focused on acquiring net leased properties at or below replacement cost and in geographies where the market fundamentals will give us the flexibility to renew or extend the lease with the existing tenant or reposition the property for alternative uses. We intend to continue to acquire retail, distribution warehouse and office properties and, over time, will seek to have rents from our retail properties constitute at least 60% of our average annual rent.

Focus on Capital Preservation. Our management team focuses on protecting and preserving capital by performing a comprehensive risk-reward analysis on each

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investment, with a rigorous focus on relative values and replacement cost among the target assets that are available in the market. Our investment strategy employs appropriate leverage to enhance equity returns while avoiding unwarranted levels of debt, interest rate risk or re-financing exposure. Prior to effecting any acquisitions, we analyze (1) the property s design, construction quality, efficiency, functionality and location with respect to the immediate sub-market, city and region; (2) lease integrity with respect to the term, rental rate increases, corporate guarantees and property maintenance provisions, if any; (3) present and anticipated conditions in the local real estate market; and (4) prospects for selling or re-leasing the property on favorable terms in the event of a vacancy. We also evaluate each potential tenant s financial strength, growth prospects, competitive position within its respective industry, business model, and a property s strategic location and function within a tenant s operations or distribution systems. We believe that our comprehensive underwriting process is critical to the assessment of long-term profitability of any investment by us.

Maximize Cash Flow Through Internal Growth. We seek investments that provide for attractive returns initially and increasing returns over the remaining lease term with fixed rent escalations, Consumer Price Index, or CPI, based escalations and/or percentage rent features that allow participation in the financial performance of the property. We have typically structured our property acquisitions to achieve a positive spread between our cost of capital and the rental amounts paid by our tenants. We also have embedded rental rate growth in our existing leases. During such lease term and any renewal periods, our leases typically provide for periodic increases in rent and/or percentage rent based upon a percentage of the tenant s prior sales over a predetermined level. As of January 31, 2012, 74.4% of our leases relating to our properties provided for fixed periodic increases in rent, which increases averaged 1.26% per annum on a weighted average basis, excluding potential increases for leases with increases based on CPI. Additionally, we believe there is embedded potential for growth in our properties.

Financing Strategy

We intend to finance future acquisitions with the most advantageous source of capital available to us at the time of each transaction, which may include a combination of public and private offerings of our equity and debt securities, secured and unsecured corporate-level debt, property-level debt and mortgage financing and other public, private or bank debt. In addition, we may acquire properties in exchange for the issuance of common stock or OP units.

As of December 31, 2011, our outstanding secured debt was approximately 31.7% of the book value of our portfolio. We expect to maintain a prudent capital structure by generally targeting our debt to gross undepreciated asset value at 45.0% or below and our debt-to-EBITDA (earnings before interest, taxes, depreciation and amortization) ratio at 6.0x or below. In addition to these targets, our revolving credit facility includes covenants that restrict our level of indebtedness, and which may be more restrictive than these targets. See Business and Properties Revolving Credit Facility. On a pro forma basis, we will have a remaining borrowing capacity of $89.8 million under our $230.0 million revolving credit facility, which will be available to us, upon notice, provided that no default exists, we satisfy certain collateral requirements and other financial ratio requirements and assuming our lenders increase their aggregate commitments to $230.0 million as we expect. See Business and Properties Revolving Credit Facility below. We expect that we will incur additional corporate-level debt and property level debt in the future.

We began the process to garner a corporate credit rating and received our first rating from a major rating agency in late-2010. By early-2011, we secured a second corporate credit rating from another major rating agency. We intend to focus on improving our balance sheet and performance metrics in keeping with the rating agencies methodologies. We intend to maintain leverage, coverage and other levels consistent with our existing ratings and to seek to have our ratings increased when appropriate.

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Background

We were founded in 2007 by ARC as an externally-advised REIT to focus on the acquisition and operation of free standing, single tenant commercial properties net leased to investment grade and other credit tenants located throughout the United States and Puerto Rico. Our day-to-day business and operations were managed by our former advisor, and our properties were managed by our property manager, both of which are affiliates of ARC, under the supervision of our Board of Directors. Upon the listing of our common stock on NASDAQ, which we anticipate will occur on or about March 1, 2012, the advisory agreement with our former advisor will be terminated subject to a 60-day notice period (subject to our right to extend this agreement for three consecutive one month periods) and we will purchase our property manager from ARC for $10.00 and our property manager will agree to waive any fees payable by us under the property management agreement to which we are a party. As a result of our Internalization, we will become a self-administered and self-advised REIT.

Between 2008 and 2011, we raised equity capital to finance our real estate investment activities primarily through a continuous public offering of our common stock for aggregate gross proceeds of approximately $1.8 billion, including shares issued pursuant to our Distribution Reinvestment Plan. Accordingly, we have been filing periodic reports with, and have been subject to the rules and regulations of, the SEC since January 25, 2008. As part of our Internalization, we have applied to list our common stock on NASDAQ, which we expect to occur on or about March 1, 2012. As of January 31, 2012, there were 178.2 million shares of our common stock outstanding which were owned by approximately 40,000 stockholders.

Summary Risk Factors

An investment in our common stock involves various risks, and prospective investors should carefully consider the matters discussed in the section Risk Factors beginning on page 23 prior to deciding whether to invest in our common stock. These risks include, but are not limited to, the following:

Our investments in real estate assets are concentrated in the commercial real estate sector, and our business could be adversely affected by an economic downturn in that sector.

Our growth will partially depend upon our ability to successfully acquire future properties, and we may be unable to enter into and consummate property acquisitions on advantageous terms or our property acquisitions may not perform as we expect.

