

American Realty Capital Trust, Inc.  
Form DEF 14A  
March 31, 2009

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

**SCHEDULE 14A**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o  
Check the appropriate box:

o Preliminary Proxy Statement  
 o Confidential, For Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))  
 x Definitive Proxy Statement  
 o Definitive Additional Materials  
 o Soliciting Material Pursuant to §240.14a-12

**AMERICAN REALTY CAPITAL TRUST, INC.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.  
 o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.  
(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**AMERICAN REALTY CAPITAL TRUST, INC.**  
**405 Park Avenue**  
**New York, NY 10022**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**To Be Held May 6, 2009**

To the Stockholders of American Realty Capital Trust, Inc.:

I am pleased to invite our stockholders to the 2009 annual meeting of stockholders of American Realty Capital Trust, Inc., a Maryland corporation. The annual meeting will be held at The Core Club, 66 East 55<sup>th</sup> Street, New York, NY, 10022, at 9 AM, Eastern Standard Time, on May 6, 2009. At the meeting, you will be asked to:

elect five directors for one-year terms expiring in 2010 and until their successors are duly elected and qualify; and conduct such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Our board of directors has fixed the close of business on March 23, 2009 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting or any adjournment or postponement thereof. Record holders of shares of our common stock at the close of business on the record date are entitled to notice of and to vote at the annual meeting.

**For further information regarding the matters to be acted upon at the annual meeting, I urge you to carefully read the accompanying proxy statement.** If you have questions about these proposals or would like additional

copies of the proxy statement, please contact: American Realty Capital Trust, Inc., 405 Park Avenue 15<sup>th</sup> Floor, New York, NY 10022, Attention: Brian S. Block, Chief Financial Officer, telephone: (212) 415-6500.

Whether you own a few or many shares and whether you plan to attend in person or not, it is important that your shares be voted on matters that come before the meeting. You may authorize a proxy to vote your shares by using a toll-free telephone number or via the Internet. Instructions for using these convenient services are provided on the enclosed proxy card and in the attached proxy statement. If you prefer, you may vote your shares by marking your votes on the proxy card, signing and dating it, and mailing it in the postage paid return envelope provided. If you sign and return your proxy card without specifying your choices, it will be understood that you wish to have your shares voted in accordance with the directors' recommendations. If we do not hear from you after a reasonable amount of time, you may receive a telephone call from our proxy solicitor, reminding you to vote your shares.

You are cordially invited to attend the annual meeting. Your vote is important.

By Order of the Board of Directors,  
/s/ Michael Weil  
Michael Weil, *Secretary*

New York, NY  
March 30, 2009

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**AMERICAN REALTY CAPITAL TRUST, INC.**  
**405 Park Avenue 1<sup>st</sup> Floor**  
**New York, NY 10022**

**PROXY STATEMENT**

**INTRODUCTION**

The accompanying proxy, mailed together with this proxy statement and our 2008 Annual Report, is solicited by and on behalf of the board of directors (the *Board of Directors* or the *Board*) of American Realty Capital Trust, Inc., a Maryland corporation (which we refer to in this proxy statement as *ARCT* or the *Company*), for use at the 2009 annual meeting of our stockholders and at any adjournment or postponement thereof. References in this proxy statement to we, us, our or like terms also refer to the Company, and references in this proxy statement to you refer to the stockholders of the Company. The mailing address of our principal executive offices is 405 Park Avenue 1<sup>st</sup> Floor, New York, New York 10022. This proxy statement, the accompanying proxy card, notice of annual meeting and our 2008 Annual Report were first mailed to our stockholders on or about March 30, 2009.

**Important Notice Regarding the Availability of Proxy  
Materials  
for the Shareholder Meeting To Be Held on May 6, 2009**

This proxy statement and our Annual Report on Form 10-K are available at  
<http://www.vfnotice.com/vintagefilings/>.

**INFORMATION ABOUT THE MEETING AND VOTING**

**What is the date of the annual meeting and where will it be held?**

Our 2009 annual meeting of stockholders will be held on **May 6, 2009**, at **9 AM**, Eastern Standard Time. The meeting will be held at The Core Club, 66 East 55<sup>th</sup> Street, New York, NY, 10022.

**What will I be voting on at the meeting?**

At the meeting, you will be asked to:

elect five directors for one-year terms expiring in 2010 and until their successors are duly elected and qualify;

conduct such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The Board of Directors does not know of any matters that may be considered at the meeting other than the matters set forth in the first bullet listed above.

## Who can vote at the meeting?

The record date for the determination of holders of our common shares entitled to notice of and to vote at the meeting, or any adjournment or postponement of the meeting, is the close of business on March 23, 2009. As of the record date, 1,910,958 shares of our common stock were issued and outstanding and entitled to vote at the meeting.

## How many votes do I have?

Each share has one vote on each matter considered at the meeting or any adjournment or postponement thereof. The enclosed proxy card shows the number of shares of common stock you are entitled to vote.

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## How can I vote?

You may vote in person at the meeting or by proxy. Instructions for in person voting can be obtained by calling (212) 415-6500 and asking for the Investor Relations/Proxy Service desk. Stockholders may submit their votes by proxy by mail by completing, signing, dating and returning their proxy in the enclosed envelope. Stockholders also have the following two options for authorizing a proxy to vote their shares:

via the Internet at <http://www.proxyvoting.com/arct> or  
by telephone, by calling (212) 415-6500.

For those stockholders with Internet access, we encourage you to authorize a proxy to vote your shares via the Internet, a convenient means of authorizing a proxy that also provides cost savings to us. In addition, when you authorize a proxy to vote your shares via the Internet or by telephone prior to the meeting date, your proxy authorization is recorded immediately and there is no risk that postal delays will cause your vote by proxy to arrive late and, therefore, not be counted. For further instructions on authorizing a proxy to vote your shares, see your proxy card enclosed with this proxy statement. You may also vote your shares at the meeting. If you attend the annual meeting, you may submit your vote in person, and any previous votes that you submitted by mail or authorized by Internet or telephone will be superseded by the vote that you cast at the annual meeting.

## How will proxies be voted?

Shares represented by valid proxies will be voted at the meeting in accordance with the directions given. If the enclosed proxy card is signed and returned without any directions given, the shares will be voted FOR election of the nominees for director named in the proxy and in favor of the restricted stock plan.

The Board of Directors does not intend to present, and has no information indicating that others will present, any business at the annual meeting other than as set forth in the attached Notice of Annual Meeting of Stockholders. However, if other matters requiring the vote of our stockholders come before the meeting, it is the intention of the persons named in the accompanying proxy to vote the proxies held by them in their discretion.

## **How can I change my vote or revoke a proxy?**

You have the unconditional right to revoke your proxy at any time prior to the voting thereof by (i) submitting a later-dated proxy either by telephone, via the Internet or in the mail to American Realty Capital Trust, Inc. attention Investor Relations/Proxy Services, at the following address: 405 Park Avenue 15<sup>th</sup> Floor, New York, NY 10022, or (ii) by attending the 2009 annual meeting of stockholders and voting in person. No written revocation of your proxy shall be effective, however, unless and until it is received at or prior to the meeting.

## **What if I return my proxy but do not mark it to show how I am voting?**

If your proxy card is signed and returned without specifying your choices, your shares will be voted as recommended by the Board of Directors.

## **What are the board's recommendations?**

The Board of Directors recommends that you vote FOR Proposal 1.

## **What vote is required to elect directors?**

There is no cumulative voting in the election of our directors. Each director is elected by the affirmative vote of a majority of votes cast at the meeting. Any shares not voted (whether by abstention, broker non-vote, or otherwise) have no impact on the vote. A broker non-vote occurs when a broker who holds shares for the beneficial owner does not vote on a proposal because the broker does not have discretionary voting authority for that proposal and has not received instructions from the beneficial owner of the shares.

