PROSPECTUS

Cole Real Estate Income Strategy (Daily NAV), Inc.

Maximum Offering of $4,000,000,000
of Wrap Shares, Advisor Shares and Institutional Shares of Common Stock

Cole Real Estate Income Strategy (Daily NAV), Inc. is a corporation formed to invest primarily in single-tenant necessity commercial properties, which are leased to creditworthy tenants under long-term net leases. By utilizing this conservative and disciplined investment approach, we expect to generate a relatively predictable and stable current stream of income for investors, along with the potential for long-term capital appreciation in the value of our real estate. We have elected to be treated as a real estate investment trust, or REIT, for federal income tax purposes, and we are externally managed by our advisor, Cole Real Estate Income Strategy (Daily NAV) Advisors, LLC, an affiliate of our sponsor, Cole Capital, which is a trade name used to refer to a group of affiliated entities directly or indirectly controlled by VEREIT, Inc. ("VEREIT"), a publicly-traded company (NYSE: VER). Our advisor has engaged a sub-advisor to assist in selecting and managing the component of our portfolio consisting of liquid assets.

We commenced a "best efforts" initial public offering on December 6, 2011 for a minimum of $10.0 million in shares and a maximum of $4.0 billion in shares of our Wrap Class of common stock, which we refer to herein as "W Shares." Also pursuant to this prospectus, we are offering to the public the W Shares and two other classes of shares of our common stock: Advisor Class common stock and Institutional Class common stock, which we refer to herein as "A Shares" and "I Shares," respectively. As of October 9, 2015, we had approximately 6.8 million W Shares outstanding, approximately 1.0 million A Shares outstanding and approximately 545,000 I Shares outstanding.

We intend to offer W Shares, A Shares and I Shares on a continuous basis and for an indefinite period of time, by filing a new registration statement before the end of each prior offering, subject to regulatory approval. We are initially offering up to $4.0 billion in shares of common stock of the three classes, consisting of up to $3.5 billion in Shares in our primary offering and up to $500.0 million in shares pursuant to our distribution reinvestment plan. We are offering to sell any combination of W Shares, A Shares and I Shares with a dollar value up to the maximum offering amount. The per Share purchase price will vary from day-to-day and, on each day, will equal, for each class of common stock, the sum of the net asset value, or NAV, for such class, divided by the number of Shares of that class outstanding as of the end of business on such day (NAV per share plus, for A Shares sold in the primary offering only, applicable selling commissions). On October 9, 2015, our NAV per share was $18.15, $18.11 and $18.21, per W Share, per A Share and per I Share, respectively. Our independent fund accountant calculates our NAV per share reflecting several components, including (1) estimated values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate based upon individual appraisal reports provided periodically by an independent valuation expert, (2) the price of liquid assets for which third party market quotes are available, (3) accruals of our daily distributions and (4) estimated accruals of our operating revenues and expenses. Although we do not intend to list our common stock for trading on a stock exchange or other trading market, we have adopted a redemption plan designed to provide our stockholders with limited liquidity on any business day for their investment in our Shares.

This investment involves a high degree of risk. You should purchase these securities only if you can afford a significant decline in, or a complete loss of, the value of your investment. See "Risk Factors" beginning on page 32 for risks to consider before buying our shares, including:

- We are a "blind pool." As of the date of this prospectus, we have acquired 73 real estate properties and we have not identified all of the specific properties that we may purchase with future offering proceeds and have a limited operating history.
- There is no public market for our shares of common stock, and our charter does not require us to effect a liquidity event at any point in time in the future.
- Our redemption plan provides stockholders with the opportunity to redeem their shares on any business day, but redemptions will be subject to available liquidity and other potential restrictions.
- We may pay distributions and fund redemptions from sources other than cash flow from operations, including borrowings, proceeds from this offering or asset sales, and we have no limits on the amounts we may pay from such other sources.
- The valuation methodologies used by our independent valuation expert in arriving at the estimates of value of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate (one of the components of our NAV) set forth in individual appraisal reports, each of which are prepared in accordance with

valuation guidelines reviewed by the advisor and approved by our board of directors, involve subjective judgments and estimates. These estimated values are then reflected by our independent fund accountant in the calculation of our NAV. As a result, our NAV may not accurately reflect the actual prices at which our commercial real estate assets, related liabilities and notes receivable secured by real estate could be liquidated on any given day.

- There are conflicts of interest between us and our advisor and its affiliates, including our payment of substantial fees to our advisor and its affiliates.
- This is a "best efforts" offering. If we are not able to raise a substantial amount of capital in the near term, we may have difficulties investing in properties and our ability to achieve our investment objectives could be adversely affected.
- We may suffer from delays in identifying suitable investments, which may adversely impact our results of operations and the value of your investment.
- If we do not remain qualified as a REIT, our NAV and cash available for distribution to our stockholders could materially decrease.

Neither the Securities and Exchange Commission, any state securities commission, nor the Attorney General of the State of New York has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. The use of forecasts in this offering is prohibited. Any representation to the contrary and any predictions, written or oral, as to the amount or certainty of any present or future cash benefit or tax consequence which may flow from an investment in this program is not permitted.

	Per Share	Total [1]
Gross offering proceeds		$4,000,000,000
Public offering price, W Shares [2]	$18.15	
Public offering price, A Shares [2]	$18.82	
Public offering price, I Shares [2]	$18.21	
Selling commissions [3]	$ 0.71	$ 43,750,000
Proceeds to us, before expenses[4]	$18.16	$3,956,250,000

(1) Includes Shares of common stock being offered under our distribution reinvestment plan, for which investors do not pay selling commissions.

(2) The offering price per share shown is based on our NAV per share for each class on October 9, 2015, plus, for A Shares sold in the primary offering only, applicable selling commissions. The total price per share in this offering will equal the daily NAV per share for each class, plus, for A Shares sold in the primary offering only, applicable selling commissions. The NAV per share for each class may vary from day-to-day and we are offering volume discounts on certain purchases of $150,001 or more of A Shares.

(3) Table assumes that 1/3 of the primary offering gross proceeds come from W Shares, 1/3 of primary offering gross proceeds come from A Shares and 1/3 of primary offering gross proceeds come from sales of I Shares. We may charge selling commissions on A Shares sold in the primary offering of up to 3.75% of the offering price per share for A Shares on the date of purchase. Selling commissions will be deducted directly from the gross investment in A Shares and paid to our dealer manager. Our dealer manager will reallow 100% of selling commissions to participating broker-dealers. Selling commissions may be reduced or eliminated to or for the account of certain categories of purchasers. We will pay our dealer manager an asset-based dealer manager fee that is payable in arrears on a monthly basis and accrues daily in an amount equal to (1) $1/365^{th}$ of 0.55% of our NAV for W Shares for such day, (2) $1/365^{th}$ of 0.55% of our NAV for A Shares for such day and (3) $1/365^{th}$ of 0.25% of our NAV for I Shares for such day. At our dealer manager's discretion it may reallow a portion of the dealer manager fee received on W Shares, A Shares and I Shares to participating broker-dealers. We will pay our dealer manager an asset-based distribution fee for A Shares only that is payable in arrears on a monthly basis and accrues daily in an amount equal to $1/365^{th}$ of 0.50% of our NAV for A Shares for such day. At our dealer manager's discretion it may reallow a portion of the distribution fee to participating broker-dealers. The total amount that will be paid over time for underwriting compensation, including commissions, the asset-based dealer manager fee and the asset-based distribution fee, depends on the average length of time for which shares remain outstanding, the term over which such amount is measured, and the performance of the Company's investments. During the indefinite life of the Company, such amount in the aggregate from all sources, including commissions, could reach, but will never exceed, 10% of the aggregate amount of gross proceeds received by the Company from our primary offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan). See "Use of Proceeds" and "Compensation."

(4) The per share amount represents an average of the share price for each class based on the assumptions in footnotes 1 through 3 to this table and after accounting for selling commissions.