We depend on key personnel, including William M. Kahane and Brian D. Jones, and the loss of services from key members of the management group or a limitation in their availability could adversely affect us.

Unless both Messrs. Schorsch and Kahane remain as members of our Board of Directors, we will be in default under our revolving credit facility.

Several of our employment and director relationships could result in various conflicts of interest and decisions that are not in the best interests of our stockholders. William M. Kahane, our President and Chief Executive Officer, and Nicholas S. Schorsch, our Chairman of the Board, each owns substantial equity interests in ARC and its affiliates, certain of which are companies that sponsor and/or advise other REITs and are entitled to receive fees and distributions in connection with such management, including asset management fees, acquisition fees, financing fees, disposition fees and incentive fees and distributions upon the sale or listing of such REITs. Additionally, Mr. Schorsch is the Chief Executive Officer and Chairman of the Board of eight other REITs, three of which invest in single tenant, free standing commercial real estate as we do. In addition, we expect Mr. Schorsch and ARC to form other REITs that will also invest in our target properties.

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Our acquisition activities are largely dependent on external capital, and our operating results and financial condition could be adversely affected if we do not continue to have access to capital on favorable terms.

Our advisory agreement with our former advisor, which requires our former advisor to provide to us certain services including asset management, advisory services, accounting, property management, investor relations, legal, operations and other essential services, has been terminated and will expire 60 days following the closing of this offering (subject to our right to extend this agreement for three consecutive one month periods), and to the extent our employees and our infrastructure are inadequate to effectively provide any such services to us, our operations and the market price of our common stock would be adversely affected.

We rely on two major tenants, FedEx and Walgreens, for approximately 27% of our average annual rent and, therefore, are subject to tenant concentration that makes us more susceptible to adverse events with respect to these tenants.

Our net income per share and FFO per share in the near term may decrease as a result of our Internalization due to increased expenses related to being self-advised, including expenses for compensation and benefits of our officers and other employees, which previously were paid by our former advisor, and the continuation of asset based compensation (all of which will be prepaid upon consummation of this offering) to our former advisor at the same rate it was paid prior to our Internalization through at least 60 days after the completion of this offering.

In connection with the listing of our common stock on NASDAQ, ARC or its affiliate will be entitled to a subordinated incentive listing fee equal to 15% of the amount, if any, by which (a) the market value of our common stock, based on the average market value of the shares issued and outstanding at listing over the 30 trading days beginning 180 days after the shares are first listed or included for quotation plus distributions paid by us prior to listing, exceeds (b) the sum of the total amount of capital raised from stockholders during our prior continuous offering and the amount of cash flow necessary to generate a 6.0% annual cumulative, non-compounded return to such stockholders. To the extent such fee is earned we will become increasingly leveraged by the principal amount of the note issued in respect of the payment of such fee (which fee would equal approximately $45.1 million if the market value of our common stock for this purpose is $ per share, and which fee would increase by approximately $6.7 million in respect of each $0.25 increase in the value of each share of common stock above such $ amount). In the event the subordinated incentive listing fee is earned, at maturity and at the option of the holder, such note can be converted into shares of our common stock, the number of which will be based on the valuation described above which, if such conversion occurs, may decrease our net income per share and FFO per share at such time by increasing the total number of shares outstanding.

We are structured as an umbrella partnership REIT, or UPREIT, which means that we own our properties through our operating partnership and its subsidiaries. Our UPREIT structure may result in potential conflicts of interest. Upon the consummation of this offering, we will own 99.99% of the OP units in our operating partnership, and circumstances may arise in the future when the interests of the other limited partners in our operating partnership may conflict with the interests of our stockholders.

We are dependent on tenants for our revenues, and defaults by our tenants, as a result of bankruptcy, insolvency or otherwise, could cause us to reduce the amount of distributions to stockholders. In addition, our ability to renew leases or re-lease space on favorable terms as leases expire significantly affects our business. Furthermore, a property that incurs a vacancy could be difficult to sell or re-lease.

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Each of our properties is leased to a single tenant and, therefore, the financial failure of, or default by, one of these tenants under their leases is likely to cause a complete reduction in the cash flows of the properties subject to those leases.
We may have increased exposure to liabilities from litigation as a result of our operating partnership s participation in investment programs structured to reinvest proceeds for a real estate sale and qualify for like-kind exchange treatment under Code Section 1031.
We are subject to risks associated with co-tenancy arrangements that are not otherwise present in a real estate investment and these risks could reduce the value of our co-tenancy investments and your overall return.
Uninsured losses, including losses from floods, earthquakes, acts of war, acts of terrorism or riots, relating to real property may adversely affect your returns. Similarly, contingent or unknown liabilities with respect to our properties, including environmentally hazardous conditions, could adversely affect our financial condition.
Our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur, which could cause our operating results and financial condition to be adversely affected if we are unable to make required principal and interest payments on our outstanding indebtedness, comply with the other covenants with respect to our indebtedness or refinance our indebtedness at maturity on favorable terms or at all.
Our charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.
We may change our investment and financing strategies and enter into new lines of business without stockholder consent, which may result in our making investments and engaging in business activities that are different from, and possibly riskier than, the investments and businesses described in this prospectus.
As of January 31, 2012, we had 178.2 million shares of common stock issued and outstanding, all of which are freely tradable and substantially all of which are not subject to any volume limitations on trading under the federal securities laws, and neither we nor any third party have any control over the timing or volume of the potential sale of these shares. Prior to the listing of our shares of common stock on NASDAQ, our shares were not listed on any national exchange, and the ability of stockholders to liquidate their investments was limited. Subsequent to our listing on NASDAQ, a large volume of sales of these shares, or the perception that such sales could occur, could decrease the prevailing market prices of our common stock and could impair our ability to raise additional capital through the sale of equity securities in the future.