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## **What constitutes a quorum ?**

The presence at the meeting, in person or represented by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting constitutes a quorum. Abstentions and broker non-votes will be counted as present for the purpose of establishing a quorum; however, abstentions and broker non-votes will not be counted as votes cast.

## **Will you incur expenses in soliciting proxies?**

We will bear all costs associated with soliciting proxies for the meeting. Solicitations may be made on behalf of the Board of Directors by mail, personal interview, telephone or other electronic means by our officers and other employees of the Advisor, who will receive no additional compensation. We will request banks, brokers, custodians, nominees, fiduciaries and other record holders to forward copies of this proxy statement to people on whose behalf they hold shares of common stock and to request authority for the exercise of proxies by the record holders on behalf of those people. In compliance with the regulations of the SEC, we will reimburse such persons for reasonable expenses incurred by them in forwarding proxy materials to the beneficial owners of shares of our common stock.

We have also retained American Realty Capital Advisors, LLC (the Advisor), our external advisor, to aid in the solicitation of proxies. We will not pay the Advisor for such services, however, will provide reimbursement of its reasonable out-of-pocket expenses. As the date of the 2009 annual meeting of stockholders approaches, certain stockholders may receive a telephone call from a representative of the Advisor if their votes have not yet been received. Proxies that are obtained telephonically will be recorded in accordance with the procedures described below. The Board of Directors believes that these procedures are reasonably designed to ensure that both the identity of the stockholder casting the vote and the voting instructions of the stockholder are accurately determined.

In all cases where a telephonic proxy is solicited, the Advisor representative is required to ask for each stockholder's full name and address, or the zip code or employer identification number, and to confirm that the stockholder has received the proxy materials in the mail. If the stockholder is a corporation or other entity, the Advisor representative is required to ask for the person's title and confirmation that the person is authorized to direct the voting of the shares. If the information solicited agrees with the information provided to the Advisor, then the Advisor representative has the responsibility to explain the process, read the proposal listed on the proxy card and ask for the stockholder's instructions on the proposal. Although the Advisor representative is permitted to answer questions about the process, he or she is not permitted to recommend to the stockholder how to vote, other than to read any recommendation set forth in this proxy statement. The Advisor will record the stockholder's instructions on the card. Within 72 hours, the stockholder will be sent a letter or mailgram to confirm his or her vote and asking the stockholder to call the Advisor immediately if his or her instructions are not correctly reflected in the confirmation.

## **What does it mean if I receive more than one proxy card?**

Some of your shares may be registered differently or held in a different account. You should authorize a proxy to vote the shares in each of your accounts by mail, by telephone or via the Internet. If you mail proxy cards, please sign, date and return each proxy card to guarantee that all of your shares are voted. If you hold your shares in registered form and wish to combine your stockholder accounts in the future, you should call us at (212) 415-6500. Combining accounts reduces excess printing and mailing costs, resulting in cost savings to us that benefit you as a stockholder.

## **What if I receive only one set of proxy materials although there are multiple stockholders at my address?**

The SEC has adopted a rule concerning the delivery of documents filed by us with the SEC, including proxy statements and annual reports. The rule allows us to, with the consent of affected stockholders, send a single set of any annual report, proxy statement, proxy statement combined with a prospectus or information statement to any household at which two or more stockholders reside if they share the same last name or we reasonably believe they are members of the same family. This procedure is referred to as Householding. This rule benefits both you and us. It reduces the volume of duplicate information received at your household and helps us reduce expenses. Each stockholder subject to Householding will continue to receive a separate proxy card or voting instruction card.

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We will promptly deliver, upon written or oral request, a separate copy of our annual report or proxy statement, as applicable, to a stockholder at a shared address to which a single copy was previously delivered. If you received a single set of disclosure documents for this year, but you would prefer to receive your own copy, you may direct requests for separate copies to by calling us at (212) 415-6500. Likewise, if your household currently receives multiple copies of disclosure documents and you would like to receive one set, please contact us.

## **Whom should I call for additional information about voting by proxy or authorizing a proxy by telephone or Internet to vote my shares?**

Please call the American Realty Capital Advisors, LLC, our proxy solicitor, at (212) 415-6500.

## **How do I submit a stockholder proposal for next year's annual meeting or proxy materials, and what is the deadline for submitting a proposal?**

In order for a stockholder proposal to be properly submitted for presentation at our 2010 annual meeting, we must receive written notice of the proposal at our executive offices during the period beginning on November 1, 2009 and ending at 5:00 p.m., Eastern Time, on December 1, 2009. If you wish to present a proposal for inclusion in the proxy material for next year's annual meeting, we must receive written notice of your proposal at our executive offices no later than December 1, 2009. All proposals must contain the information specified in, and otherwise comply with, our bylaws. Proposals should be sent via registered, certified or express mail to: 405 Park Avenue 15<sup>th</sup> Floor, New York, NY 10022, Attention: Brian S. Block, Chief Financial Officer. For additional information, see the section in this proxy statement captioned "Stockholder Proposals for the 2010 Annual Meeting."

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## **PROPOSAL ONE: ELECTION OF DIRECTORS**

### **General**

The Board of Directors ultimately is responsible for the management and control of our business and operations. We have no employees and have retained the Advisor to manage our day-to-day operations, including the acquisition of our properties. The Advisor is indirectly wholly owned and controlled by Nicholas Schorsch and William Kahane (the *Sponsor*). The Board of Directors, including our independent directors, is responsible for monitoring and supervising the Advisor's conduct of our day-to-day operations.

Our bylaws provide for a Board of Directors with no fewer than three and no more than nine directors, a majority of whom must be independent. An independent director is defined under our Articles of Amendment and Restatement (the *Charter*) and means a person who is not, and within the last two years has not been, directly or indirectly associated with the Company, the Sponsors, the Advisor or any of their affiliates by virtue of:

- ownership of an interest in the Sponsor, the Advisor or any of their affiliates, other than the Company;
- employment by the Company, the Sponsor, the Advisors or any of their affiliates;
- service as an officer or director of the Sponsor, the Advisor or any of their affiliates, other than as a director of the Company;
- performance of services, other than as a director of the Company;
- service as a director of more than three real estate investment trusts organized by the Sponsor or advised by the Advisor; or
- maintenance of a material business or professional relationship with the Sponsor, the Advisor or any of their affiliates.



An independent director cannot be associated with us, the Sponsor or the Advisor as set forth above either directly or indirectly. An indirect association with the Sponsor or the Advisor includes circumstances in which a director's spouse, parent, child, sibling, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law, is or has been associated with us, the Sponsor, the Advisor, or any of their affiliates.

A business or professional relationship is considered material if the aggregate gross revenue derived by the director from the Advisor or the Sponsor and their affiliates exceeds five percent of either the director's annual gross income during either of the last two years or the director's net worth on a fair market value basis.

We currently have five directors, three of whom are independent. Directors are elected annually by our stockholders, and there is no limit on the number of times a director may be elected to office. Each director serves until the next annual meeting of stockholders or (if longer) until his or her successor is duly elected and qualifies.

During 2008, the Board of Directors held five meetings. At least a majority of directors, which is necessary for the conduct of business, attended all meetings held during 2008 by the Board of Directors either in person or by telephone. The Board of Directors expects each director to attend annual meetings of stockholders when possible. We anticipate that all directors and nominees will attend our 2009 annual meeting of stockholders.

## Nominees for the Board of Directors

The Board of Directors has proposed the following nominees for election as directors, each to serve for a term ending at the 2010 Annual Meeting of Stockholders and until his successor is duly elected and qualifies: Messrs. Nicholas S. Schorsch, William M. Kahane, Leslie D. Michelson, William G. Stanley, and Robert H. Burns. Each nominee currently serves as a director.

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The proxy holder named on the enclosed proxy card intends to vote FOR the election of each of the five nominees. If you do not wish your shares to be voted for particular nominees, please identify the exceptions in the designated space provided on the proxy card or, if you are authorizing a proxy to vote your shares by telephone or the Internet, follow the instructions provided when you authorize a proxy. Directors will be elected by a majority of votes cast at the meeting, provided that a quorum is present. Any shares not voted (whether by abstention, broker non-vote, or otherwise) have no impact on the vote.