The dealer manager of this offering, Cole Capital Corporation, a member firm of the Financial Industry Regulatory Authority, Inc., or FINRA, is an affiliate of our advisor and will offer the Shares on a best efforts basis.

The date of this prospectus is October 19, 2015

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Suitability Standards

An investment in our common stock involves risk and is not suitable for all investors. There is no certainty as to the amount of distributions you may receive, liquidity under our redemption program may not be available at all times and the value of your investment may decline significantly.

In consideration of these factors, we have established minimum suitability standards for initial stockholders and subsequent purchasers of shares from our stockholders. These minimum suitability standards require that a purchaser of shares have, excluding the value of a purchaser's home, furnishings and automobiles, either:

- a net worth of at least $250,000; or
- a gross annual income of at least $70,000 and a net worth of at least $70,000.

Certain states have established suitability requirements in addition to the minimum standards described above. Shares will be sold to investors in these states only if they meet the additional suitability standards set forth below:

Alabama: Investors must have a liquid net worth of at least ten times their investment in us and similar programs.

California: Investors must have either (i) a net worth of at least $250,000, or (ii) a gross annual income of at least $75,000 and a net worth of at least $75,000. In addition, the investment must not exceed 10% of the net worth of the investor.

Iowa: Investors must have (excluding the value of their home, furnishings and automobiles) either (i) a minimum net worth of $100,000 and an annual income of $70,000, or (ii) a minimum net worth of $350,000. In addition, investors may not invest, in the aggregate, more than 10% of their liquid net worth in us and all of our affiliates. "Liquid net worth" is defined as that portion of net worth that consists of cash, cash equivalents and readily marketable securities.

Kansas, Maine and Massachusetts: It is recommended by the office of the Kansas Securities Commissioner, the Maine Office of Securities and the Massachusetts Securities Division that investors in Kansas, Maine and Massachusetts not invest, in the aggregate, more than 10% of their liquid net worth in this and similar direct participation investments. For these purposes, "liquid net worth" is defined as that portion of net worth that consists of cash, cash equivalents and readily marketable securities.

Kentucky: Investors must have a liquid net worth of at least ten times their investment in us and any of our affiliates' non-publicly traded real estate investment trusts. For these purposes, "liquid net worth" shall consist of cash, cash equivalents and readily marketable securities.

Nebraska: Investors must have (excluding the value of their home, furnishings and automobiles) either (i) a minimum net worth of $100,000 and an annual income of $70,000, or (ii) a minimum net worth of $350,000. In addition, the investment in us must not exceed 10% of the investor's net worth. An investment by a Nebraska investor who is an accredited investor within the meaning of the federal securities laws is not subject to the foregoing limitations.

New Jersey: Investors must have either, (a) a minimum liquid net worth of at least $150,000 and a minimum annual gross income of not less than $85,000, or (b) a minimum liquid net worth of at least $350,000. For these purposes, "liquid net worth" is defined as that portion of net worth (total assets exclusive of home, home furnishings and automobiles, minus total liabilities) that consists of cash, cash equivalents and readily marketable securities. In addition, a New Jersey investor's investment in us, shares of our affiliates, and other direct participation investments may not exceed 10% of his or her liquid net worth.

New Mexico: Investors may not invest, in the aggregate, more than 10% of their liquid net worth in us and all of our affiliates.

North Dakota, Oregon and Pennsylvania: Investors must have a net worth of at least ten times their investment in us.

Ohio: Investors may not invest in the aggregate more than 10% of their liquid net worth in our shares, our affiliates, and in other non-traded real estate investment programs. "Liquid net worth" means that portion of net worth (total assets exclusive of home, home furnishings, and automobiles minus total liabilities) that is comprised of cash, cash equivalents, and readily marketable securities.

Tennessee: Investors must have (excluding the value of their home, home furnishings and automobiles) either (i) a minimum net worth of at least $500,000, or (ii) an annual gross income of at least $100,000 and a minimum net worth of at least $100,000.

Texas: An investor must have had (excluding the value of the investor's home, home furnishings and automobiles), during the last tax year, or estimate that the investor will have during the current tax year, (a) a minimum net worth of $100,000 and a minimum annual gross income of $100,000, or (b) a minimum net worth of $500,000.

Because the minimum offering amount of our W Shares, A Shares and I Shares of common stock combined is less than $116,666,667 in the aggregate, Pennsylvania investors are cautioned to evaluate carefully our ability to accomplish fully our stated objectives and to inquire as to the current dollar volume of our subscription proceeds. See the "Plan of Distribution — Special Notice to Pennsylvania Investors" section of this prospectus for additional information relating to the sale of shares to Pennsylvania investors.

Our sponsor and our dealer manager, which is an affiliate of our sponsor, are responsible for determining if investors meet our minimum suitability standards and state specific suitability standards for investing in our common stock. In making this determination, our sponsor and our dealer manager will rely on participating broker-dealers and/or information provided by investors and their advisors. In addition to the minimum suitability standards described above, each participating broker-dealer, authorized representative or any other person placing shares on our behalf, and our sponsor and our dealer manager, are required to make every reasonable effort to determine that the purchase of shares is a suitable and appropriate investment for each investor.

It shall be the responsibility of your participating broker-dealer, authorized representative or other person placing shares on our behalf to make this determination, based on a review of the information provided by you, including your age, investment objectives, income, net worth, financial situation and other investments held by you, as well as whether you:

- meet the minimum income and net worth standards established in your state;
- can reasonably benefit from an investment in our common stock based on your overall investment objectives and portfolio structure;
- are able to bear the economic risk of the investment based on your overall financial situation; and
- have an apparent understanding of:
    - the fundamental risks of an investment in our common stock;
    - the risk that you may lose your entire investment;
    - the limited liquidity of our common stock;
    - the restrictions on transfer and ownership of our common stock;
    - the background and qualifications of our advisor and sub-advisor; and
    - the tax, including ERISA, consequences of an investment in our common stock.

Our sponsor, our dealer manager and each participating broker-dealer, authorized representative or other person placing shares on our behalf shall maintain records of the information used to determine that an investment in our shares is suitable and appropriate for a stockholder. The participating broker-dealer shall maintain these records for at least six years.

The income and net worth standards set forth above do not apply to participant-directed purchases under a 401(k) or other defined contribution plan where the authorized plan fiduciary has approved our shares of common stock as an available investment option under such plan. In addition, in the case of sales to fiduciary accounts the suitability standards shall be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the shares of our common stock or by the beneficiary of the account.

IMPORTANT NOTE FOR BROKER-DEALERS: This prospectus will be supplemented each month with respect to pricing information (NAV per share) and from time to time with respect to other information. All sales literature used in connection with this offering must be accompanied by (1) the current prospectus, (2) all prospectus supplements (other than pricing supplements) and (3) the most recent pricing supplement filed through the close of business on the business day immediately preceding delivery or, if delivered after the close of business, then through the close of business on the day such sales literature is delivered.

IMPORTANT NOTE FOR INVESTORS: Please carefully read the information in this prospectus and any accompanying prospectus supplements, which we refer to collectively as the prospectus. You should rely only on the information contained in this prospectus. Neither we, our advisor, our independent fund accountant or our independent valuation expert has authorized anyone to provide you with different information. This prospectus may only be used where it is legal to sell these securities. You should not assume that the information contained in this prospectus or the latest prospectus supplement is accurate as of any date later than the date hereof or thereof, as applicable or such other dates as are stated herein or therein or as of the respective dates of any documents or other information incorporated herein or therein by reference.

IMPORTANT NOTE ABOUT THIS PROSPECTUS: The term "sponsor" refers to Cole Capital, our sponsor; the terms "advisor" and "Cole Advisors" refers to Cole Real Estate Income Strategy (Daily NAV) Advisors, LLC, our advisor and an affiliate of our sponsor; and the term "sub-advisor" refers to BlackRock Investment Management, LLC, the sub-advisor to our advisor. In this prospectus, the term "operating partnership" refers to Cole Real Estate Income Strategy (Daily NAV) Operating Partnership, LP of which Cole Real Estate Income Strategy (Daily NAV), Inc. is the sole general partner. The words "we," "us," "our" and the "Company" refer to Cole Real Estate Income Strategy (Daily NAV), Inc. and our operating partnership, taken together, unless the context requires otherwise.