Purchasers of our common stock in this offering will experience an immediate dilution in the net tangible book value of the common stock purchased in this offering because the price per share of common stock in this offering is substantially higher than the net tangible book value of each share of common stock outstanding immediately after this offering.

Our qualification as a REIT depends on our satisfaction of numerous requirements established under highly technical and complex provisions of the Code and our failure to continue to so qualify would subject us to taxation as a corporation and adversely affect our operations, our ability to make distributions and the market price of our common stock.

Market Opportunity

We believe that there is a significant opportunity to earn attractive risk-adjusted returns by investing in the net lease real estate market. Corporations and many other users of real estate utilize single tenant properties for a variety of purposes, including free standing retail stores such

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as major discount stores, drug stores, gas stations and convenience stores, casual dining and quick-service restaurants, automotive maintenance and repair, big box retail and home improvement stores, office buildings for corporate headquarters and regional operations and distribution warehouses for the storage and distribution of goods. While investments in credit tenant net lease properties are subject to the same credit risk as unsecured bond obligations (the failure of the underlying tenant or bond issuer), we believe the yields on credit tenant net lease properties generally exceed the yields on comparably rated bonds. In addition, unlike unsecured bond obligations, the value of the real estate underlying a credit tenant and lease may increase recovery in any tenant bankruptcy or default, thereby providing an overall lower risk investment.

The U.S. net lease market is comprised of a wide range of property types and tenant operations and includes virtually every geographic market in the country. We will target properties net leased to investment grade and other credit tenants, which are typically larger companies operating at multiple locations. The market overview below focuses on ten of the larger market segments (by annual sales) that we encounter when evaluating acquisition opportunities. We estimate that as of December 31, 2011 the combined total value of real estate used in these selected industries is approximately $1.2 trillion. During 2011, members of our management team underwrote on behalf of ourselves and ARC affiliated programs approximately $3.0 billion of potential net lease property acquisitions and closed on approximately $1.3 billion of those properties. Based on this sample size, we estimate that of the total real estate in the table below, approximately 20%   30% are operated or guaranteed by investment grade companies, or operators that we would consider credit tenants, which represents a total target market for us of approximately $245 billion to $367 billion. Further, we estimate that, based on the net leased acquisition opportunities that our management team was exposed to in 2011, the typical initial lease duration for these types of properties is 15 to 25 years, with an average initial lease duration of 20 years, and that approximately 60%   70% of these properties have a remaining lease duration that matches our target remaining lease duration of 10 to 25 years. Assuming the sample size of the net leased acquisition opportunities that were made available to our management team in 2011 is representative of the entire market, we believe that there are approximately $147 billion to $257 billion of net leased properties that have credit tenants and have remaining lease terms of 10 to 25 years that currently exist in the market. Not all of these properties will be available for purchase or suitable for us. In addition, we will evaluate acquisition opportunities in many other market segments in addition to those described below.

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Ten Largest Net Leased Property Market Segments United States Net Lease Real Estate Market (2011)

Segment	Annual Revenue ($ Million) (1)	Number of Stores (1)	Average Square Feet per Store (1)	Estimated Value Per Square Foot (2)	Estimated Real Estate Value ($ Million) (3)
Banks	$ 700,000	98,200 (4)	4,700 (5)	$ 556	$ 256,620
Warehouse Clubs and Superstores	360,000	4,000	150,000	236	141,600
Convenience Stores	350,000	120,000	2,500	600	180,000
Drugstores	220,000	20,000	12,000	349	83,760
Automobile Parts Wholesale-Retail	200,000	35,000	7,000	284	69,580
Fast Food and Quick Service Restaurants	155,000	200,000	3,000	602	361,200
Home Improvement	150,000	23,000	9,000	64	13,248
Discount Stores	130,000	5,000	100,000	99	49,500
Gas Stations	115,000	22,000	2,500	542	29,810
Dollar Stores	50,000	33,000	8,000	140	36,960
Total					$ 1,222,278

	Range ($) Million	
Investment Grade/Credit Portion of Estimated Real Estate Value	20% or $244,456	30% or $366,683
Long-term (10 years or more) Lease Portion of Estimated Real Estate Value	60% or $733,367	70% or $855,595
Estimated Target Market (6)	12% or $146,673	21% or $256,678

(1) Source: First Research Company Data (except as set forth in footnotes 4 and 5 below).

(2) Represents our estimate of value per square foot based on its historical experience in valuing these types of assets.

(3) Represents, with respect to each segment, our estimate of the product of (i) the number of stores times (ii) the average square feet per store times (iii) the estimated price per square foot.

(4) Source: Federal Deposit Insurance Corporation.

(5) Represents our estimate based on our historical experience in investing in these types of assets.

(6) Represents our estimate of the real estate value of properties meeting our investment criteria with respect to property and tenant type, tenant credit and remaining lease duration.

Our principal business objectives are to generate dependable monthly cash distributions from a consistent and predictable level of FFO per share and to grow cash available for distributions through accretive acquisitions and have embedded rental rate growth leases that provide for increasing cash rents over time. We believe that the acquisition of properties that are subject to remaining lease durations of between 10 and 25 years, on average, will give us the best opportunity to meet our objectives by achieving stable recurring income. We expect to achieve these objectives by acquiring additional net leased properties that are leased to credit tenants, with an emphasis on properties that are net leased to tenants that have investment grade credit ratings, as determined by major credit rating agencies, and provide for fixed rent escalations and/or percentage rent features that allow participation in the financial performance of the property. We have observed that the acquisition opportunities available in the net lease market are predominantly long-term leases.