If, at the time of the meeting, one or more of the nominees should become unable to serve, shares represented by proxies will be voted for the remaining nominees and for any substitute nominee or nominees designated by the Board of Directors. No proxy will be voted for a greater number of persons than the number of nominees described in this proxy statement.

The principal occupation and certain other information about the nominees are set forth below.

Name	Age	Year First Elected	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
Nicholas S. Schorsch	48	2007	<i>Nicholas S. Schorsch</i> has served as the chairman of the board and chief executive officer of our company since our formation in 2007. He also has been the chief executive officer of American

Realty Capital Properties, LLC, and the Advisor since their formation. Prior to his current position with our company, from September 2006 to July 2007, Mr. Schorsch was Chief Executive Officer of an affiliate, American Realty Capital, a real estate investment firm. Mr. Schorsch founded and formerly served as President, CEO and Vice-Chairman of American Financial Realty Trust ( *AFR* ) since its inception as a REIT in September 2002 until August 2006. American Financial Realty Trust is a publicly traded REIT that invests exclusively in offices, operation centers, bank branches, and other operating real estate assets that are net leased to tenants in the financial service industry such as banks and insurance companies. Through American Financial Resource Group and its successor corporation, now American Financial Realty Trust, Mr. Schorsch has executed in excess of 1,000 acquisitions, both in acquiring businesses and real estate property with transactional value of approximately \$5 billion. In 2003, Mr. Schorsch received an Entrepreneur of the Year award from Ernst & Young. From 1995 to September 2002, Mr. Schorsch served as CEO and President of American Financial Resource Group ( *AFRG* ), *AFR*'s predecessor, a private equity firm founded for the purpose of acquiring operating companies and other assets in a number of industries. In 1998, Mr. Schorsch was engaged in operating Arlington Cemetery and several other *AFRG* highly specialized enterprises when he learned that First Union Corporation was divesting 105 bank branches. He offered to buy the entire portfolio and approximately one month later Mr. Schorsch had closed on all 105 branches. Prior to this transaction, it was very unusual to buy a portfolio of this magnitude without first cherry-picking the best locations. Prior to *AFRG*, Mr. Schorsch served as President of a non-ferrous metal product manufacturing business, Thermal Reduction. He successfully built the business through mergers and acquisitions and ultimately sold his interests to Corpro (NYSE) in 1994.

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Name	Age	Year First Elected	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
William M. Kahane	61	2007	<b>William M. Kahane</b> has served as President, chief operating officer and treasurer of our company since its formation. He has been active in the structuring and financial management of commercial real estate investments for over 25 years. He is also president, chief operating officer and treasurer of American Realty Capital Properties, LLC and the Advisor. Mr. Kahane began his career as a real estate lawyer practicing in the public and private sectors from 1974–1979. From 1981–1992 Mr. Kahane worked at Morgan Stanley & Co., specializing in real estate, becoming a Managing Director in 1989. In 1992, Mr.

Kahane left Morgan Stanley to establish a real estate advisory and asset sales business known as Milestone Partners which continues to operate and of which Mr. Kahane is currently the Chairman. Mr. Kahane worked very closely with Mr. Schorsch while a trustee at AFRT (2003 to 2006), during which time Mr. Kahane served as Chairman of the Finance Committee of the Board of Trustees. Mr. Kahane has been a Managing Director of GF Capital Management & Advisors LLC, a New York based merchant banking firm, where he directs the firm's real estate investments since 2001. GF Capital offers comprehensive wealth management services through its subsidiary TAG Associates LLC, a leading multi-client family office and portfolio management services company with approximately \$5 billion of assets under management. Mr. Kahane also was on the Board of Directors of Catellus Development Corp., an NYSE growth-oriented real estate development company, where he served as Chairman.

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Name	Age	Year First Elected	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
Leslie D. Michelson	56	2008	<p><b>Leslie D. Michelson</b> was appointed as an Independent Director of our company on January 22, 2008. Mr. Michelson has served as the Chairman and Chief Executive Officer of Private Health Management, a retainer-based primary care medical practice management company since April 2007. Mr. Michelson served as Vice Chairman and Chief Executive Officer of the Prostate Cancer Foundation, the world's largest private source of prostate cancer research funding, from April 2002 until December 2006 and currently serves on its Board of Directors. Mr. Michelson served on the Board of Directors of Catellus Development Corp. (a publicly traded national mixed-use and retail developer) from 1997 until 2004 when the company was sold to ProLogis. Mr. Michelson was a member of the Audit Committee of the Board of Directors for 5 years. From April 2001 to April 2002, he was an investor in, and served as an advisor or director of, a portfolio of entrepreneurial healthcare, technology and real estate companies. From March 2000 to August 2001, he served as Chief Executive Officer and as a director of Acurian, Inc., an Internet company that accelerates clinical trials for new prescription drugs. From 1999 to March 2000, Mr. Michelson served as an adviser of Saybrook Capital, LLC, an investment bank specializing in the real estate and health care industries. From June 1998 to February 1999, Mr. Michelson served as Chairman and Co-Chief Executive Officer of Protocare, Inc., a manager of clinical trials for the pharmaceutical industry and disease management firm. From 1988 to 1998, he served as Chairman and Chief Executive</p>

Officer of Value Health Sciences, Inc., an applied health services research firm he co-founded. Since June 2004 and through the present, he has been and is a director of Nastech Pharmaceutical Company Inc., a NASDAQ-traded biotechnology company focused on innovative drug delivery technology, Highlands Acquisition Company, a AMEX-traded special purpose acquisition company, and Landmark Imaging, a privately held imaging center. Also since June 2004 and through the present, he has been and is a Director of ALS-TDI, a philanthropy dedicated to curing Amyotrophic Lateral Sclerosis (ALS), commonly known as Lou Gehrig's disease. Mr. Michelson received his B.A. from The Johns Hopkins University in 1973 and a J.D. from Yale Law School in 1976.

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Name	Age	Year First Elected	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
William G. Stanley	52	2008	<p><b>William G. Stanley</b> was appointed as an Independent Director of our company on January 22, 2008. Mr. Stanley is the founder and managing member of Stanley Laman Securities, LLC (SLS), a FINRA member broker-dealer, since 2004, and the founder and president of The Stanley-Laman Group, Ltd (SLG), a registered investment advisor for high net worth clients since 1997. SLG has built a multi-member staff which critically and extensively studies the research of the world's leading economists and technical analysts to support its tactical approach to portfolio management. Over its history, SLG and SLS have assembled a unique and impressive array of intellectual property in the investment, estate, tax and business planning arenas and boasts a portfolio management returns that rivals or exceeds top global managers. Additionally SLG counts some of the countries wealthiest and most successful business owners and entrepreneurs as its clients. Mr. Stanley has been Managing Member of Stanley Laman Securities, LLC from 2004 to the present and President of the Stanley-Laman Group, Ltd. Mr. Stanley has earned designations as a Chartered Financial Consultant, Chartered Life Underwriter, and received his Masters of Financial Sciences from the American College in 1997. From 1977 to 1979, Mr. Stanley served as a District Field Representative at General Electric Capital. From 1979 to 1986, Mr. Stanley was a Senior Vice President at Capital Analysts (CA) of Radnor, Pennsylvania, a national investment advisory firm. From 1986 to 1991, Mr. Stanley was Senior Vice President at First Capital Analysts (CA Affiliate). Stanley's practice within CA was to serve the ultra high net worth private business owners and investors and specialized in bringing creative investment and planning trends to his clients. In the early 1980's Mr. Stanley</p>

identified the emergence of cable television, real estate syndications, equipment leasing, mutual funds, and high yield bonds as investment trends. Mr. Stanley rose quickly within CA and became a national production leader. At 30, he chaired the CA National Field Advisory Board. As the Chair of that Board, Mr. Stanley brought the interest in technology and creativity that was forged at GE to CA. CA employed teams consisting of lawyers, accountants and other financial specialists to support their integrated approach to investment and tax planning.