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Questions and Answers About This Offering

Set forth below are some questions (and accompanying answers) we anticipate investors interested in this offering may have. They are not a substitute for disclosures elsewhere in this prospectus and the latest prospectus supplement furnished to you. You are strongly encouraged to read the "Prospectus Summary," the "Risk Factors" and the remainder of this prospectus in their entirety for more detailed information about this offering before deciding to purchase shares of our common stock.

Q: What is a real estate investment trust, or REIT?

A: In general, a REIT is a company that:

- combines the capital of many investors to acquire or provide financing for the acquisition of real estate;
- typically offers the benefit of a diversified real estate portfolio under professional management;
- must distribute to investors at least 90% of its annual REIT taxable income; and
- is able to qualify as a REIT for U.S. federal income tax purposes and is therefore generally not subject to federal corporate income taxes on its net income that it currently distributes to its stockholders, which substantially eliminates the "double taxation" (*i.e.*, taxation at both the corporate and stockholder levels) that generally results from investments in a corporation.

We elected to be taxed, and, as of the date of this prospectus, qualify, as a REIT commencing with our taxable year ended December 31, 2012. We will also use the so-called UPREIT (Umbrella Partnership Real Estate Investment Trust) structure, where a REIT holds all or substantially all of its assets through a partnership the REIT controls as a general partner. We chose this structure principally because it may be attractive to sellers of real estate who wish to defer taxable gain by exchanging their asset for limited partnership interests.

Q: Why should I consider an investment in real estate?

A: Our goal is to provide a professionally managed, diversified portfolio of institutional quality commercial real estate to investors who generally have had very limited access to such investments in the past. Allocating some portion of your portfolio to a direct investment in institutional quality commercial real estate may provide you with:

- a reasonably predictable and stable level of current income from the investment;
- diversification of your portfolio, by investing in an asset class that historically has not been correlated with the stock market generally; and
- the opportunity for capital appreciation.

Q: What is your investment strategy, and what types of properties do you intend to acquire?

A: Under our investment strategy, we intend to invest primarily in single-tenant, necessity commercial properties, which are leased to creditworthy tenants, under long-term net leases. Our commercial properties will consist primarily of properties in the retail, office and industrial sectors that meet our investment criteria. Once all of the offering proceeds are invested, our property sector allocations will broadly reflect the composition of the National Council of Real Estate Investment Fiduciaries ("NCREIF") Property Index ("NPI") with the exception of multi-family and lodging, which will be excluded from our investment universe. The NPI is managed by NCREIF and is a widely followed benchmark among institutional investors. NCREIF is a not-for-profit trade association that serves its membership, and the academic and investment community's need for improved commercial real estate data, performance measurement, investment analysis, information standards, education, and peer group interaction. The NPI comprises performance data from retail, office, industrial, multi-family and lodging (hotel) properties. Since our

strategy will focus on income producing real estate with long term leases, we will not invest in multi-family or lodging properties that have short duration leases and have historically had volatile performance. The actual percentage of our portfolio that is invested in retail, office and industrial property categories may fluctuate due to market conditions and investment opportunities.

We believe that our investment approach will allow us to achieve a relatively predictable and stable stream of income for investors in our common stock, along with the potential for long-term appreciation in the value of our real estate assets. For over three decades, our sponsor has developed and utilized this investment approach in acquiring and managing real estate assets primarily in the retail sector. We believe that our sponsor's experience in the single-tenant, necessity retail sector will provide us with a competitive advantage as we invest across multiple property sectors to create a diversified real estate portfolio. In addition, our sponsor has built an organization of approximately 375 employees, who are experienced in the various aspects of acquiring, financing, managing and disposing of retail, office, and industrial real estate, and we believe that our access to these resources also will provide us with an advantage.

Q: What are "necessity commercial" properties?

A: We use the term necessity commercial properties to describe retail properties for companies that provide consumers with products that are important to, and part of, their everyday lives; and to describe office and industrial properties that are essential to the business operations of a corporate tenant.

Examples of necessity retail properties include pharmacies, home improvement stores, national superstores, restaurants and regional retailers that provide products considered necessities to that region. Historically, the retail sector of commercial real estate has been able to withstand most market cycles better than other sectors, due to the long-term resilience of consumer spending. By focusing our retail investment strategy on necessity retailers subject to long-term net leases, our objective is to provide our stockholders with a relatively stable stream of current income, while avoiding a significant decline in the value of our real estate portfolio.

Necessity office and industrial properties are essential to the business operations of a corporate tenant, typically due to one or more of the following factors:

- difficulty of replacement or prohibitive cost to relocate;
- sole or major location for its distribution or office operations;
- proximity to its distribution, manufacturing, research facilities or customer base;
- lower labor, transportation and/or operating costs;
- more stable labor force;
- optimal access to transportation networks that enable efficient distribution; and/or
- significant amount of tenant-funded capital improvements, such as customized computer systems and information technology infrastructure, racking and sorting systems, and cooling or refrigeration systems.

For example, distribution facilities, warehouses, manufacturing plants and corporate or regional headquarters are often considered to be necessity office and industrial properties. We believe that necessity office and industrial properties provide a relatively greater level of stability than other office and industrial property types because necessity properties typically involve long-term leases and experience relatively low tenant turnover. We also believe that, as a result of recent and ongoing business developments, such as the role of the internet in the distribution of products, globalization of importing and exporting products and consolidation of businesses requiring office buildings to accommodate a single-tenant, there is, and we expect there will continue to be, increasing demand by commercial tenants for necessity office and industrial properties.

Q: What is the experience of your sponsor and advisor in managing commercial real estate?

A: References to Cole Capital, our sponsor, throughout this prospectus refer to a group of affiliated entities directly or indirectly controlled by VEREIT. VEREIT is a widely-held public company whose shares of common stock are listed on the New York Stock Exchange (NYSE: VER), and is the parent company and indirect owner of our advisor, and the indirect owner of Cole Capital Corporation, our dealer manager, and CREI Advisors, LLC ("CREI Advisors"), our property manager. We, along with our advisor, share certain common executive officers with VEREIT.

Since January 1, 2005, Cole Capital and its affiliates have sponsored eight publicly offered REITs, which are comprised of us; Cole Credit Property Trust, Inc. ("Cole Credit Property Trust I"), which merged with and into a wholly owned subsidiary of VEREIT in May 2014; Cole Credit Property Trust II, Inc. ("Cole Credit Property Trust II"), which merged with and into a wholly owned subsidiary of Spirit Realty Capital, Inc. in July 2013; Cole Real Estate Investments, Inc. ("Cole") (formerly known as Cole Credit Property Trust III, Inc. ("Cole Credit Property Trust III")), which merged with and into a wholly owned subsidiary of VEREIT in February 2014; Cole Credit Property Trust IV, Inc. ("Cole Credit Property Trust IV"); Cole Credit Property Trust V, Inc. ("Cole Credit Property Trust V"); Cole Corporate Income Trust, Inc. ("Cole Corporate Income Trust"), which merged with and into a wholly owned subsidiary of Select Income REIT in January 2015; and Cole Office & Industrial REIT (CCIT II), Inc. ("Cole Office and Industrial REIT"). As of December 31, 2014, these programs had raised a total of approximately a total of approximately $13.0 billion from approximately 251,000 investors and purchased 2,880 properties located in 49 states and the U.S. Virgin Islands for an aggregate purchase price of $18.9 billion.