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Our Properties

The following table presents an overview of our existing portfolio sorted by tenant based on information as of January 31, 2012 (dollar amounts in thousands):

Tenant	Number of Properties Occupied by Tenant	Square Feet	Square Feet as a % of Total Portfolio		Average Remaining Lease Term (1)	Industry	Average Annual Rent (2)	Average Annual Rent as a % of Total Portfolio	
FedEx	23	2,139,769	13.7	%	10.2	Freight	$28,936	16.7	%
Walgreens	42	574,108	3.7	%	20.9	Pharmacy	17,332	10.0	%
CVS	32	420,565	2.7	%	20.7	Pharmacy	11,454	6.6	%
GSA	14	418,926	2.7	%	10.8	Government Services	7,940	4.6	%
Dollar General	71	652,777	4.2	%	14.2	Discount Retail	5,997	3.5	%
Bridgestone Firestone	23	341,500	2.2	%	12.3	Auto Services	5,421	3.1	%
Express Scripts	2	416,141	2.7	%	7.4	Healthcare	4,623	2.7	%
Payless Shoe Source	1	801,651	5.1	%	13.4	Specialty Retail	4,211	2.4	%
PetSmart	1	1,000,375	6.4	%	10.5	Specialty Retail	3,672	2.1	%
PNC Bank	50	272,599	1.8	%	12.0	Retail Banking	3,560	2.1	%
IHOP	22	101,431	0.7	%	14.2	Restaurant	3,541	2.0	%
Whirlpool	2	1,450,350	9.3	%	9.5	Manufacturing	3,342	1.9	%
Reliant Healthcare Partners	1	65,141	0.4	%	18.8	Healthcare	3,322	1.9	%
3M	1	650,760	4.2	%	9.3	Consumer Products	3,294	1.9	%
Tractor Supply Co	12	232,227	1.1	%	13.1	Specialty Retail	3,221	1.9	%
First Niagara Bank	15	177,774	1.1	%	11.0	Retail Banking	3,161	1.8	%
Home Depot	2	573,565	3.7	%	17.1	Home Maintenance	2,813	1.6	%
Royal Ahold	2	116,865	0.8	%	11.2	Supermarket	2,780	1.6	%
Reckitt Benckiser	1	574,106	3.7	%	10.1	Consumer Products	2,668	1.5	%
Rockland Trust	18	121,057	0.8	%	9.6	Retail Banking	2,530	1.5	%
Texas Instruments	1	125,000	0.8	%	8.9	Technology	2,522	1.5	%
Brown Shoe Co	1	351,723	2.3	%	18.1	Specialty Retail	2,358	1.4	%
Kum & Go	16	75,318	0.5	%	16.1	Gas/Convenience	2,349	1.4	%
Bojangles	13	47,865	0.3	%	11.4	Restaurant	2,193	1.3	%
Aaron s	18	214,739	1.4	%	11.2	Specialty Retail	2,184	1.3	%
DaVita Dialysis	8	66,851	0.4	%	9.6	Healthcare	1,942	1.1	%
Citigroup	1	64,036	0.4	%	10.8	Financial Services	1,910	1.1	%
Wal-Mart	2	335,367	2.2	%	13.8	Discount Retail	1,898	1.1	%
Renal Advantage	9	74,457	0.5	%	7.2	Healthcare	1,834	1.1	%

Dialysis										
General Electric	1	484,348	3.1	%	11.5	Manufacturing	1,806	1.0	%
Lowe s	2	276,590	1.8	%	7.3	Home Maintenance	1,774	1.0	%
Jack in the Box	11	27,228	0.2	%	11.9	Restaurant	1,673	1.0	%
ConAgra Foods	1	65,000	0.4	%	18.3	Consumer Goods	1,648	1.0	%
Sealy Mattress Company	1	257,000	1.7	%	13.6	Manufacturing	1,606	0.9	%
Rite Aid	6	74,919	0.5	%	11.9	Pharmacy	1,447	0.8	%
Wrangler	1	316,800	2.0	%	11.5	Manufacturing	1,417	0.8	%
Kohl s	2	152,658	1.0	%	9.0	Discount Retail	1,208	0.7	%
Wawa	2	12,433	0.1	%	16.6	Gas/Convenience	1,205	0.7	%
Fresenius	2	140,000	0.9	%	15.4	Healthcare	1,159	0.7	%
Pep Boys	3	60,140	0.4	%	10.6	Auto Services	1,124	0.6	%
Lockheed Martin	1	102,466	0.7	%	11.6	Aerospace	1,050	0.6	%
Verizon	1	40,000	0.3	%	8.0	Telecom	1,042	0.6	%
Auto Zone	5	35,696	0.2	%	9.9	Auto Retail	960	0.6	%
Coats & Clark	1	401,512	2.6	%	14.5	Manufacturing	937	0.5	%
Advance Auto	8	52,129	0.3	%	9.0	Auto Retail	932	0.5	%
Jared Jewelers	4	25,691	0.2	%	11.7	Specialty Retail	888	0.5	%
O Reilly Auto Parts	5	41,814	0.3	%	16.1	Auto Retail	883	0.5	%
Kroger	2	120,309	0.8	%	10.5	Supermarket	877	0.5	%
Sam s Club	1	141,583	0.9	%	8.8	Discount Retail	851	0.5	%
St. Joseph s Mercy	3	46,706	0.3	%	13.7	Healthcare	766	0.4	%
Trader Joe s	1	31,920	0.2	%	11.2	Supermarket	675	0.4	%
Danfoss	1	99,823	0.6	%	12.2	Manufacturing	657	0.4	%
Chase Bank	2	8,030	0.1	%	10.0	Retail Banking	604	0.3	%
Fifth Third Bank	2	8,252	0.1	%	9.8	Retail Banking	520	0.3	%
National Tire & Battery	3	33,920	0.2	%	25.3	Auto Services	483	0.3	%
7-Eleven	2	6,014	0.0	%	16.2	Gas/Convenience	402	0.2	%
Citizens Bank	2	14,307	0.1	%	13.3	Retail Banking	347	0.2	%
BB&T	1	3,635	0.0	%	13.8	Retail Banking	298	0.2	%
QuikTrip	1	4,555	0.0	%	8.9	Gas/Convenience	291	0.2	%
Mrs Bairds	2	30,120	0.2	%	7.1	Consumer Goods	265	0.2	%
Provident Bank	1	2,950	0.0	%	8.0	Retail Banking	237	0.1	%
Total/Weighted Average	**485**	**15,575,591**	**100.0%**		**13.5**		**$173,040**	**100.0%**	