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Name	Age	Year First Elected	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
Robert H. Burns	78	2008	<p><b>Robert H. Burns</b> was appointed as an Independent Director of our company on January 22, 2008. Mr. Burns is a hotel industry veteran with an international reputation and over thirty years of hotel, real estate, food and beverage and retail experience. Mr. Burns founded and built the luxurious Regent International Hotels brand, which he sold in 1992.</p> <p>From 1970 to 1992, Mr. Burns served as chairman and chief executive officer of Regent International Hotels, where he was personally involved in all strategic and major operating decisions. In this connection, Mr. Burns and his team of professionals performed site selection, obtained land use and zoning approvals, performed all property due diligence, financed each project by raising both equity and arranging debt, oversaw planning, design and construction of each hotel property, and managed each asset. Each Regent hotel typically contained a significant food and beverage element and high-end retail component, frequently including luxury goods such as clothing, jewelry, and well as retail shops. In fact, Mr. Burns is extremely familiar with the retail landscape as his flagship hotel in Hong Kong was part of a mixed-use complex anchored by a major enclosed shopping center connected to the Regent Hong Kong. Thus, Mr. Burns has over forty (40) years as a manager and principal acquiring, financing, developing and operating properties.</p> <p>Mr. Burns opened the first Regent hotel in Honolulu, Hawaii, in 1970. From 1970 to 1979, the company opened and managed a number of prominent hotels, but gained truly international recognition in 1980 with the opening of The Regent Hong Kong, which brought a new dimension in amenities and service to hotels in the city and attracted attention throughout the world. It was in this way that the hotel innovatively combined the Eastern standard of service excellence with the Western standard of luxurious spaces. In all, Mr. Burns developed over 18 major hotel projects including the Four Seasons Hotel in New York City, the Beverly Wilshire Hotel in Beverly Hills, the Four Seasons Hotel</p>

in Milan, Italy, and the Four Seasons Hotel in Bali, Indonesia. Mr. Burns currently serves as Chairman of Barings Chrysalis Emerging Markets Fund (since 1991) and as a director of Barings Asia Pacific Fund (since 1986). Additionally, he is a member of the executive committee of the board of directors of Jazz at Lincoln Center in New York City (since 2000), and chairs the Robert H. Burns Foundation which he founded in 1992 and which funds the education of Asian students at American schools. Mr. Burns frequently lectures at Stanford Business School.

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Name	Age	Year First Elected	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
			<p>Mr. Burns was chairman and co-founder of the World Travel and Tourism Council (1994 to 1996), a forum for business leaders in the travel and tourism industry. With Chief Executives of some one hundred of the world's leading travel and tourism companies as its members, WTTC has a unique mandate and overview on all matters related to travel and tourism. He served as a faculty member at the University of Hawaii (1963 to 1994) and as president of the Hawaii Hotel Association (1968 to 1970). Mr. Burns began his career in Sheraton's Executive Training Program in 1958, and advanced rapidly within Sheraton and then within Westin Hotels (1962 to 1963). He later spent eight years with Hilton International Hotels (1963 to 1970). Mr. Burns graduated from the School of Hotel Management at Michigan State University (1958), and the University of Michigan's Graduate School of Business (1960), after serving three years in the U.S. Army in Korea. For the past 5 years Mr. Burns has devoted his time to owning and operating Villa Feltrinelli on Lago di Garda, in Northern Italy, a small, luxury hotel, and working on developing hotel projects in Asia, focusing on Vietnam and China.</p>

**The Board of Directors unanimously recommends a vote FOR each of the nominees to be elected as directors.**

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## CORPORATE GOVERNANCE

The Board of Directors have approved and organized an audit committee, nominating and corporate governance committee and conflicts committee. Interested parties may communicate matters they wish to raise with the directors by writing to our Secretary at: American Realty Capital, 106 York Road, Jenkintown, PA 19046, Attention: Michael Weil. Mr. Weil will deliver all appropriate communications to the Board of Directors no later than the next regularly

scheduled meeting of the Board of Directors.

## Audit Committee

The Board of Directors established an audit committee (the Audit Committee) in January 2008. The charter of audit committee is available to any shareholder who requests it c/o American Realty Capital Trust, Inc., 106 York Road, Jenkintown, PA 19046. The Audit Committee Charter is available on the Company's website <http://www.americanrealtycap.com/reit/governance.asp> by clicking on Audit Committee Charter. Our audit committee consists of Messrs. Leslie D. Michelson, William G. Stanley and Robert H. Burns, each of whom is independent within the meaning of the applicable (i) provisions set forth in the Charter and (ii) requirements set forth in the Securities Exchange Act of 1934, as amended (the Exchange Act), and the applicable SEC rules. The Board determined that Mr. Michelson is qualified as audit committee financial experts as defined in Item 407(d)(5) of Regulation S-K and the rules and regulations of the SEC.

The Audit Committee, in performing its duties, monitors:

our financial reporting process;  
the integrity of our financial statements;  
compliance with legal and regulatory requirements;  
the independence and qualifications of our independent and internal auditors, as applicable; and  
the performance of our independent and internal auditors, as applicable.

Each member of our Audit Committee is independent within the meaning of the applicable requirements set forth in or promulgated under the Exchange Act and the rules and regulations of the SEC. Unless otherwise determined by the Board of Directors, no member of the committee may serve as a member of the audit committee of more than two other public companies. During 2008, the Audit Committee held 6 meetings. Each of the Audit Committee members attended all of the meetings held by the Audit Committee either in person or by telephone.

The Audit Committee's report on our financial statements for the fiscal year ended December 31, 2008 is discussed below under the heading Audit Committee Report.

## Nominating and Corporate Governance Committee

The Company has a standing nominating and corporate governance committee currently composed of all members of the Board (the Nominating and Corporate Governance Committee). The Board adopted a Charter for the Nominating and Corporate Governance Committee in January 2008. The Nominating and Corporate Governance Committee Charter is available on the Company's website <http://www.americanrealtycap.com/reit/governance.asp> by clicking on Nominating and Corporate Governance Committee Charter. The primary purposes of the Nominating and Corporate Governance Committee are (i) to assist the Board in identifying qualified individuals to become directors of the Company, (ii) to recommend director candidates to fill vacancies on the Board and to stand for election by the stockholders at the annual meeting, (iii) to recommend committee assignments, (iv) to periodically assess the performance of the Board and (v) to review and recommend to the Board appropriate corporate governance policies and procedures for the Company, including developing and recommending a code of business conduct and ethics for the Company's chief executive officers and senior financial officers and annually reviewing such code. The Committee is comprised of the full Board, including the independent directors.

In making its determinations, the Nominating and Corporate Governance Committee reviews the appropriate experience, skills and characteristics required of directors in the context of our business. This review includes, in the context of the perceived needs of the Board at that time, issues of knowledge, experience, judgment and

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skills relating to the understanding of the real estate industry, accounting or financial expertise. This review also includes the candidate's ability to attend regular Board meetings and to devote a sufficient amount of time and effort in preparation for such meetings. The Nominating and Corporate Governance Committee also gives consideration to the Board having an appropriate mix of backgrounds and skills, the requirements in our Charter and each nominee's ability to exercise independence of thought, objective perspective and mature judgment and understand our business operations and objectives.

## **Code of Ethics**

The Board of Directors adopted a Code of Ethics in January 2008 (the "Code of Ethics"), which is applicable to the directors, officers and employees of the Company and its subsidiaries and affiliates. The Code of Ethics covers topics including, but not limited to, conflicts of interest, confidentiality of information, full and fair disclosure, reporting of violations and compliance with laws and regulations. The Code of Ethics is available on the Company's website <http://www.americanrealtycap.com/reit/governance.asp> by clicking on "Code of Ethics." You may also obtain a copy of the Code of Ethics by writing to our Secretary at: American Realty Capital, 106 York Road, Jenkintown, PA 19046, Attention: Michael Weil. A waiver of the Code of Ethics for our Chief Executive Officer may be made only by the Board of Directors or the appropriate Committee of the Board of Directors and will be promptly disclosed to the extent required by law. A waiver of the Code of Ethics for all other employees may be made only by our Chief Executive Officer or Chief Operating Officer, and shall be discussed with the Board of Directors or a Committee of the Board of Directors as appropriate.