For over three decades, our sponsor has developed and utilized a conservative investment approach that focuses on single-tenant commercial properties, which are leased to name-brand creditworthy tenants, subject to long-term "net" leases. While our sponsor has used this investment strategy primarily in the retail sector, our sponsor has also used the same investment strategy (single-tenant commercial properties subject to long-term net leases with creditworthy tenants) in the office and industrial sector. We expect that our sponsor's prior experience in applying this conservative and disciplined investment strategy in both the retail and corporate sectors will provide us with a competitive advantage, as our advisor, an affiliate of our sponsor, acquires and manages, on our behalf, a portfolio of necessity retail properties. In addition, our sponsor has built an organization of approximately 375 employees, who are experienced in the various aspects of acquiring, financing and managing commercial real estate, and we believe that our access to these resources will also provide us with a competitive advantage. A summary of the public real estate programs managed over the last ten years by our sponsor, including adverse business and other developments, is set forth in the section of this prospectus captioned "Prior Performance Summary."

Our advisor is Cole Real Estate Income Strategy (Daily NAV) Advisors, LLC ("Cole Income NAV Strategy Advisors"), an affiliate of our sponsor that was formed solely for the purpose of managing our company. Various key personnel of our advisor have been associated with Cole Capital for several years. For additional information about the key personnel of our advisor, see the section of this prospectus captioned "Management — The Advisor."

Q: What is a perpetual-life, publicly offered, non-exchange traded REIT?

A: A non-exchange traded REIT is a REIT whose shares are not listed for trading on a stock exchange or other securities market. A public non-exchange traded REIT is registered with the Securities and Exchange Commission ("SEC") and is required to file with the SEC financial statements and other reports.

We use the term "perpetual-life" non-exchange traded REIT to describe an investment vehicle of indefinite duration focused principally on acquiring a portfolio of commercial real estate, where the shares of common stock are continuously available for purchase and redemption on any business day at a price equal to net asset value per share ("NAV per share").

Non-exchange traded REITs have traditionally had a finite life with a specified date by which there would be some type of liquidity event for the benefit of all stockholders. In our perpetual-life structure, the investor

or his financial advisor will determine when to purchase or liquidate an investment in shares of our common stock and our charter does not require us to effect a liquidity event at any point-in-time in the future. As of the date of this prospectus, we are aware of four perpetual-life, publicly offered, non-exchange traded REITs with an effective registration statement.

Q: How is an investment in shares of your common stock different from investing in shares of a listed REIT?

A: Investing in REITs whose shares are listed for trading on a national securities exchange is one alternative for investing in commercial real estate. Shares of listed REITs, however, generally fluctuate in price with the stock market as a whole; that is, there is a relatively close relationship or correlation between changes in the price of listed REIT shares and changes in the value of the stock market generally. This close correlation suggests that the value of shares of listed REITs may be based on a variety of factors beyond the value of the listed REITs' underlying real estate investments, such as the supply of available shares (number of sellers) and the demand for shares (number of buyers), as well as changes in investors' short-or long-term financial market expectations in general. By comparison, the change in price of a direct investment in commercial real estate, as measured by actual transactions, historically has not been closely correlated, or in direct alignment, with the average value of the stock market generally.

Our objective is to offer an alternative for investing in commercial real estate, where the value of your investment will be based on our NAV. Our NAV will reflect several components, one of which will be the estimated values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate contained within individual appraisal reports provided to our independent fund accountant by our independent valuation expert. These estimates of the values of our commercial real estate properties, which are based on information provided by our advisor, who also reviews them, will not fluctuate depending on the number of shares available for purchase in a trading market or on the number of investors looking to sell shares in a trading market. Although our advisor will periodically review and provide input on the estimates of value, our independent valuation expert will be free to accept or reject such input in its discretion. Our shares will be offered for sale on a continuous basis by the Company and redemptions will be based on the NAV per share for each class calculated by our independent fund accountant, regardless of the volume of redemption requests. Because of these valuation guidelines applicable to our NAV, we expect that changes in the value of our shares will be more closely correlated, or aligned, with changes in prices of direct investments in real estate, as compared to changes in trading prices for the common stock of listed REITs. Since direct investments in real estate are not highly correlated with stock market prices generally, we expect that an investment in our shares will provide a measure of diversification to an investor's portfolio that otherwise largely consists of stocks traded on a stock exchange.

In addition, on average, a direct investment in real estate, as measured by actual transactions, has historically exhibited significantly less volatility, or changes in value, than an investment in listed REITs. Again, since the NAV for each class of our shares will be based on an estimate of the value of the real estate that we own, we expect that an investment in our shares will fluctuate in value, over time, less than an investment in a listed REIT.

Investors should bear in mind that investing in our shares differs from investing in listed REITs in significant ways. An investment in our shares has limited liquidity and our redemption program may be limited, modified or suspended. In contrast, an investment in a listed REIT is a liquid investment, as shares can be sold on an exchange at any time. Investing in our shares also differs from investing directly in real estate, including the expenses related to this offering and other fees and expenses that are payable.

Q: Are there risks associated with an investment in your common stock?

A: This investment involves a high degree of risk. You should purchase these securities only if you can afford a complete loss of your investment. See "Risk Factors" beginning on page 32 for a description of the principal risks you should consider before buying shares of our common stock.

Q: How is an investment in shares of your common stock different from investing in shares of a traditional non-exchange traded REIT?

A: Generally, an investment in shares of our common stock differs from a traditional non-exchange traded REIT because:

- The per share purchase and redemption price of each class of our common stock is based on our NAV as calculated by our independent fund accountant, State Street Bank and Trust Company ("State Street"), and may vary from day to day. Traditional non-exchange traded REITs sell shares at a fixed price throughout the offering period and typically value their common stock at least every eighteen months, thereafter. Daily pricing of our shares at NAV per share will enable investors to calculate a reasonable estimate of the total return on their investments as of any given time.
- Contrary to traditional non-exchange traded REITs, which typically limit redemptions to 5% or less of the weighted average number of shares outstanding during the trailing twelve-month period, the goal of our redemption plan is to provide significantly greater liquidity to our stockholders by allowing for net redemptions per quarter of at least 5% of the prior quarter-end's NAV and by maintaining a liquid reserve available to fund redemptions. There are circumstances under which our redemption program may be limited, modified or suspended.
- Most traditional non-exchange traded REITs typically provide for a two to five year offering period and a single liquidity event, such as a listing on a national exchange or liquidation, within ten years of the end of the offering period. In contrast, we are a perpetual-life entity with no defined life and we will continuously offer shares for purchase and allow redemptions. This will provide our stockholders with greater flexibility in determining when they want to make or liquidate their investment.

Q: What is the difference between the classes of common stock being offered?

A: Pursuant to this prospectus, we are offering to the public three classes of shares of our common stock: W Shares, A Shares and I Shares. The classes differ with respect to selling commissions, dealer manager fees and distribution fees. In addition, upon liquidation of the Company the classes have distribution rights to the aggregate assets available for distribution that are ratable in proportion to the respective NAV for each class. Also, we will pay regular distributions based on the relative NAV of each class. See "Description of Capital Stock" and "Plan of Distribution" for a discussion of the differences between our W Shares, A Shares and I Shares.

W Shares and A Shares are available to all investors who meet our suitability requirements. We expect that W Shares will be made available primarily through registered investment advisors and broker-dealers that charge their clients a fee for their services (typically referred to as wrap or fee-based accounts). We expect that A Shares will be made available primarily through registered representatives of broker-dealers. I Shares are available for purchase in this offering only for investors making an initial investment of $2.0 million or more. If you are eligible to purchase any of the classes of shares, you should consider, among other things, the amount of your investment, the length of time you intend to hold the shares, the selling commission and fees attributable to each class of shares and whether you qualify for any selling commission discounts. Before making your investment decision, please consult with your financial advisor regarding your account type and the classes of common stock you may be eligible to purchase.

Q: What is the purchase price for shares of your common stock?