(1) Remaining lease term in years as of January 31, 2012.

(2) Average annual rent is rental income under our leases reflecting straight-line rent adjustments associated with contractual rent increases in the leases as required by GAAP, as further adjusted to reflect the effect of (i) tenant concessions and abatements such as free rent (none), (ii) in respect of our modified gross leased properties, the effect of operating expense reimbursement revenue less property operating expenses $(2.0 million), and (iii) with respect to our properties that are subject to ground leases, the effect of ground lease payments $(0.1 million).

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Significant Transactions

Advisor Internalization

Upon the listing of our common stock on NASDAQ, which we expect will occur on or about March 1, 2012, we will terminate our advisory agreement with our former advisor, subject to a 60 day notice period (subject to our right to extend this agreement for three consecutive one month periods) without the payment of any termination fee in connection with such termination. We refer to this transaction as our Internalization. In connection with our Internalization, certain employees of our former advisor or its affiliates will become our employees. As a result of these transactions, we will become a self-administered and self-advised REIT.

We also will enter into several related agreements in connection with our Internalization including:

a purchase and sale agreement, pursuant to which ARC will sell certain furniture, fixtures and equipment to us at original cost value in respect of a purchase price of $7.3 million;
a purchase and sale agreement, pursuant to which ARC will sell our property manager to a taxable REIT subsidiary, or TRS, formed by us for $10.00 and our property manager will agree to waive any fees payable by us under the property management agreement to which we are a party; and
Messrs. Kahane and Jones will enter into 3-year employment agreements with us and Mr. Kahane will resign his position as director from two REITs organized by ARC which REITs, we believe, may compete with us for acquisition opportunities.

Further, in connection with our Internalization, our Tender Offer and this offering, (i) we will terminate our Share Repurchase Program and Distribution Reinvestment Plan; and (ii) we will agree with our former advisor that our former advisor will receive only a prepayment of $3.6 million in respect of the 60 day notice period under our advisory agreement (constituting 1.00% per annum of our average unadjusted book value of our real estate assets) and not receive the following fees permitted to be paid to it under our charter: a disposition fee on the sale of a property; incentive fees (other than the subordinated incentive listing fee); acquisition fees; and termination fees.

Additionally, upon consummation of our Internalization, William M. Kahane will become our President and Chief Executive Officer, and Brian D. Jones will become our Chief Financial Officer and Treasurer. Simultaneously, Nicholas S. Schorsch will resign as our Chief Executive Officer but will remain as our Chairman of the Board, Brian S. Block will resign as our Executive Vice President and Chief Financial Officer, Peter M. Budko will resign as our Executive Vice President and Chief Investment Officer and Edward M. Weil, Jr. will resign as our Executive Vice President and Secretary. In addition, Leslie D. Michelson and Robert H. Burns, two of our three Independent Directors, will each resign from their respective positions on the Board of Directors of certain REITs organized by ARC, which we believe may compete with us for acquisition opportunities. Messrs. Michelson and Burns will be elected as directors of REITs, organized by ARC, which we believe will not compete with us for acquisition opportunities.

Certain of our directors and officers had material financial interests in our Internalization. See Certain Relationships and Related Transactions.

In connection with our Internalization, our Board of Directors will approve an amendment and restatement of our operating partnership s agreement of limited partnership that will become effective upon the closing of this offering. The purpose of this amendment is to conform our operating partnership s agreement of limited partnership more closely with the agreements of limited partnership of other companies that qualify as REITs for U.S. federal income tax purposes and whose securities are publicly traded and listed. In addition, our Board of Directors will work with its legal advisors and with employment compensation consultants, who will survey and study the market compensation ranges of our competitors, to design compensation arrangements for our

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executive officers intended to help us to attract, retain and motivate highly qualified individuals and more directly align the interests of our management with those of our stockholders.