## **Conflicts Committee**

The Company has a standing Conflicts Committee which consists of our three independent directors. The Board adopted a Charter of the Conflicts Committee in January 2008. The Conflicts Committee Charter is available on the Company's website <http://www.americanrealtycap.com/reit/governance.asp> by clicking on "Conflicts Committee Charter." The primary purpose of the Conflicts Committee is to approve transactions, and resolve other conflicts of interest, between the Company and its subsidiaries, on the one hand, and the Sponsor, any director, the Advisor or their respective affiliates, on the other hand. The Conflicts Committee is responsible for reviewing and approving all transactions with affiliated parties, all purchase or leases of properties from or sales or leases to an affiliate, and reviewing and approving all agreements and amendments to agreements between the Company and affiliates, including the Sponsor or Advisor and their subsidiaries.

During 2008, the Conflicts Committee held 6 meetings. All members of the committee attended each meeting. The Conflicts Committee has reviewed our policies and reports that they are being followed by us and are in the best interests of our stockholders. Please read "Certain Relationships and Related Transactions" Policies and Procedures for Review of Related Party Transactions. Certain of the factors considered by the Conflicts Committee are set forth in the financial statements (including the notes thereto) and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2008, which was mailed out on March 30, 2009. The Conflicts Committee reviewed the material transactions between the Sponsor, the Advisor and their respective affiliates, on the one hand, and us, on the other hand, which occurred during 2008. The Conflicts Committee has determined that all our transactions and relationships with our Sponsor, Advisor and their respective affiliates during 2008 were fair and were approved in accordance with the policies referenced in "Certain Relationships and Related Transactions" below.



TABLE OF CONTENTS**DIRECTOR COMPENSATION**

The following table sets forth information regarding compensation of our directors during 2008.

Name	Fees Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total Compensation
Nicholas S. Schorsch <sup>(1)</sup>							
William M. Kahane <sup>(1)</sup>							
Leslie D. Michelson <sup>(2)</sup> <sup>(3)</sup>	\$28,750		3,000 shares				\$ 28,750
William G. Stanley <sup>(2)</sup> <sup>(3)</sup>	\$30,000		3,000 shares				\$ 30,000
Robert H. Burns <sup>(2)</sup> <sup>(3)</sup>	\$30,000		3,000 shares				\$ 30,000

(1) Messrs. Schorsch and Kahane, who are employees of American Realty Capital, receive no additional compensation for serving as directors.

(2) Messrs. Michelson, Stanley and Burns received unvested options to purchase 3,000 shares of our common stock pursuant to our independent directors stock option plan.

(3) Amounts were earned for services rendered; however, such fees were not paid to Messrs. Michelson, Stanley and Burns during 2008. These deferred fees will be paid in 2009 in cash or the issuance of shares of our common stock, at their respective election.

We pay our independent directors on a retainer of \$25,000 per year, plus \$2,000 for each board or board committee meeting the director attends in person (\$2,500 for attendance by the chairperson of the audit committee at each meeting of the audit committee) and \$250 for each meeting the director attends by telephone. In the event there is a meeting of the board and one or more committees in a single day, the fees will be limited to \$2,500 per day (\$3,000 for the chairperson of the audit committee if there is a meeting of such committee). In addition, we have reserved 1,000,000 shares of common stock for future issuance upon the exercise of stock options that may be granted to our independent directors pursuant to our stock option plan. We have granted each of our independent directors options pursuant to our stock option plan to purchase 3,000 shares of common stock. The options were granted to them on the date such independent director was elected as a director. Such options have an exercise price equal to \$10.00 per share and vest after two years from the date of grant. We expect that the independent directors will receive additional 3,000-share option grants on the date of each annual meeting of stockholders, each with an exercise price equal to \$10.00 per share during such time as we are offering shares to the public at \$10.00 per share and thereafter at 100% of the then-current fair market value per share. The total number of options granted will not exceed 10% of the total outstanding shares at the time of grant. All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. If a director is also an employee of ARCT or the Advisor or their affiliates, we do not pay compensation for services rendered as a director.

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# DIRECTORS AND EXECUTIVE OFFICERS

## Directors and Officers

The following table presents certain information as of December 31, 2008 concerning each of our directors and officers serving in such capacity:

Name	Age	Principal Occupation and Positions Held	Served as a Director Since
Nicholas S. Schorsch	48	Chief Executive Officer and Chairman of the Board of Directors	2007
William M. Kahane	61	President, Chief Operating Officer, Treasurer and Director	2007
Peter M. Budko	49	Executive Vice President and Chief Investment Officer	N/A
Brian S. Block	37	Senior Vice President and Chief Financial Officer	N/A
Michael Weil	42	Executive Vice President and Secretary	N/A
Leslie D. Michelson	56	Director	2008
William G. Stanley	52	Director	2008
Robert H. Burns	78	Director	2008

**Nicholas S. Schorsch** for biographical information about Mr. Schorsch, see Nominees for the Board of Directors.

**William M. Kahane** for biographical information about Mr. Kahane, see Nominees for the Board of Directors.

**Leslie D. Michelson** for biographical information about Mr. Michelson, see Nominees for the Board of Directors.

**William G. Stanley** for biographical information about Mr. Stanley, see Nominees for the Board of Directors.

**Robert H. Burns** for biographical information about Mr. Burns, see Nominees for the Board of Directors.

**Peter M. Budko** has served as Executive Vice President and Chief Investment Officer of our company since its formation. He also is executive vice president and chief investment officer of the Advisor, American Realty Capital Properties, LLC and Realty Capital Securities, LLC. Prior to his current position, from January 2007 to July 2007, Mr. Budko was Chief Operating Officer of an affiliated American Realty Capital real estate investment firm. Mr. Budko founded and formerly served as Managing Director and Group Head of the Structured Asset Finance Group, a division of Wachovia Capital Markets, LLC from 1997-2006. The Structured Asset Finance Group structures and invests in real estate that is net leased to corporate tenants. While at Wachovia, Mr. Budko acquired over \$5 billion of net leased real estate assets. From 1987-1997, Mr. Budko worked in the Corporate Real Estate Finance Group at NationsBank Capital Market (predecessor to Bank of America Securities) becoming head of the group in 1990.

**Brian S. Block**, has served as our Senior Vice President and Chief Financial Officer since September 2007. He also is senior vice president and chief financial officer of the Advisor and American Realty Capital Properties, LLC. He began his career in public accounting at Ernst & Young and Arthur Andersen from 1994 to 2000. Subsequently, Mr. Block was the Chief Financial Officer of a venture capital-backed technology company for several years prior to joining American Financial Realty Trust in 2002. While at American Financial Realty Trust, Mr. Block served as Senior Vice President and Chief Accounting Officer from 2003 to 2007 and oversaw the financial, administrative and reporting functions of the organization. He is a certified public accountant and is a member of the AICPA and PICPA.

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**Michael Weil**, has served as our Executive Vice President and Secretary since May 2007. He also is executive vice president and chief financial officer of the Advisor and American Realty Capital Properties, LLC. He was formerly the Senior Vice President of Sales and Leasing for American Financial Realty Trust (AFR, from April 2004 to October 2006), where he was responsible for the disposition and leasing activity for a 33 million square foot portfolio. Under the direction of Mr. Weil, his department was the sole contributor in the increase of occupancy and portfolio revenue through the sales of over 200 properties and the leasing of over 2.2 million square feet, averaging 325,000 square feet of newly executed leases per quarter. After working at AFR, from October 2006 to May 2007, Mr. Weil was managing director of Milestone Partners Limited and prior to joining AFR, from July 1987 to April 2004, Mr. Weil was president of Plymouth Pump & Systems Co.

