

Reconciliation to May 19, 2014 8-K

- The American Realty Capital Properties, Inc.’s (“ARCP”) May 19, 2014 8-K Filing (the “Initial Report”) demonstrated the impact on ARCP’s First Quarter 2014 Financial Statements filed therein of the expected ARCenters spin-off, which did not impact the fully diluted share count for the quarter.
- The following table provides a reconciliation of the weighted average shares against those provided in the Initial Report, including the impact of the Cole acquisition for the first quarter.

1Q14 Weighted Average Fully Diluted Shares	573,728
Plus: Cole Impact from 1/1/14 - 2/6/14	215,438
Shares per 12/31/13 Pro Forma 8-k	789,166
Plus: Impact of Weighted Average Issuance	3,154
Total Shares Outstanding at 3/31/14	792,320
OP Units	24,836
Total Shares & Units Outstanding at 3/31/14	817,156

- The following information includes the impact of Cole Capital for the full first quarter 2014 but does not include the impact of the Red Lobster transaction, equity offering or redeployment of the proceeds expected to be received from the sale of the ARCenters portfolio.

Removing impact from the former ARCenters Spin- Off

Unaudited Pro Forma Consolidated Balance Sheet March 31, 2014 (In thousands)

	<u>ARCP Historical</u>
Assets	
Real estate investments, at cost:	
Land	\$ 3,226,615
Buildings, fixtures and improvements	11,841,722
Construction in progress	40,459
Acquired intangible lease assets	2,209,747
Total real estate investments, at cost	17,318,543
Less: accumulated depreciation and amortization	(422,355)
Total real estate investments, net	16,896,188
Investments in unconsolidated entities	105,775
Investment in direct financing leases, net	65,723
Investment securities, at fair value	213,803
Loans held for investment, net	98,185
Cash and cash equivalents	83,067
Restricted cash	55,559
Intangible assets, net	371,634
Deferred costs and other assets, net	294,694
Goodwill	2,287,122
Due from affiliates	8,550
Total assets	<u>\$ 20,480,300</u>
Liabilities and Equity	
Mortgage notes payable, net	\$ 4,234,668
Corporate debt, net	2,545,884
Convertible debt, net	973,737
Credit facilities	2,415,800
Other long-term debt, net	148,809
Below-market lease liability, net	287,199
Accounts payable and accrued expenses	143,860
Deferred rent, derivatives and other liabilities	195,826
Distributions payable	4,414
Due to affiliates	217
Total liabilities	<u>10,950,414</u>
Series D Convertible Preferred Stock	269,299
Preferred stock	427
Common stock	7,699
Additional paid-in capital	10,305,815
Accumulated other comprehensive income (loss)	13,397
Accumulated deficit	(1,365,467)
Total stockholders' equity	8,961,871
Non-controlling interests	298,716
Total equity	<u>9,260,587</u>
Total liabilities, temporary equity and equity	<u>\$ 20,480,300</u>

Unaudited Pro Forma Consolidated Statement of Operations
Three-Months Ended March 31, 2014
(In thousands, except share based data)

	<u>ARCP Historical</u>	<u>Pro Forma Adjustments</u>	<u>ARCP as Adjusted</u>
Revenues:			
Rental income	\$ 244,445	\$ 66,132	\$ 310,577
Direct financing lease income	1,006	-	1,006
Operating expense reimbursements	21,096	-	21,096
Cole Capital revenue	54,067	27,034	81,101
Total revenues	<u>320,614</u>	<u>93,166</u>	<u>413,780</u>
Operating expenses:			
Acquisition related	11,884	(11,884)	-
Merger and other transaction related	222,192	(222,192)	-
Reallowed fees and commissions	34,436	17,218	51,654
Property operating	29,627	-	29,627
General and administrative	26,839	9,545	36,384
Equity-based compensation	22,510	-	22,510
Depreciation and amortization	165,363	15,229	180,592
Operating fees to affiliates	-	-	-
Total operating expenses	<u>512,851</u>	<u>(192,085)</u>	<u>320,767</u>
Operating income (loss)	<u>(192,237)</u>	<u>285,250</u>	<u>93,013</u>
Other income (expenses):			
Interest expense	(116,712)	22,953	(93,759)
Other income, net	5,512	-	5,512
Gain on disposition of properties	2,979	-	2,979
Loss on derivative instruments, net	(20,197)	-	(20,197)
Total other expenses	<u>(128,418)</u>	<u>22,953</u>	<u>(105,465)</u>
Income (loss) from continuing operations	<u>(320,655)</u>	<u>308,203</u>	<u>(12,452)</u>
Net (income) loss from continuing operations attributable to non-controlling interests	11,974	(11,509)	465
Net income (loss) from continuing operations attributable to stockholders	(308,681)	296,694	(11,987)
Dividends allocable to preferred shares	(22,427)	-	(22,427)
Dividends allocable to participating securities	(1,205)	-	(1,205)
Net income (loss) attributable to stockholders	<u>\$ (332,313)</u>	<u>\$ 296,694</u>	<u>\$ (35,619)</u>
Earnings per share:			
Basic	\$ (0.61)		\$ (0.05)
Fully diluted (9)	\$ (0.61)		\$ (0.05)
Weighted average common shares:			
Basic (10)	547,782	215,438	763,220
Diluted (10)	573,728	215,438	789,166