Tender Offer

On or shortly after we list our shares of common stock on NASDAQ, we expect to commence an offer to purchase between $200.0 and $250.0 million in value of our shares of common stock from our existing stockholders. In accordance with the terms of our Tender Offer, we will select the lowest price, not greater than $11.00 nor less than $10.50 per share, that will allow us to purchase $250.0 million in value of our shares of common stock, or a lower amount depending upon the number of shares of our common stock properly tendered and not withdrawn (based on the selection from three different tender price ranges within that range). We refer to this transaction as the Tender Offer. We expect that our Tender Offer, once commenced, will expire not less than 20 business days after it is commenced (unless we determine to extend the offer). In order to comply with certain SEC regulatory requirements, the Tender Offer will expire not less than five business days prior to the date we enter into the underwriting agreement with the underwriters with respect to this offering. For pro forma purposes, we have assumed that we will acquire pursuant to the Tender Offer $200.0 million of shares of our common stock at a price per share of $10.75, which we believe is the probable result of our Tender Offer. Consummation of the Tender Offer is subject to a number of customary conditions.

The full details of the Tender Offer, including complete instructions on how to tender shares, will be included in the offer to purchase, the letter of transmittal and related materials, which will become available to stockholders promptly following commencement of the Tender Offer. Stockholders should read carefully the offer to purchase, the letter of transmittal and other related materials when they are available because they will contain important information. Stockholders may obtain free copies, when available, of the offer to purchase and other related materials that will be filed by the company with the SEC at the SEC s website at www.sec.gov. When available, stockholders also may obtain a copy of these documents, free of charge, from the company.

Share Repurchase Program and Distribution Reinvestment Plan

In contemplation of the listing of our common stock on NASDAQ and our Tender Offer, we will be giving notice to our stockholders that we will be terminating our Share Repurchase Program immediately. Through December 31, 2011, we approved the acquisition of 1.3 million shares of our common stock at a weighted average price of $9.81 per share pursuant to the Share Repurchase Program. No purchases of shares of our common stock have been approved pursuant to our Share Repurchase Program since December 31, 2011. Additionally, in contemplation of the listing of our common stock on NASDAQ and our Tender Offer, we will be giving notice to our stockholders that we will be terminating our Distribution Reinvestment Plan immediately.

Subject to applicable rules and regulations, we expect to adopt a revised Distribution Reinvestment Plan and a revised Share Repurchase Program following the completion of our Tender Offer and the listing of our common stock on NASDAQ.

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Our Corporate Structure

We were organized in August 2007 as a Maryland corporation and have continually qualified for taxation as a REIT commencing with our taxable year ended December 31, 2008. Following our Internalization, we will become a self-administered and self-advised REIT. We own our properties through our operating partnership and its subsidiaries. We are the sole general partner of our operating partnership and owned 99.99% of the outstanding OP units as of December 31, 2011.

The following chart reflects an overview of our corporate organization following completion of this offering, assuming no exercise of the over-allotment option:

(1) Includes approximately 99% representing shares of our common stock outstanding prior to this offering and held by unaffiliated stockholders.

(2) Includes minority interests held by unaffiliated third-parties in four Delaware Statutory Trusts.

Our REIT Status

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code commencing with our taxable year ended December 31, 2008. As a REIT, we generally are not subject to U.S. federal income tax on our net taxable income that we distribute currently (or are deemed to distribute) to our stockholders. To maintain our REIT qualification, we must meet a number of organizational and operational requirements, including a requirement that we distribute annually to our stockholders at least 90% of our REIT taxable income (which does not equal net income, as calculated in accordance with GAAP) determined without regard to the deduction for dividends paid and excluding net capital gain. If we fail to continue to qualify for taxation as a REIT in any year and do not qualify for certain statutory relief provisions, our income will be taxed at regular corporate rates, we will not be allowed a deduction for distributions to our stockholders in computing our taxable income and we may be precluded from qualifying for taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even though we currently qualify as a REIT, we still may be subject to state and local taxes on our income and property and will be subject to U.S. federal income tax (and perhaps U.S. federal excise tax), on our undistributed income.

Restrictions on Transfer

We and each of our executive officers and directors have agreed with the underwriters not to offer, sell or otherwise dispose of any common stock or any securities convertible into or exercisable or exchangeable for or repayable with common stock (including OP units) or any rights to acquire common stock for a period of 180 days after the date of this prospectus, without first obtaining the written consent of Ladenburg Thalmann & Co. Inc., or Ladenburg Thalmann, the representative of the underwriters. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly: offer, pledge, sell or contract to sell any common stock; sell any option or contract to purchase any common stock; purchase any option or contract to sell any common stock; grant any option, right or warrant for the sale of any common stock; lend or otherwise transfer or dispose of any common stock; file or cause to be filed any registration statement related to the common stock; or enter into any swap or other agreement or transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any common stock whether any such swap, agreement or transaction is to be settled by the delivery of shares of our common stock or other securities, in cash or otherwise.

Restrictions on Share Ownership

Our charter contains a restriction on ownership of our common stock that prevents any person or entity from owning directly or indirectly more than 9.8% in value of the aggregate of our outstanding shares of stock and not more than 9.8% (in value or in number of shares, whichever is more restrictive) of any class or series of our shares of stock, subject to certain possible exceptions. These restrictions, as well as other share ownership and transfer restrictions contained in our charter, are designed, among other purposes, to enable us to comply with share accumulation and other restrictions imposed on REITs by the Code. For a more complete description of the common stock, including restrictions on the ownership of common stock, please see the Description of Capital Stock section of this prospectus.

Distribution Policy

U.S. federal income tax law requires that a REIT distribute annually at least 90% of its REIT taxable income (which does not equal net income, as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gain, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of such REIT taxable income. Any of our REIT taxable income that is not distributed or deemed distributed will be subject to corporate tax at the company level.

In order to maintain our REIT qualification and to generally not be subject to U.S. federal income and excise tax, we have made and intend to continue to make regular monthly distributions of all or substantially all of our net taxable income to holders of our common stock. Any future distributions we make will be at the discretion of our Board of Directors and will depend upon, among other things, our actual results of operations. These results and our ability to pay distributions will be affected by various factors, including the income from our portfolio, our operating expenses and any other expenditures.