A: The per share purchase price varies from day-to-day and, on each business day, is equal to the NAV for that class divided by the number of shares of such class outstanding as of the close of business on such day, plus, for A Shares sold in the primary offering only, applicable selling commissions. After the close of business (the close of the New York Stock Exchange ("NYSE"); generally, 4:00 p.m. Eastern Time), on each day that the NYSE is open (a business day), we will update our website, *www.colecapital.com* , which identifies the NAV per share for each class for that day. Any purchase orders that we receive prior to the close of business

on any business day will be executed at a price equal to our NAV per share for that day, as calculated after the close of business on that day, plus, for A Shares sold in the primary offering only, applicable selling commissions. Purchase orders that we receive after the close of business are executed at a price calculated after the close of business on the next business day. Purchase orders placed on a day that is not a business day, and purchase orders pursuant to our systematic investment program that would otherwise occur on a day that is not a business day, will be executed as if they were received prior to the close of business on the immediately following business day. See "Share Purchases and Redemptions — Buying Shares" for more details.

Q: How will your NAV per share for each class be calculated?

A: Our NAV per share for each class is calculated daily as of the close of business by our independent fund accountant using a process that reflects (1) estimated values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate provided periodically by our independent valuation expert in individual appraisal reports, as they may be updated upon certain material events described below, (2) the price of liquid assets for which third party market quotes are available, (3) accruals of our daily distributions, and (4) estimates of daily accruals, on a net basis, of our operating revenues, expenses, including class-specific expenses, debt service costs and fees, including class-specific fees. Our advisor reviews estimated values of commercial real estate assets, related liabilities and notes receivable secured by real estate provided in individual appraisal reports and if a material event in respect of such asset or liability occurs between scheduled quarterly valuations that our advisor believes may materially affect the value thereof, our advisor will inform the independent valuation expert so that, if appropriate, the independent valuation expert can issue an update to its individual appraisal report to adjust the most recent valuations to account for the estimated impact.

We have engaged CBRE, Inc. ("CBRE," formerly known as CB Richard Ellis, Inc.), which has expertise in appraising commercial real estate, to act as our independent valuation expert. CBRE provides our independent fund accountant with periodic estimates of the values of our commercial real estate assets, related liabilities and notes receivable secured by real estate, all or substantially all of which will be held in our operating partnership. Our assets will consist primarily of a portfolio of commercial real estate as well as notes receivable or marketable securities where the underlying collateral will typically be commercial real estate or security interests therein. We will also invest in liquid assets and hold cash and cash equivalents, which will not be valued by our independent valuation expert. Our commercial real estate-related liabilities to be valued by CBRE will consist primarily of mortgage loans secured by our commercial real estate. Our other liabilities will be estimated by our advisor for use by our independent fund accountant in determining NAV and will include accrued operating expenses, including class-specific expenses, accrued dealer manager, distribution and advisory fees and accrued distributions to stockholders for each class.

Upon purchase, each real estate asset is initially carried at its purchase price, plus related acquisition costs. On a quarterly basis thereafter, our independent valuation expert will value each of our commercial real estate properties and real estate assets, such that each of these investments will be valued at least once per quarter beginning with the quarter following the first full calendar quarter after we acquire the asset. Based on all information deemed relevant, our independent valuation expert will analyze the cash flow from, and other characteristics of, each commercial real estate property in our portfolio. The independent valuation expert will consider, as appropriate, valuation methodologies, opinions and judgments in compliance with the Uniform Standards of Professional Appraisal Practice and the requirements of the Code of Professional Ethics and Standards of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. See "Valuation Policies — Valuation — Valuation of Commercial Real Estate Properties and Secured Loans."

Between quarterly valuations, our advisor will monitor our commercial real estate assets, related liabilities and notes receivable secured by real estate to determine whether a material event has occurred that our advisor believes may have a material impact on the most recent estimated values thereof as set forth in the

relevant appraisal report provided by our independent valuation expert. If, in the opinion of our independent valuation expert, the event identified by our advisor, or in some circumstances an event that becomes known to the independent valuation expert through other means, is likely to have a material impact on previously provided estimated values of the affected commercial real estate assets, related liabilities and notes receivable secured by real estate, the independent valuation expert will recommend valuation adjustments that our independent fund accountant will then incorporate into our NAV. Any such adjustments will be estimates of the market impact of specific events based on assumptions and judgments that may or may not prove to be correct, and may also be based on limited information, as full and complete information may not be readily available. In addition to providing estimated values of our commercial real estate asset portfolio, our independent valuation expert will also provide, on a quarterly basis beginning with the quarter following the first full calendar quarter after we acquire any notes receivable, an estimate of the value of our notes receivable, primarily relying on a discounted cash flow analysis, and an estimate of the value of our mortgages, primarily by comparing the terms of our mortgages to the terms of mortgages on comparable properties, as seen in the market generally. These quarterly valuations may also be adjusted, between quarters, as described above. Liquid assets and assets that are traded with reasonable frequency will be valued by third party pricing institutions on a daily basis, assuming market quotes are available. Our advisor will periodically review and provide input on the estimated value provided by the independent valuation expert set forth in an individual appraisal report for each such asset, but the independent valuation expert will be free to accept or reject such input in its discretion. The board of directors, including a majority of the independent directors, has adopted our valuation guidelines, will be responsible for ensuring that the independent valuation expert discharges its responsibilities in accordance with our valuation guidelines, and will periodically receive and review such information about the valuation of our assets and liabilities as it deems necessary to exercise its oversight responsibility.

Our independent fund accountant calculates our daily NAV at the end of each business day based on the net valuation of our operating partnership's principal assets and liabilities, based primarily on the individual estimated values provided by the independent valuation expert as described above, together with the other components of NAV described elsewhere in this prospectus. First, our independent fund accountant will subtract from the net value of the operating partnership the other partnership liabilities, including estimates of accrued fees and expenses attributable to the offering, and estimates of accrued operating revenues, fees and expenses. Our independent fund accountant will take the resulting amount and multiply that amount by our percentage ownership interest in the operating partnership. Initially, the only limited partner was our wholly-owned subsidiary, CRI (Daily NAV), LLC, which, as of the date of this prospectus, held less than a 0.01% interest. Our independent fund accountant will then add any assets held directly by the REIT, which should be limited to cash and cash equivalents, and subtract an estimate of any accrued liabilities of the REIT, which should be limited to certain legal, accounting and administrative costs. Our independent fund accountant will then calculate the NAV for each class of shares (i.e., our W Shares, A Shares and I Shares). NAV for each class will be adjusted for subscriptions, redemptions and accruals of the class's daily distributions and estimates of class-specific fee and expense accruals. Selling commissions will have no effect on the NAV of any class. The result of this calculation will be our NAV for each class as of the end of any business day.

Our NAV per share for each class is determined by dividing the NAV for such class on such day by the number of shares of such class outstanding as of the end of such day, prior to giving effect to any share purchases or redemptions to be effected on such day. See "Valuation Policies — Calculation of Our NAV Per Share" for more details about how our NAV is calculated.

Q: Does our independent valuation expert calculate or is it responsible for the NAV?

A: Our NAV per share for each class is calculated by our independent fund accountant. While our independent valuation expert will periodically provide estimated values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate based upon individual appraisal reports, our independent valuation expert is not responsible for and does not prepare our daily NAV per share for each class.

Q: How exact is the calculation of the daily NAV per share?

A: Our goal is to provide a reasonable estimate of the market value of our shares. Our assets will consist principally of commercial real estate assets, the valuation of which by our independent valuation expert is subject to a number of judgments and assumptions that may not prove to be accurate. The use of different judgments or assumptions would likely result in different estimates of the value of our real estate assets. The daily calculation of our NAV per share for each class by our independent fund accountant may not reflect the precise amount that might be paid for your shares of such class in a market transaction. On any given day, our published NAV per share for each class may not fully reflect certain material events to the extent that they are not known or their financial impact on our portfolio is not immediately quantifiable. Any resulting potential disparity in our NAV per share for each class may be in favor of either stockholders who redeem their shares of such class, or stockholders who buy new shares of such class, or existing stockholders. See "Valuation Policies — Calculation of Our NAV Per Share."

Q: Will I have the opportunity to redeem my shares of common stock?

