American Realty Capital Healthcare Trust, Inc.

American Realty Capital Healthcare Trust was formed in 2011 to acquire medical office buildings and other healthcare-related facilities. As of the end of the third quarter 2011, the REIT had $74.4 million in assets in six properties totaling 271,112 square feet. The REIT is in the Emerging LifeStage of Effective REITs, which is typified by high levels of debt, not meaningful distribution payout levels, and limited distributions. The investment style for this REIT is considered to be “Core,” which is typically defined as a REIT that generates a high percentage of its total return from income and a modest percentage from asset appreciation. REITs in this category are also expected to exhibit low volatility in terms of asset values.

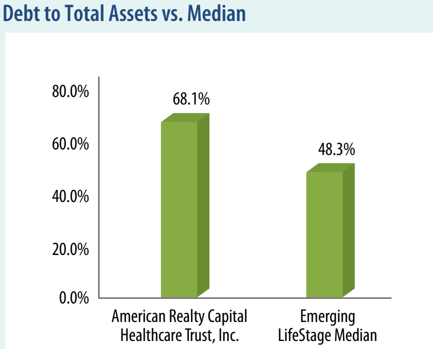
Key Highlights
- Recent strong capital raise has been matched by acquisition pace, showing good utilization of cash on hand.
- Metrics are trending toward more stable levels but still reflect unevenness typical of Emerging LifeStage REITs.

Capital Stack Review
- $24.7 million was raised in the third quarter 2011, bringing total lifetime raise to $30.4 million
- Debt – Current debt ratio is at 68.1%, up from 33.4% in the previous quarter with 100% of the REIT’s debt in fixed instruments.
- Debt Maturity – 94.8% of the REIT’s debt matures in 2015 or later.
- Loan Activity – $45.9 million in acquisitions have been funded under a $150 million, multi-tranche mortgage loan with GE Capital Corp.
- Cash on Hand – Has been reduced to 3.8% from 7.7% the previous quarter, reflecting strong current acquisition activity.

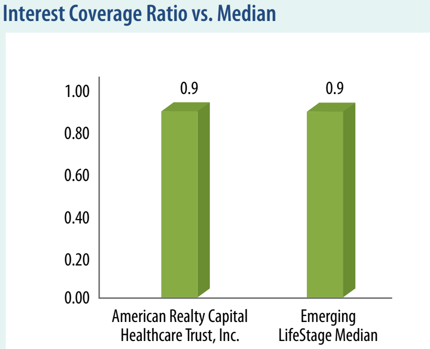
Metrics
- Distribution – The distribution yield remained steady at 6.6% over the last two quarters. The company commenced paying distributions in August 2011.
- Distribution Source – Distributions were paid from net proceeds received from borrowings.
- MFFO Payout Ratio – Can only be analyzed for the third quarter at a 91% payout ratio.
- Interest Coverage Ratio – Due to the large increase in loan-to-value for the REIT, interest coverage was at 0.9x for the quarter and is above median compared with other REITs in this LifeStage.
- Impairments – None reported.

Real Estate
- Acquisitions – Through September 30, the REIT has acquired six assets totaling $68.9 million, with four being added in the last quarter for $62.9 million, or $254 per square foot. Notable Acquisitions:
  - 3Q acquisitions included closing the initial tranche of three properties totaling $60.9 million from a 12-property portfolio.
- Cap Rate – Weighted-average purchase price capitalization rate of 8.7% for the portfolio.
- Lease Expirations – Weighted-average lease term of 8.2 years.
- Occupancy – 93.2%.
- Dispositions – None reported.
- Diversification – As is typical of REITs in the Emerging LifeStage, concentrations exist in geographical areas with 84% of the portfolio in Nevada and in tenancy with four tenants having greater than 11% of annualized rental income, including Carson Tahoe Regional Healthcare at 27.4%.

Debt to Total Assets vs. Median



Interest Coverage Ratio vs. Median



Distribution Yield vs. Median