We cannot assure you that we will have sufficient cash available for future monthly distributions. See Risk Factors Risks Related to Our Business and Operations We may be unable to pay or maintain distributions or increase distributions over time.

To the extent that our cash available for distribution is less than our REIT taxable income (determined without regard to the deduction for dividends paid and excluding net capital gain), we may consider various funding sources to cover any such shortfall, including borrowing under our revolving credit facility, selling certain of our assets or using a portion of the net proceeds we receive in this offering or future offerings. Although we do not anticipate utilizing the consent

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distribution procedure, we have the right to do so and our distribution policy enables us to review the alternative funding sources available to us from time to time.

Distributions that you receive (not designated as capital gain dividends or, for taxable years beginning before January 1, 2013, qualified dividend income) will be taxed as ordinary income to the extent they are paid from our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). However, distributions that we designate as capital gain dividends generally will be taxable as long-term capital gain to our stockholders (subject to certain exceptions for corporate stockholders) to the extent that they do not exceed our actual net capital gain for the taxable year. Some portion of your distributions may not be subject to tax in the year in which they are received because depreciation expense reduces our earnings and profits, but does not reduce cash available for distribution. Any portion of your distribution that is in excess of our current and accumulated earnings and profits generally is considered a return of capital for U.S. federal income tax purposes and will reduce the adjusted tax basis of your investment, but not below zero, deferring such portion of your tax until your investment is sold or our company is liquidated, at which time you generally would be taxed at capital gain rates (subject to certain exceptions for corporate stockholders). To the extent such portion of your distribution exceeds the adjusted tax basis of your investment, such excess generally would be treated as capital gain. Please note that each stockholder s tax considerations are different, therefore, you should consult with your tax advisor and financial planners prior to making an investment in our common stock. You also should review the section entitled Material U.S. Federal Income Tax Considerations.

Conflicts of Interest

Following the completion of our Internalization, there will be conflicts of interest with respect to certain of our officers and directors, on the one hand, and us and our stockholders, on the other. William M. Kahane, our President and Chief Executive Officer, and Nicholas S. Schorsch, our Chairman of the Board, each owns substantial equity interests in ARC and its affiliates, certain of which are companies that sponsor and/or advise other REITs and are entitled to receive fees and distributions in connection with such management, including asset management fees, acquisition fees, financing fees, disposition fees and incentive fees and distributions upon the sale or listing of such REITs. Additionally, Mr. Schorsch is the Chief Executive Officer and Chairman of the Board of eight other REITs, three of which invest in single tenant, free standing commercial real estate as we do. In addition, we expect Mr. Schorsch and ARC to form other REITs that will also invest in our target properties. As a result, Messrs. Schorsch and Kahane may have a conflict when it comes to allocating investment opportunities among the various entities in which they have a financial interest and which invest in properties that are substantially similar to our target properties.

Mr. Kahane also serves as a manager for ARC and certain of its affiliates and, following his resignation as a director from two ARC-sponsored REITs that compete with us for acquisition opportunities, he will remain a director of five other ARC-sponsored REITs, none of which has single tenant free standing commercial real estate as its principal target assets. See Risk Factors Risks Related to Conflicts of Interest.

In connection with the listing of our common stock on NASDAQ, ARC or its affiliate will be entitled to a subordinated incentive listing fee equal to 15% of the amount, if any, by which (a) the market value of our outstanding common stock plus distributions paid by us prior to listing, exceeds (b) the sum of the total amount of capital raised from stockholders during our prior continuous offering and the amount of cash flow necessary to generate a 6% annual cumulative, non-compounded return to such stockholders. For this purpose, (i) the market value of our common stock will be calculated based on the average market value of the shares issued and outstanding at listing over the 30 trading days beginning 180 days after the shares are first listed or included for quotation and (ii) we have agreed with the Ohio Division of Securities that such fee will be paid by the issuance of a non-interest bearing, non-transferrable promissory note that would be subject to mandatory amortization payments from any sale proceeds (except for the interest imputed for tax purposes) (subject to the right of the holder to convert any unpaid portion of the note into shares of our common stock at the end of three years). In the event that the fee is

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earned, which will likely occur only to the extent the market value of our common stock for this purpose exceeds $9.81 per share, we will incur additional leverage in an amount equal to the amount of the fee. By way of example, if the market value of our common stock for this purpose is $ per share, such fee would equal approximately $45.1 million and such fee would increase by approximately $6.7 million in respect of each $0.25 increase in the value of each share of our common stock above such $ amount. If such subordinated incentive listing fee is earned, any cash generated from property sales will be required to amortize such note until it is paid in full, therefore potentially reducing distributions to our stockholders. Further, if ARC or its affiliate elects to convert at maturity any unpaid portion of the note into shares of our common stock, the number of our shares that will be issued upon such conversion will be valued for this purpose at the average market value of our shares over the 30 trading days, beginning 180 days after our shares are first listed. If such conversion occurs, our net income per share and FFO per share may be diluted as a result of such conversion. Messrs. Schorsch and Kahane, as holders of more than a majority of the equity interests in ARC, have material financial interests in the calculation, timing and form of payment of the subordinated incentive listing fee.