A: While you should view your investment in our shares as a long-term investment with limited liquidity, we have adopted a redemption plan whereby, on any business day, stockholders may request that we redeem all or any portion of their shares. The redemption price per share on any business day will be equal to NAV per share, determined as described above. Subject to limited exceptions, shares redeemed within 365 days of the date of purchase will be subject to a short-term trading fee equal to 2% of the aggregate NAV per share of such shares redeemed. See "Share Purchases and Redemptions — Redemption Plan."

Q: Will there be any limits on my ability to redeem my shares?

A: Yes. While we designed our redemption plan to allow stockholders to request redemptions on any business day, of all or any portion of their shares, our ability to fulfill redemption requests is subject to a number of limitations. The vast majority of our assets will consist of commercial properties, which cannot generally be readily liquidated without impacting our ability to realize full value upon their disposition. However, to fund our redemption plan, we will maintain a number of sources of liquidity including (i) cash, cash equivalents, other liquid investments and liquid securities and (ii) in the discretion of our advisor, a line of credit.

In order to maintain a reasonable level of liquidity, our investment guidelines provide that we will target the following aggregate allocation to the above sources of liquidity: (1) 10% of our NAV up to $1 billion and (2) 5% of our NAV in excess of $1 billion. In addition, we may also fund redemptions from any available source of funds, including operating cash flows, borrowings, proceeds from this offering and/or the sale of our assets. Despite these sources of liquidity, we may not always have sufficient liquid resources to satisfy redemption requests and you may not always be able to redeem your shares.

Under ordinary circumstances the total amount of net redemptions for all classes during a calendar quarter is limited to five percent of our total net assets on the last business day of the preceding quarter. Redemption requests will be satisfied on a first-come, first-served basis. If net redemptions do not reach the five percent limit in a calendar quarter, the unused portion will be carried over to the next quarter, except that the maximum amount of net redemptions during any quarter can never exceed ten percent of our total net assets on the last business day of the preceding quarter. If net redemptions in a calendar quarter reach the five percent limit (plus any carried over amount), then after pro-rating redemptions for that day, we will be unable to process any redemption requests for the rest of the calendar quarter. We will begin accepting redemption requests again on the first business day of the next calendar quarter, but will apply the five percent quarterly limitation on redemptions on a per-stockholder basis, instead of a first-come, first-served basis. Therefore, at any time during that quarter each stockholder will be able to redeem up to five percent of the stockholder's investment in our shares on the last business day of the preceding quarter, plus any new investment by the stockholder in our shares during that quarter (subject to applicable short-term trading fees). The per-stockholder limit will remain in effect for the following quarter if total net redemptions are more than two and one-half percent of our net assets on the last business day of the preceding quarter.

Further, to protect our operations and our non-redeeming stockholders, to prevent an undue burden on our liquidity or to preserve our status as a REIT, our board of directors may limit, or suspend our redemption program. See "Share Purchases and Redemptions — Redemption Plan — Redemption Limitations."

Q: Will I be charged upfront selling commissions?

A: We may charge a selling commission on A Shares sold in our primary offering of up to 3.75% of the gross offering price paid per A Share, including applicable selling commissions (the "Offering Price"), which we will pay to our dealer manager. Our dealer manager will reallow 100% of such selling commissions to participating broker-dealers. We will not charge a selling commission on W Shares or I Shares or on shares of any class sold pursuant to our distribution reinvestment plan.

We pay our dealer manager an asset-based dealer manager fee that is payable in arrears on a monthly basis and accrues daily in an amount equal to (1) 1/365th of 0.55% of our NAV for W Shares for such day, (2) 1/365th of 0.55% of our NAV for A Shares for such day and (3) 1/365th of 0.25% of our NAV for I Shares for such day. At our dealer manager's discretion it may reallow a portion of the dealer manager fee received on W Shares, A Shares and I Shares to participating broker-dealers. See "Plan of Distribution."

We pay our dealer manager an asset-based distribution fee for A Shares only that is payable in arrears on a monthly basis and accrues daily in an amount equal to 1/365th of 0.50% of our NAV for A Shares for such day. At our dealer manager's discretion it may reallow a portion of the distribution fee to participating broker-dealers. See "Plan of Distribution." We will not pay a distribution fee on W Shares or I Shares.

We pay the dealer manager fee and the distribution fee until the date at which, in the aggregate, underwriting compensation from all sources, including selling commissions, the dealer manager fee, the distribution fee and other underwriting compensation paid by us and our advisor and its affiliates, equals 10% of the gross proceeds from our primary offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan).

In addition, our advisor or its affiliates, pay on our behalf all other costs incurred in connection with our organization and the offering of our shares (excluding selling commissions, the distribution fee and the dealer manager fee), including (i) our legal, accounting, printing, mailing and filing fees, and broker-dealer due diligence expenses; (ii) costs incurred in connection with preparing supplemental sales materials, holding educational conferences and attending retail seminars conducted by broker-dealers; and (iii) reimbursements for our dealer manager's wholesaling costs, and other marketing and organization costs including payments made to participating broker-dealers. We reimburse our advisor for these costs. Reimbursement payments are made in monthly installments, but the aggregate monthly amount reimbursed can never exceed 0.75% of the aggregate gross offering proceeds from this offering, including shares issued in connection with the distribution reinvestment plan, but excluding selling commissions charged on A Shares sold in the primary offering. If the sum of the total unreimbursed amount of such organization and offering costs, plus new costs incurred since the last reimbursement payment, exceeds the reimbursement limit described above for the applicable monthly installment, the excess will be eligible for reimbursement in subsequent months (subject to the 0.75% limit), calculated on an accumulated basis, until our advisor has been reimbursed in full.

Q: What other fees and expenses will you pay to our advisor or any of its affiliates?

A: We pay our advisor a monthly advisory fee that will be payable in arrears on a monthly basis and accrue daily in an amount equal to 1/365th of 0.90% of the NAV for each class of common stock for each day. We will also pay our advisor a performance fee calculated on the basis of our total return to stockholders, calculated on a class by class basis, payable annually in arrears, such that for any calendar year in which our total return on stockholders' capital for a class exceeds 6% per annum, our advisor will be entitled to 25% of the excess total return on such class, but the fee will not exceed 10% of the aggregate total return on such class for such year. In the event the NAV per share for our W Shares, A Shares and I Shares decreases

below $15.00, $16.72 and $16.82, respectively ("Base NAV"), the performance-based fee for a respective class will not be calculated on any increase in NAV up to Base NAV of that class. We will not pay advisory fees to the sub-advisor, as those fees will be paid by our advisor.

Although we will not pay our advisor any acquisition, financing or other similar fees in connection with making investments, we reimburse our advisor for out-of-pocket expenses in connection with the acquisition and financing of commercial real estate properties, real estate-related assets and other investments. Additionally, we reimburse our advisor for out-of-pocket operating expenses in connection with providing services to us, including reasonable salaries and wages, benefits and overhead of all employees directly involved in the performance of services to us other than our executive officers. The expense reimbursements that we pay to our advisor include expenses incurred by the sub-advisor on our behalf. Our advisor implemented an expense cap for the three months ended December 31, 2013, which has been continued for each quarter through the three months ended June 30, 2015 and will be continued for the three months ending September 30, 2015, whereby it will fund all of our general and administrative expenses in excess of an amount calculated by multiplying our average NAV for the respective three month period by an annualized rate of 1.25%.

The payment of fees and expenses will reduce the cash available for investment and distribution and will directly impact our daily NAV. See "Compensation" for more details regarding the fees that will be paid to our advisor and its affiliates.

Q: Will you invest in anything other than commercial properties?

A: Yes. Our portfolio also may include other income-producing real estate, as well as real estate-related investments such as mortgage, mezzanine, bridge and other loans and liquid securities. Although this is our current target portfolio, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities. We will not forego a high quality investment because it does not precisely fit our presently expected portfolio composition. Thus, to the extent that our advisor presents us with high quality investment opportunities that allow us to meet the REIT requirements under the Internal Revenue Code of 1986, as amended (the "Code"), and that result in an overall real estate portfolio that is consistent with our investment objectives, our portfolio composition may vary from time to time. Our goal is to assemble a portfolio that is diversified by investment type, investment size and investment risk, which generates a relatively predictable and stable stream of income for investors and the potential for long-term capital appreciation in the value of our real estate assets. See the section of this prospectus captioned "Investment Objectives, Strategy and Policies — Acquisition and Investment Policies" for a more detailed discussion of all of the types of investments we may make.