TABLE OF CONTENTS**EXECUTIVE COMPENSATION**

We currently have no employees. Our Advisor performs our day-to-day management functions. Our executive officers are all employees of the Advisor. We do not pay any of these individuals for serving in their respective positions. See Certain Relationships and Related Transactions below for a discussion of fees and expenses payable to the Advisor and its affiliates.

**STOCK OWNERSHIP BY DIRECTORS, OFFICERS AND CERTAIN STOCKHOLDERS****Certain Stockholders:**

The following table presents certain information as of March 23, 2009 concerning each of our stockholders who own greater than 5% of our common shares:

Name of Beneficial Owner	Address	Number of Shares of Common Stock	Percentage of Class
Shirley H Davis	c/o American Realty Capital, 405 Park Avenue 15 <sup>th</sup> Floor, New York, NY 10022	130,971	6.85%
Peter & Maria Wirth	c/o American Realty Capital, 405 Park Avenue 15 <sup>th</sup> Floor, New York, NY 10022	129,945	6.80%
Susan S. Auerbach	c/o American Realty Capital, 405 Park Avenue 15 <sup>th</sup> Floor, New York, NY 10022	117,027	6.12%

## Directors and Officers:

The following table presents certain information as of March 23, 2009 concerning each of our directors and executive officers serving in such capacities:

Name of Beneficial Owner	Common Stock Beneficially Owned Number of Shares of Common Stock	Percentage of Class
Nicholas S. Schorsch, Chairman of the Board of Directors, Chief Executive Officer	49,081	2.57 %
William M. Kahane, President, Chief Operating Officer, Director and Treasurer	49,081	2.57 %
Peter M. Budko, Executive Vice President and Chief Investment Officer		
Michael Weil, Executive Vice President and Secretary		
Brian S. Block, Senior Vice President and Chief Financial Officer		
Leslie D. Michelson, Independent Director		
William G. Stanley, Independent Director		
Robert H. Burns, Independent Director	47,284	2.47 %
All directors and executive officers as a group (eight persons)	145,446	7.61 %

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## EQUITY COMPENSATION PLAN INFORMATION

We have adopted a stock option plan under which our independent directors are eligible to receive annual nondiscretionary awards of nonqualified stock options. Our stock option plan is designed to enhance our profitability and value for the benefit of our stockholders by enabling us to offer independent directors stock-based incentives, thereby creating a means to raise the level of equity ownership by such individuals in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and our stockholders.

We have authorized and reserved 1,000,000 shares of our common stock for issuance under our stock option plan. The board of directors may make appropriate adjustments to the number of shares available for awards and the terms of outstanding awards under our stock option plan to reflect any change in our capital structure or business, stock dividend, stock split, recapitalization, reorganization, merger, consolidation or sale of all or substantially all of our assets.

Our stock option plan provides for the automatic grant of a nonqualified stock option to each of our independent directors, without any further action by our board of directors or the stockholders, to purchase 3,000 shares of our common stock on the date of each annual stockholders meeting. The exercise price for all stock options granted under our stock option plan will be fixed at \$10.00 per share until the termination of our initial public offering, and thereafter the exercise price for stock options granted to our independent directors will be equal to the fair market value of a share on the last business day preceding the annual meeting of stockholders. The term of each such option

will be 10 years. Options granted to non-employee directors will vest and become exercisable on the second anniversary of the date of grant, provided that the independent director is a director on the board of directors on that date.

Notwithstanding any other provisions of our stock option plan to the contrary, no stock option issued pursuant thereto may be exercised if such exercise would jeopardize our status as a REIT under the Internal Revenue Code. The total number of options granted will not exceed 10% of the total outstanding shares at the time of grant. During the year December 31, 2008, unvested options to purchase 9,000 shares at \$10.00 per share remained outstanding with a weighted average contractual remaining life of approximately 9.0 years. The expense required to be recorded by the Company was insignificant.

Notwithstanding any other provisions of our stock option plan to the contrary, no stock option issued pursuant thereto may be exercised if such exercise would jeopardize our status as a REIT under the Internal Revenue Code.

The following table sets forth information regarding securities authorized for issuance under our stock option plan as of December 31, 2008:

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a) (c)
Equity Compensation Plans approved by security holders	9,000	\$ 10.00	991,000
Equity Compensation Plans not approved by security holders	N/A	N/A	N/A
Total	9,000	\$ 10.00	991,000

## Section 16 (a) Beneficial Ownership Reporting Compliance

Our common stock is not registered pursuant to Section 12 of the Exchange Act of 1934. Our directors, executive officers and the holders of more than 10% of our common stock are not subject to Section 16(a), and they were not required to file reports under Section 16(a) for the fiscal years ended December 31, 2008.

# **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

## **Advisor**

We entered into an Advisory Agreement with the Advisor, whereby the Advisor manages our day-to-day operations. In return, we have agreed to pay to the Advisor an asset management fee equal to 1% of the gross purchase price of our assets. We also agreed to pay to the Advisor 1.0% of the gross purchase price of each property or asset that we acquire, as an acquisition fee, along with reimbursement of acquisition expenses. We also will pay to American Realty Capital Advisors, LLC a financing coordination fee equal to 1.0% of the amount available under any debt financing that we obtain and use for the acquisition of properties and other investments. Total acquisition and finance coordination fees recorded for the year ended December 31, 2008 was approximately \$1,507,000 and \$1,131,000, respectively. No asset management fees were recorded for the year ended December 31, 2008, as the Advisor elected to waive (not defer) such fees during 2008. Total acquisition expenses recorded by the Advisor for the year ended December 31, 2008 were \$181,350.

Nicholas S. Schorsch, our chief executive officer and chairman of our board of directors. Mr. Schorsch also is the chief executive officer of the Advisor. William M. Kahane, our President, Chief Operating Officer and Treasurer is the President, Chief Operating Officer and Treasurer of the Advisor. Along with certain executives, Mr. Schorsch and Mr. Kahane are indirect owners of the Advisor. Peter M. Budko, our executive vice president and chief investment officer, is the executive vice president and chief investment officer of the Advisor. Brian S. Block, our senior vice president and chief financial officer, is the senior vice president and chief financial officer of the Advisor. Michael Weil, our executive vice president and secretary is the executive vice president and secretary of the Advisor.

## **Property Manager**

We entered into a Property Management Agreement with American Realty Capital Properties, LLC. We agreed to pay to American Realty Capital Properties, LLC fees equal to (a) 2.0% from our single tenant properties and (b) 4% of the gross revenues from our multi-tenant properties. In addition, we will pay leasing commissions to American Realty Capital Properties, LLC based upon the customary leasing commissions applicable to the geographic location of the property, subject to certain limits. Total property management fees paid for the year ended December 31, 2008 totaled approximately \$4,000, as American Realty Capital Properties, LLC agreed to waive (not defer) approximately \$102,000 of additional property management fees.

Nicholas S. Schorsch, our chief executive officer and chairman of our board of directors, is the chief executive officer of American Realty Capital Properties, LLC. William M. Kahane, our President, Chief Operating Officer and Treasurer is the President, Chief Operating Officer and Treasurer of American Realty Capital Properties, LLC. Mr. Schorsch and Mr. Kahane are indirect owners of American Realty Capital Properties, LLC. Peter M. Budko, our executive vice president and chief investment officer, is the executive vice president and chief investment officer of American Realty Capital Properties, LLC. Brian S. Block, our senior vice president and chief financial officer, is the senior vice president and chief financial officer of American Realty Capital Properties, LLC. Michael Weil, our executive vice president and secretary is the executive vice president and secretary of American Realty Capital Properties, LLC.