Adjusted to:

- 1. Remove the impact from the former ARCenters Spin-Off**
- 2. Depict full-quarter weighted average share count**

Highlights denote adjustments from May 19, 2014 filing.

American Realty Capital Properties, Inc.
Unaudited Supplementary Information
(In thousands except per share data)

Adjusted to:

- 1. Remove the impact from the former ARCenters Spin-Off**
- 2. Include run-rate Q1 effect for Cole merger and Q1 acquisitions**
- 3. Depict full-quarter weighted average share count**

Highlights denote adjustments from May 19, 2014 filing.

Unaudited Pro Forma Funds From Operations and Adjusted Funds From Operations

Adjusted net loss attributable to stockholders		
Loss (gain) on held for sale properties		
Depreciation and amortization on real estate assets		
Depreciation and amortization on real estate assets in unconsolidated joint ventures		
Total Funds from Operations (FFO)		
AFFO adjustments:		
Acquisition related		
Merger and other transaction costs		
Loss on derivative instruments, net		
Amortization of premiums and discounts on debt and investments		
Dividends attributable to convertible preferred stock		
Dividends attributable to participating securities		
Amortization of above- and below-market lease asset, net		
Amortization of deferred financing costs		
Other amortization expense and depreciation		
Loss on early extinguishment of debt		
Straight-line rent		
Non-cash equity compensation expense		
Proportionate share of adjustments for unconsolidated joint ventures		
Total Adjusted Funds from Operations (AFFO)		

Three Months Ended March 31, 2014		
	ARCP Historical	ARCP Pro Forma
\$	(332,313)	\$ (35,619)
	(2,979)	(2,979)
	150,899	166,218
	602	602
	(183,791)	128,222
	11,884	-
	222,192	-
	20,197	20,197
	(18,325)	(2,615)
	5,053	5,053
	936	936
	358	358
	37,940	5,610
	14,374	14,374
	20,819	-
	(7,520)	(10,505)
	22,510	22,510
	762	762
\$	147,389	\$ 184,902

Projected 3-months EBITDA for PCM

\$ 35,500

Adjusted AFFO

\$ 220,402

Weighted average common shares:

Basic	547,782	763,220
Fully Diluted	573,728	789,166
FFO per share:		
Basic	\$ (0.34)	\$ 0.17
Diluted	\$ (0.32)	\$ 0.16
AFFO per share:		
Basic	\$ 0.27	\$ 0.29
Diluted	\$ 0.26	\$ 0.28

Forward-Looking Statements

Information set forth herein (including information included or incorporated by reference herein) may contain “forward looking statements” (as defined in Section 21E of the Securities Exchange Act of 1934, as amended), which reflect ARCP’s expectations regarding future events. The forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking statements. Such forward-looking statements include, but are not limited to, the ARCP's plans, market and other expectations, objectives, intentions and other statements that are not historical facts, including the potential sale of its multi-tenant shopping center business and the consummation of the Red Lobster acquisition. Additional factors that may affect future results are contained in the prospectus supplement and ARCP's other filings with the SEC, which are available at the SEC's website at www.sec.gov. ARCP disclaims any obligation to update and revise statements contained in these materials based on new information or otherwise.