Q: Generally, what will be the terms of your leases?

A: We have secured, and will continue to seek to secure, leases from creditworthy tenants, before or at the time we acquire a property. Many of our leases are triple-net or double-net leases, which means that the tenant will be primarily responsible for the cost of repairs, maintenance, property taxes, utilities, insurance and other operating costs. This helps ensure the predictability and stability of our expenses and, we believe, will result in greater predictability and stability of our cash distributions to stockholders. We generally intend to enter into long-term leases that may have terms of ten or more years, may include renewal options and may also include rental increases over the term of the lease; however, certain leases may have a shorter term. In addition, we expect that a number of our leases will be guaranteed by the corporate parent of the tenant, ensuring that, unless the parent company goes into bankruptcy, the rent on the property will be paid, even if the individual store is closed for any reason.

Q: How will you determine whether tenants are creditworthy?

A: Our advisor and its affiliates have a well-established underwriting process to determine the creditworthiness of our potential tenants. The underwriting process includes analyzing the financial data and other information about the tenant, such as income statements, balance sheets, net worth, cash flow, business

plans, data provided by industry credit rating services, and/or other information our advisor may deem relevant. In addition, we may obtain guarantees of leases by the corporate parent of the tenant, in which case our advisor will analyze the creditworthiness of the guarantor. In some instances, especially in sale-leaseback situations, where we are acquiring a property from a company and simultaneously leasing it back to such company under a long-term lease, we expect that we will meet with the senior management of the company to discuss the company's business plan and strategy.

Q: Will you use leverage?

A: Yes, we intend to use leverage. Our targeted leverage, after we have acquired a substantial portfolio, is 50% of the greater of cost (before deducting depreciation or other non cash reserves) or market value of our gross assets. During the period when we are acquiring our initial portfolio, we may employ greater leverage in order to build quickly a diversified portfolio of assets. Please see "Investment Objectives, Strategy and Policies" for more details.

Q: How often will I receive distributions?

A: We expect that our board of directors will declare distributions for each class with a daily record date, and pay distributions monthly in arrears. Any distributions we make are at the discretion of our board of directors, and are based on, among other factors, our present and reasonably projected future cash flow. We also expect that the board of directors will set the rate of distributions at a level that will be reasonably consistent and sustainable over time. In addition, the board of directors' discretion as to the payment of distributions is limited by the REIT distribution requirements, which generally require that we make aggregate annual distributions to our stockholders of at least 90% of our REIT taxable income. See "Description of Capital Stock — Distributions" and "Material U.S. Federal Income Tax Considerations."

Any distributions that we make will directly impact our NAV, by reducing the amount of our assets. Our goal is to provide a reasonably predictable and stable level of current income, through monthly distributions, while at the same time maintaining a fair level of consistency in our NAV. Over the course of your investment, your distributions plus the change in NAV per share for the applicable class (either positive or negative) will produce your total return.

Q: What will be the source of your distributions?

A: We may pay distributions from sources other than cash flow from operations, including from the proceeds of this offering, from borrowings or from the sale of properties or other investments, among others, and we have no limit on the amounts we may pay from such sources. We expect that our cash flow from operations available for distribution will be lower in the initial stages of this offering until we have raised significant capital and made substantial investments. As a result, during the early stages of our operations, and from time to time thereafter, we have paid and may continue to pay distributions from sources other than cash flows from operations. Contrary to traditional non-exchange traded REITs, however, whose shares are typically sold and, on a limited basis, redeemed at, a fixed price that is not necessarily intended to reflect the current value of the shares, our common stock will be sold and redeemed on any business day at NAV per share for the applicable class. As a result, distributions that represent a return of capital or exceed our operating cash flow will be reflected in our daily calculation of NAV.

Q: Will the distributions I receive be taxable as ordinary income?

A: Unless your investment is held in a qualified tax-exempt account or we designate certain distributions as capital gain dividends, distributions that you receive generally will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. The portion of your distribution in excess of current and accumulated earnings and profits is considered a return of capital for tax purposes and will reduce the tax basis of your investment, rather than result in current tax, until your basis is reduced to zero.

This, in effect, defers a portion of your tax until you redeem or sell your shares. Distributions made to you in excess of our earnings and your tax basis in our stock will be treated as sales proceeds from the sale of our stock. Distributions we designate as capital gain dividends will generally be taxable at long-term capital gains rates. However, because each investor's tax considerations are different, we recommend that you consult with your tax advisor. You also should review the section of this prospectus entitled "Material U.S. Federal Income Tax Considerations."

Q: May I reinvest my cash distributions in additional shares?

A: Yes. We have adopted a distribution reinvestment plan whereby investors may elect to have their cash distributions attributable to the class of shares owned automatically reinvested in additional shares of the same class. The purchase price for shares purchased under our distribution reinvestment plan is equal to the NAV per share for such class on the date that the distribution is payable, after giving effect to the distribution. Because the dealer manager fee is calculated based on NAV, it reduces NAV with respect to all shares of our common stock, including shares issued under our distribution reinvestment plan. See "Description of Capital Stock — Distribution Reinvestment Plan" for more information regarding reinvestment of distributions you may receive from us.

Q: Do you expect to acquire properties and loans in transactions with your advisor or its affiliates?

A: From time to time our advisor may direct certain of its affiliates to acquire properties that would be suitable investments for us or may create special purpose entities to acquire properties for the specific purpose of selling the properties to us at a later time. Subsequently, we may acquire such properties from such affiliates, but any and all acquisitions from affiliates of our advisor must be approved by a majority of our directors, including a majority of independent directors, not otherwise interested in such transactions as being fair and reasonable to us. In addition, either our purchase price in any such transaction will be limited to the cost of the property to the affiliate, including acquisition-related expenses, or a majority of our independent directors must determine that there is substantial justification for any amount above such cost and that the difference is reasonable. Further, our charter provides that in no event will the purchase price of any asset acquired from an affiliate exceed its current appraised value as determined by an independent appraiser.

From time to time, we may borrow funds from affiliates of our advisor, including our sponsor, as bridge financing to enable us to acquire a property when offering proceeds alone are insufficient to do so and third party financing has not been arranged or is insufficient. Any and all such transactions must be approved by a majority of our directors, including a majority of our independent directors, not otherwise interested in such transaction, as fair, competitive and commercially reasonable, and no less favorable to us than comparable loans between unaffiliated parties. Our advisor or its affiliates may pay costs on our behalf, pending our reimbursement, or we may defer payment of fees to our advisor or its affiliates, but neither of these transactions would be considered a loan.

Q: Will you acquire properties in joint ventures, including joint ventures with affiliates?

A: It is possible that we may acquire properties through one or more joint ventures in order to increase our purchasing power and diversify our portfolio of properties in terms of geographic region, property type and tenant industry group. Increased portfolio diversification reduces the risk to investors as compared to a program with less diversified investments. Our joint ventures may be with affiliates of our advisor or with non-affiliated third parties. Any joint venture with an affiliate of our advisor must be approved by a majority of our directors, including a majority of our independent directors, not otherwise interested in such transaction, as being fair and reasonable to us and on substantially the same terms and conditions as those received by other joint ventures and the cost of our investment must be supported by a current appraisal of the asset. Generally, we will only enter into a joint venture in which we will approve major decisions of the joint venture. If we do enter into joint ventures, we may assume liabilities related to joint ventures that exceed the percentage of our investment in the joint venture.

Q: For whom is an investment in your shares appropriate?

A: An investment in our shares may be appropriate for you if you:

- meet the minimum suitability standards mentioned above under "Suitability Standards;"
- seek to diversify your portfolio by allocating a portion of your portfolio to a direct, long-term investment in commercial real estate that is non-correlated to the stock market;
- seek to receive current income through our payment of distributions;
- wish to obtain the benefits of potential long-term capital appreciation; and
- are able to hold your investment in our shares as a long-term investment, as our redemption program may not always be available to redeem your shares.