## **Dealer Manager**

We will pay to Realty Capital Securities, LLC 7% of the gross offering proceeds from this offering, except that no

selling commissions will be paid on shares sold under our distribution reinvestment plan. Realty Capital Securities, LLC may reallow all of the selling commission to participating broker-dealers. Realty Capital Securities, LLC also will waive the selling commission with respect to shares sold by an investment advisory representative. Additionally, we will pay to Realty Capital Securities, LLC a dealer manager fee equal to 3% of the gross offering proceeds sold through broker-dealers. Realty Capital Securities, LLC may reallow all or part of the dealer manager fee to participating broker-dealers. We will not pay a dealer manager fee for shares purchased through our distribution reinvestment plan. During the year ended December 31, 2008, the Company paid approximately \$199,000 to Realty Capital Securities, LLC for commissions and dealer manager fees, of which approximately \$13,000 was reallowed to participating broker-dealers.

Nicholas S. Schorsch, our chief executive officer and a member of our board of directors, indirectly and together with Mr. Kahane owns a majority of the ownership and voting interests of Realty Capital Securities,

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LLC. William M. Kahane, our president and a member of our board of directors, indirectly and together with Mr. Schorsch owns a majority of the ownership and voting interests of Realty Capital Securities, LLC. Nicholas Corvinus is the president and secretary of Realty Capital Securities, LLC.

## **Acquisition of Properties from Affiliates**

We acquired several portfolios of properties from affiliated parties in 2008.

We acquired a FedEx Cross-Dock facility in Snowshoe, Pennsylvania (the FedEx Property ) as our initial investment on March 5, 2008. On February 25, 2008, the entire Board of Directors (with the two inside directors abstaining because the acquisition of the FedEx Property is an affiliated transaction) approved the acquisition of the FedEx Property, which acquisition closed on March 5, 2008. We acquired the FedEx Property at sellers' cost, which does not exceed the fair market value of the FedEx Property as determined by an appraisal of a qualified independent appraiser.

The purchase price for the FedEx Property was approximately \$10.0 million. The FedEx Property is subject to approximately \$7.0 million of existing debt. We funded the balance of the purchase price by issuing 342,502 of shares of common stock to the sellers. Closing costs and fees aggregated approximately \$215,000. Our operating partnership, American Realty Capital Operating Partnership, L.P., entered into a purchase agreement to purchase the FedEx Property subject to customary due diligence and other conditions. The sellers of the FedEx Property are two unaffiliated parties, who own approximately 70% of indirect interest in the FedEx Property, and our sponsors, Nicholas S. Schorsch and William M. Kahane, who own approximately 30% of indirect interest in the FedEx Property. The FedEx Property is a shipping and distribution facility located at 401 E. Sycamore, Snowshoe, PA. Built in 2004, the FedEx Property has 55,440 square feet of warehouse space. The current sole tenant is FedEx and will remain the sole tenant on a double-net lease basis.

We acquired 15 Harleysville National Bank and Trust Company ( Harleysville National Bank ) branch properties in various Pennsylvania locations (the Harleysville Properties ) on March 12, 2008. On February 25, 2008, the entire Board of Directors (with the two inside directors abstaining because the acquisition is an affiliated transaction) approved the acquisition of the Harleysville Properties. We acquired the Harleysville Properties at seller's cost, which does not exceed the fair market value of the Harleysville Properties as determined by an appraisal of a qualified independent appraiser. The purchase price for the Harleysville Properties was approximately \$41.0 million, which was subject to approximately \$31.0 million of existing debt. The remainder of the purchase price was paid with proceeds from the offering equal to approximately \$2,046,000 and bridge equity investments equal to approximately \$3,954,000 and \$4,000,000. The seller of the Harleysville Properties was one of our sponsors, Nicholas S. Schorsch.

The Harleysville Properties are commercial bank branch locations throughout Pennsylvania with an aggregate of 178,000 square feet. The current sole tenant of the properties is Harleysville National Bank and will remain the sole tenant on a triple-net lease basis.

On September 29, 2008, we acquired 6 Rite Aid properties (the Rite Aid Properties ). We acquired the Rite Aid Properties at sellers cost, which does not exceed the fair market value of the Rite Aid Properties as determined by an appraisal of a qualified independent appraiser. The entire Board of Directors (with the two inside directors abstaining because the acquisition is an affiliated transaction) approved the acquisition of the Rite Aid Properties. The purchase price for the Rite Aid Properties was approximately \$18.8 million, including closing costs and the acquisition fee, and the Rite Aid Properties were subject to approximately \$12.8 million of assumed existing debt. The remainder of the purchase price was funded with revolving equity investment of approximately \$6,000,000 from a related party under an unsecured revolving equity facility. The sellers of the Rite Aid Properties were two of our sponsors, Nicholas S.

Schorsch and William M. Kahane. The Rite Aid Properties are drug stores in Ohio and Pennsylvania with an aggregate of approximately 75,000 square feet. The current sole tenant of the properties is Rite Aid and will remain the sole tenant on a triple-net or double-net lease basis.

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On August 29, 2008, the Board of Directors (with the two inside directors abstaining because the acquisition of 2 National City bank branches (the National City Properties ) is an affiliated transaction) approved the acquisition of the National City Properties. We acquired the branch located in Palm Coast, FL on September 16, 2008 (the Palm Coast Property ) and the bank branch located in Pompano Beach, FL on October 23, 2008 (the Pompano Beach Property ). The purchase price for the National City Properties was approximately \$6.9 million, including closing costs and the acquisition fee, and the National City Properties are subject to approximately \$4.5 million of debt, comprised of loans from TD Bank, N.A. in the amounts of approximately \$2.1 million for the Palm Coast Property and \$2.4 million for the Pompano Beach Property. The remainder of the purchase price was funded with bridge equity investment of approximately \$2,400,000 from a related party under an unsecured revolving equity facility. The seller of the National City Properties is an affiliated party. The National City Properties are two bank branches in Florida with an aggregate of approximately 8,500 square feet. The current sole tenant of the properties is National City Bank and will remain the sole tenant on a triple-net basis.

## **Borrowing Policies**

Our operating partnership may, with the approval from our independent Board of Directors, utilize unsecured revolving equity lines in connection with property acquisitions as opportunities present themselves, which equity shall be repaid as we raise common equity. Currently, we have two such equity lines: (1) up to \$10 million dollars provided by certain managing principals of American Realty Capital II, LLC, which as of December 31, 2008 has been called to the extent of \$6.5 million, and (2) up to \$10 million dollars provided by a joint venture between an unaffiliated third-party and certain managing principals of American Realty Capital II, LLC, which as of December 31, 2008 has been called to the extent of \$8.4 million.

## **Certain Conflict Resolution Procedures**

Every transaction that we enter into with the Advisor or its affiliates will be subject to an inherent conflict of interest. Our Board may encounter conflicts of interest in enforcing our rights against any affiliate in the event of a default by or disagreement with an affiliate or in invoking powers, rights or options pursuant to any agreement between us and the Advisor or any of its affiliates.



In order to reduce or eliminate certain potential conflicts of interest, our charter contains a number of restrictions relating to (a) transactions we enter into with our sponsor, our advisor, any director or their affiliates, (b) certain future offerings, and (c) allocation of investment opportunities among affiliated entities. These restrictions include, among others, the following:

We will not purchase or lease properties in which our sponsor, or advisor, any of our directors or any of their respective affiliates has an interest without a determination by a majority of the directors, including a majority of the independent directors, not otherwise interested in such transaction that such transaction is fair and reasonable to us and at a price to us no greater than the cost of the property to the seller or lessor unless there is substantial justification for any amount that exceeds such cost and such excess amount is determined to be reasonable. In no event will we acquire any such property at an amount in excess of its appraised value. We will not sell or lease properties to our sponsor, or advisor, any of our directors or any of their respective affiliates unless a majority of the directors, including a majority of the independent directors not otherwise interested in the transaction, determines that the transaction is fair and reasonable to us.