We have invested, and may in the future invest, in joint ventures or other programs sponsored by affiliates of Messrs. Schorsch and Kahane, including those pursuant to our joint ventures with ARC, or conduct other business activities with these affiliates. Messrs. Kahane and Schorsch will each abstain from voting as directors on any transactions we enter into with these affiliates. In addition, we may compete with ARC and its affiliates for investments. An affiliate of Messrs. Schorsch and Kahane, that is a limited partner in our operating partnership, has a deficit repayment obligation of up to $10.0 million that is payable upon liquidation of our operating partnership to the extent of a deficit in such limited partner s capital account at such time.

Revolving Credit Facility

We have a $230.0 million revolving credit facility with RBS Citizens that matures on August 17, 2014. The facility bears interest at the rate of (i) LIBOR with respect to Eurodollar rate loans plus a margin 205 to 285 basis points, depending on our leverage ratio; and (ii) the greater of the federal funds rate plus 1.0% and the interest rate publicly announced by RBS Citizens as its prime rate or base rate at such time with respect to base rate loans plus a margin of 125 to 175 basis points depending on our leverage ratio. The facility contains various covenants, including financial covenants with respect to consolidated leverage, net worth, fixed charge coverage, variable debt ratio, recourse debt to total asset value and secured debt to total asset value. As of December 31, 2011, there was $10.0 million outstanding on this facility, which has been repaid as of January 31, 2012. On a pro forma basis, as of December 31, 2011, we anticipate we will have $89.8 million available under our $230.0 million revolving credit facility with RBS Citizens, assuming a price of $ per share in this offering and assuming our lenders increase their aggregate commitments to $230.0 million as we expect.

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The Offering

Common stock offered by us
6,600,000 shares (1)
Common stock to be outstanding after this offering
166,702,000 shares (2)(3)
Common stock and OP units to be outstanding after this offering
166,702,000 shares/units (2)
Use of proceeds
We intend to use the net proceeds from this offering to repay indebtedness under our revolving credit facility and for general working capital purposes.
Proposed NASDAQ symbol
ARCT

(1) Excludes up to 990,000 shares of our common stock that may be issued by us upon exercise of the underwriters over-allotment option.

(2) Includes (i) 178,179,281 shares of our common stock outstanding as of January 31, 2012, and (ii) 744,000 shares of restricted common stock held by certain of our officers and directors and other affiliates of ARC that will vest upon the listing of our common stock on NASDAQ.

Excludes the following:

up to 990,000 shares of our common stock that may be issued by us upon exercise of the underwriters overallotment option;
shares of restricted common stock that will be issued to our Independent Directors concurrently with the offering;
shares of our common stock reserved for future issuance under our incentive compensation plans; and
long-term incentive plan, or LTIP, units in our operating partnership, or LTIP Units, reserved for future issuance under our incentive compensation plans.

(3) Reflects the impact of our anticipated repurchase of 18,604,651 shares of our common stock pursuant to our Tender Offer.

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Summary Selected Consolidated Financial and Pro Forma Data

The following table sets forth selected summary financial data relating to our historical results of operations for the years ended December 31, 2011, 2010, 2009, 2008 and as of and for the period from August 17, 2007 to December 31, 2007, and selected summary pro forma financial data as of and for the year ended December 31, 2011. The table also sets forth selected summary financial data relating to the historical balance sheets as of December 31, 2011, 2010, 2009 and 2008, and selected summary pro forma financial data relating to the balance sheet as of December 31, 2011.

The summary historical consolidated financial information presented below has been derived from our historical consolidated financial statements which were audited by Grant Thornton LLP, an independent registered public accounting firm.

The summary unaudited pro forma financial information as of December 31, 2011 and for the twelve months then ended has been prepared to reflect adjustments to the historical financial statements to illustrate the estimated effect of the following transactions as if they had occurred on January 1, 2011:

our acquisition in 2011 of 224 properties located in 20 markets were acquired using net proceeds from our prior continuous public offering, mortgage financing and existing cash balances;

this offering of 6.6 million shares of our common stock;

the consummation of our Internalization;

our buy back of 18.6 million shares of our common stock for an aggregate amount of $200.0 million in the Tender Offer;

the application of the net proceeds from this offering to repay indebtedness under our revolving credit facility;

our buy back in 2011 of 1.1 million shares of our common stock for an aggregate amount the of $10.5 million pursuant to our Share Repurchase Program; and

the vesting of 0.7 million restricted shares of common stock held by certain of our officers and directors and other affiliates of ARC that will vest upon the listing of our common stock on NASDAQ.

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Since the information presented below is only a summary and does not provide all of the information contained in our historical consolidated financial statements and pro forma condensed consolidated financial statements, including the related notes, you should read it in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and pro forma condensed consolidated financial statements, including the related notes, included elsewhere in this prospectus. Our summary unaudited pro forma information as of December 31, 2011 and for the twelve months then ended is not necessarily indicative of what our actual financial position and results of operations would have been as of the date and for the periods indicated, nor does it purport to represent our future financial position or results of operations. The amounts in the table are in thousands except for per-share information.

Balance Sheet Data (amounts in thousands)

	Pro Forma As of December 31, 2011	Historical as of December 31,				
		2011	2010	2009	2008	2007
Total real estate investments, at cost	$2,126,171	$2,126,171	$882,593	$338,556	$164,770	$
Total assets	2,130,575	2,130,575	914,054	339,277	164,942	938
Short-term borrowings				15,878	30,926	
Mortgage notes payable	673,978	673,978	372,755	183,811	112,742	
Mortgage discount and premium, net	679	679	1,163			
Long-term notes payable			12,790	13,000	1,090	
Revolving credit facilities	140,213	10,000				
Total liabilities	860,584	730,371	411,390	228,721	163,183	738
Total equity	1,269,991	1,400,204	502,664	110,556	1,759	200

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