



SUMMARY RISK FACTORS

Investing in our common stock involves a high degree of risk. See “Risk Factors” beginning on page 26 of the PE-ARC prospectus to read about risks you should consider before buying shares of our common stock. These risks include the following:

- We are a “blind pool” offering because we do not currently own any investments and have not identified any investments to acquire.
- No public market currently exists for our common stock, and we have no plans to list our shares on an exchange. If you are able to sell your shares, you would likely have to sell them at a substantial discount or loss.
- No one may own more than 9.8% of our aggregate outstanding stock unless exempted by our board and we may prohibit transfers of our shares to ensure our qualification as a REIT. See “Description of Shares – Restriction on Ownership of Shares” beginning on page 196.
- This price is arbitrary and unrelated to the book or net value of our assets or to our expected operating income.
- We depend on our sub-advisor (acting on behalf of our advisor) to conduct our operations. Neither our advisor nor our sub-advisor has any operating history or any experience operating a public company.
- We have no operating history, and our total assets consist, as of August 31, 2010, of \$5,000 cash and \$2,175,550 of deferred offering costs.
- All of our executive officers and some of our directors are also officers, managers, directors or holders of a controlling interest in our advisor, sub-advisor, dealer manager or other affiliates of our sponsors. As a result, they will face conflicts of interest, including significant conflicts created by our advisor’s compensation arrangements with us and other sponsor-advised programs.
- If we raise substantially less than the maximum offering, we may not be able to invest in a diverse portfolio of real estate assets and the value of your investment may vary widely with the performance of specific assets.
- We will pay substantial fees and expenses to our advisor, our sub-advisor and their respective affiliates and broker-dealers. These fees increase your risk of loss.
- Our organizational documents permit us to pay distributions from any source without limit, including offering proceeds. Until the proceeds from this offering are fully invested and from time to time during our operational stage, we expect to use proceeds from financings to fund distributions in anticipation of cash flow to be received in later periods. We may also fund such distributions from advances from our sponsors or from any deferral or waiver of fees by our advisor and sub-advisor. To the extent distributions exceed our net income or net capital gain, a greater proportion of your distributions will generally represent a return of capital as opposed to current income or gain, as applicable.
- We may incur debt exceeding 75.0% of the cost of our tangible assets with the approval of the conflicts committee. Especially during the early stages of this offering, our conflicts committee may approve debt in excess of this limit. Higher debt levels increase the risk of your investment.