We will not make any loans to our sponsor, our advisor, any of our directors or any of their respective affiliates, except that we may make or invest in mortgage, bridge or mezzanine loans involving our sponsor, our advisor, our directors or their respective affiliates, provided that an appraisal of the underlying property is obtained from an independent appraiser and a majority of the directors, including a majority of the independent directors, not otherwise interested in the transaction determine that the transaction is fair and reasonable to us and on terms no less favorable to us than those available from third parties. In addition, our sponsor, our advisor any of our directors and any of their respective affiliates will not make loans to us or to joint ventures in which we are a joint venture partner unless approved by a majority of the directors, including a majority of the independent directors not otherwise interested in the transaction as fair, competitive and commercially reasonable, and no less favorable to us than comparable loans between unaffiliated parties.

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Our advisor and its affiliates will be entitled to reimbursement, at cost, for actual expenses incurred by them on behalf of us or joint ventures in which we are a joint venture partner; provided, however, that we will not reimburse our advisor for the amount, if any, by which our total operating expenses, including the advisor asset management fee, paid during the previous fiscal year exceeded the greater of: (a) 2% of our average invested assets for that fiscal year, or (b) 25% of our net income, before any additions to reserves for depreciation, bad debts or other similar non-cash reserves and before any gain from the sale of our assets, for that fiscal year.

In the event that an investment opportunity becomes available that is suitable, under all of the factors considered by American Realty Capital Advisors, LLC, for both us and one or more other entities affiliated with American Realty Capital Advisors, LLC, and for which more than one of such entities has sufficient uninvested funds, then the entity that has had the longest period of time elapse since it was offered an investment opportunity will first be offered such investment opportunity. It will be the duty of our board of directors, including the independent directors, to insure that this method is applied fairly to us. In determining whether or not an investment opportunity is suitable for more than one program, American Realty Capital Advisors, LLC, subject to approval by our board of directors, shall examine, among others, the following factors:

the anticipated cash flow of the property to be acquired and the cash requirements of each program;  
the effect of the acquisition both on diversification of each program's investments by type of property, geographic area and tenant concentration;

the policy of each program relating to leverage of properties;  
the income tax effects of the purchase to each program;  
the size of the investment; and

the amount of funds available to each program and the length of time such funds have been available for investment. If a subsequent development, such as a delay in the closing of a property or a delay in the construction of a property, causes any such investment, in the opinion of American Realty Capital Advisors, LLC, to be more appropriate for a

program other than the program that committed to make the investment, American Realty Capital Advisors, LLC may determine that another program affiliated with American Realty Capital Advisors, LLC or its affiliates will make the investment. Our board of directors has a duty to ensure that the method used by American Realty Capital Advisors, LLC for the allocation of the acquisition of properties by two or more affiliated programs seeking to acquire similar types of properties is applied fairly to us.

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## **RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Grant Thornton LLP audited our financial statements for the year ended December 31, 2008. Grant Thornton LLP reports directly to our audit committee. A representative from Grant Thornton LLP will be present at the annual meeting. The following table presents the aggregate fees billed to ARCT for the year ended December 31, 2008 by ARCT's principal accounting firm of Grant Thornton LLP:

	2008
Audit Fees	\$ 362,950
Audit-Related Fees	
Tax Fees	
All Other Fees	
Total Fees	\$ 362,950

In considering the nature of the services provided by the independent auditor, the audit committee determined that such services are compatible with the provision of independent audit services. The audit committee discussed these services with the independent auditor and ARCT management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the related requirements of the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants. All services rendered by Grant Thornton LLP were approved by the Audit Committee.

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## **AUDIT COMMITTEE REPORT**

### **AUDIT COMMITTEE REPORT**

To the Directors of American Realty Capital Trust, Inc.:

We have reviewed and discussed with management American Realty Capital Trust, Inc.'s audited financial statements as of and for the year ended December 31, 2008.

We have discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended by Statement on Auditing Standards No. 90, Audit Committee Communications, by the Auditing Standards Board of the American Institute of Certified Public Accountants.

We have received and reviewed the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as amended, by the Independence Standards Board, and have discussed with the auditors the auditors' independence.

Based on the reviews and discussions referred to above, we recommend to the board of directors that the financial statements referred to above be included in American Realty Capital Trust, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008.

Audit Committee

Leslie D. Michelson

Robert H. Burns

William G. Stanley

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## **OTHER MATTERS PRESENTED FOR ACTION AT THE 2009 ANNUAL MEETING**

Our board of directors does not intend to present for consideration at the 2009 annual meeting of stockholders any matter other than those specifically set forth in the Notice of Annual Meeting of Stockholders. If any other matter is properly presented for consideration at the meeting, the persons named in the proxy will vote thereon pursuant to the discretionary authority conferred by the proxy.

## **STOCKHOLDER PROPOSALS FOR THE 2010 ANNUAL MEETING**

### **Stockholder Proposals in the Proxy Statement**

Rule 14a-8 under the Exchange Act addresses when a company must include a stockholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of stockholders. Under Rule 14a-8, in order for a stockholder proposal to be considered for inclusion in the proxy statement and proxy card relating to our 2010 annual meeting of stockholders, the proposal must be received at our principal executive offices no later than December 1, 2009.

### **Stockholder Proposals and Nominations for Directors to Be Presented at Meetings**

For any proposal that is not submitted for inclusion in our proxy material for the 2010 annual meeting of stockholders but is instead sought to be presented directly at that meeting, Rule 14a-4(c) under the Exchange Act permits our management to exercise discretionary voting authority under proxies it solicits unless we receive timely notice of the proposal in accordance with the procedures set forth in our bylaws. Under our bylaws, for a stockholder proposal to be properly submitted for presentation at our 2010 annual meeting of stockholders, our Secretary must receive written notice of the proposal at our principal executive offices during the period beginning on November 1, 2009 and ending

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at 5:00 p.m., Eastern Time, on December 1, 2009 and must contain information specified in our bylaws, including:

1. as to each director nominee,

the name, age, business address, and residence address of the nominee;  
the class, series and number of any shares of stock of the Company beneficially owned by the nominee;  
the date such shares were acquired and the investment intent of such acquisitions;  
all other information relating to the nominee that is required under Regulation 14A under the Exchange Act to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved) or is otherwise required; and

2. as to any other business that the stockholder proposes to bring before the meeting,

a description of the business to be brought before the meeting;  
the reasons for proposing such business at the meeting;  
any material interest in such business that the proposing stockholder (and certain persons, which we refer to as Stockholder Associated Persons (as defined below), if any) may have, including any anticipated benefit to the proposing stockholder (and the Stockholder Associated Persons, if any); and

3. as to the proposing stockholder (and the Stockholder Associated Persons, if any),

the class, series and number of all shares of stock of the Company owned by the proposing stockholder (and the Stockholder Associated Persons, if any), and the nominee holder for, and number of, shares owned beneficially but not of record by the proposing stockholder (and the Stockholder Associated Persons, if any); and

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4. as to the proposing stockholder (and the Stockholder Associated Persons, if any) covered by clauses (2) or (3) above,

the name and address of the proposing stockholder (and the Stockholder Associated Persons, if any) as they appear on the Company's stock ledger, and current name and address, if different; and

5. to the extent known by the proposing stockholder, the name and address of any other stockholder supporting the director nominee or the proposal of other business on the date of the proposing stockholder's notice.

A Stockholder Associated Person means (i) any person controlling, directly or indirectly, or acting in concert with, the proposing stockholder, (ii) any beneficial owner of shares of stock of the Company owned by the proposing stockholder and (iii) any person controlling, controlled by or under common control with the Stockholder Associated Person.

All nominations must also comply with the Charter. All proposals should be sent via registered, certified or express mail to our Secretary at our principal executive offices at: American Realty Capital Trust, Inc., 405 Park Avenue, New York, NY 10022, Attention: Michael Weil (telephone: (212) 415-6500).

By Order of the Board of Directors,  
/s/ Michael Weil  
Michael Weil, *Secretary*

New York, NY  
March 27, 2009

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