Q: Are there any risks involved in buying your shares?

A: Investing in our common stock involves a high degree of risk. If we are unable to effectively manage the impact of these risks, we may not meet our investment objectives, and therefore, you should purchase these securities only if you can afford a complete loss of your investment. Some of the more significant risks relating to this offering and an investment in our shares include:

- We are a "blind pool." As of the date of this prospectus, we have acquired 73 real estate properties and we have not identified all of the specific assets to be purchased with the net proceeds from this offering and have a limited operating history.
- The valuation methodologies used by our independent valuation expert in arriving at the estimates of value of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate (one of the components of our NAV) are set forth in individual appraisal reports prepared in accordance with valuation guidelines approved by our board of directors and involve subjective judgments and estimates. These individual appraisal reports are periodically reviewed by our advisor.

  These estimated values are then reflected by our independent fund accountant in the calculation of our NAV. As a result, our NAV may not accurately reflect the actual prices at which our commercial real estate assets, notes receivable secured by real estate or related real estate liabilities could be liquidated on any given day.
- There is no public market for our shares of common stock, and our charter does not require us to effect a liquidity event at any point in time in the future.
- Our redemption plan will provide stockholders with the opportunity to redeem their shares on any business day, but redemptions will be subject to available liquidity and other potential restrictions.
- We may pay distributions, and fund redemptions, from sources other than cash flow from operations, including borrowings, proceeds from this offering or asset sales, and we have no limits on the amounts we may pay from such other sources. Payments of distributions from sources other than cash flow from operations may reduce the amount of capital we ultimately invest in real estate, which may negatively impact the value of your investment and directly impact our daily NAV per share for each class.
- There are conflicts of interest between us and our advisor and its affiliates, including our payment of substantial fees to our advisor and its affiliates.
- This is a "best efforts" offering. If we are not able to raise a substantial amount of capital in the near term, we may have difficulties investing in properties and our ability to achieve our investment objectives could be adversely affected.
- We may suffer from delays in identifying suitable investments, which may adversely impact the value of your investment.
- If we do not remain qualified as a REIT, we will be subject to federal income tax at regular corporate rates, and our NAV and cash available for distribution to our stockholders could materially decrease.

Q: How do I buy shares?

A: You can buy shares pursuant to this prospectus by working with your financial advisor to (1) complete the required documentation and (2) pay for the shares at the time your purchase order is settled. Please see "Share Purchases and Redemptions — Buying Shares" for more information about how to purchase shares.

Q: May I make an investment through my IRA or other tax-deferred retirement account?

A: Yes. You may make an investment through your IRA or other tax-deferred retirement account. In making these investment decisions, you should consider, at a minimum, (1) whether the investment is in accordance with the documents and instruments governing your IRA, plan or other retirement account, (2) whether the investment would constitute a prohibited transaction under applicable law, (3) whether the investment satisfies the fiduciary requirements associated with your IRA, plan or other retirement account, (4) whether the investment will generate unrelated business taxable income ("UBTI") to your IRA, plan or other retirement account, and (5) whether there is sufficient liquidity for such investment under your IRA, plan or other retirement account. You should note that an investment in shares of our common stock will not, in itself, create a retirement plan and that, in order to create a retirement plan, you must comply with all applicable provisions of the Code.

Q: Is there any minimum investment required?

A: Subject to limited exceptions, the minimum initial investment in our W Shares and A Shares is $2,500, and the minimum initial investment in our I Shares is $2.0 million.

Q: What is the term or expected life of this offering?

A: We have registered $3.5 billion in shares of our common stock to be sold in our primary offering and up to $500.0 million in shares to be sold pursuant to our distribution reinvestment plan. It is our intent, however, to conduct a continuous offering for an indefinite period of time, by filing for additional offerings of our shares, subject to regulatory approval and continued compliance with the rules and regulations of the SEC and applicable state laws.

We will endeavor to take all reasonable actions to avoid interruptions in the continuous offering of our shares of common stock, including filing an amendment to the registration statement with the SEC on or before such time as the most recent offering price per share represents a 20% change from the per share price set forth in the registration statement as originally declared effective by the SEC or the price per share set forth in the latest amendment thereto filed with the SEC. There can be no assurance, however, that we will not need to suspend our continuous offering while the SEC and, where required, state securities regulators, review such amendment until it is declared effective, if at all.

This is a "best efforts" offering, which means that our dealer manager and the participating brokers are only required to use their best efforts to sell the shares.

Q: Will I be notified of how my investment is doing?

A: Yes. We will provide you with periodic updates on the performance of your investment with us, including:

- three quarterly financial reports;
- an annual report;
- in the case of certain U.S. stockholders, an annual Internal Revenue Service ("IRS") Form 1099-DIV and/or Form 1099-B, if required, and, in the case of non-U.S. stockholders, an annual IRS Form 1042-S;
- confirmation statements (after transactions affecting your balance, except reinvestment of distributions in us and certain transactions through the distribution reinvestment plan);

- notification to our Maryland and New York stockholders regarding the sources of payments made to them that are not entirely from our funds from operations, which will be sent via U.S. mail with every third monthly distribution statement and/or check, as applicable; and
- if you participate in our distribution reinvestment plan, an annual statement providing all material information regarding the plan and your participation in it, including the tax consequences thereof.

Depending on legal requirements, we will provide this information to you via one or more of the following methods:

- U.S. mail or other courier;
- facsimile;
- electronic delivery; and
- posting on our website, *www.colecapital.com.*

In general, the above materials will be provided to you via U.S. mail unless you affirmatively elect to receive them via electronic delivery. Except for an annual report and any other reports required to be physically delivered to stockholders, we will not mail stockholders periodic or other reports we file with the SEC that are available to you on the SEC's website at *www.sec.gov.*

In addition, on each business day, our current NAV per share for each class will be posted on our website and made publicly available on our toll-free, automated information line after it has been calculated at the end of each business day.

Q: When will I get my detailed tax information?

A: In the case of certain U.S. stockholders, your Form 1099-DIV and/or Form 1099-B tax information, if required, will be mailed by January 31 and February 15 respectively of each year (or by February 15 if the forms are consolidated). In the case of non-U.S. stockholders, Form 1042-S will be mailed by March 15 of each year.

Q: Who can help answer my questions?

A: If you have more questions about this offering or if you would like additional copies of this prospectus, you should contact your financial advisor or:

Cole Capital Corporation
2325 E. Camelback Road, Suite 1100
Phoenix, AZ 85016
(866) 907-2653
Attn: Investor Services
www.colecapital.com

Prospectus Summary

This summary highlights some of the most significant information contained elsewhere in this prospectus. Because it is a summary, it does not contain all of the information that may be important to you. To understand this offering fully, you should read the entire prospectus carefully, including, without limitation, the information discussed under the caption "Risk Factors" before making a decision to invest in our shares.

Cole Real Estate Income Strategy (Daily NAV), Inc.

Cole Real Estate Income Strategy (Daily NAV), Inc. is a Maryland corporation formed on July 27, 2010 to invest primarily in commercial properties, which are leased to creditworthy companies, under long-term net leases. Our commercial properties will consist of properties in the retail, office and industrial sectors that meet our investment criteria. Once all of the offering proceeds are invested, our property sector allocations will broadly reflect the composition of the NPI with the exception of multi-family and lodging, which will be excluded from our investment universe. Since our strategy will focus on income producing real estate with long term leases, we will not invest in multi-family or lodging properties due to their short duration leases and historically volatile performance. The actual percentage of our portfolio that is invested in retail, office and industrial property categories may fluctuate due to market conditions and investment opportunities. We believe that our investment approach will allow us to achieve a relatively predictable and stable current stream of income for investors, along with the potential for long-term capital appreciation in the value of our real estate. In addition, an investment in our common stock will provide investors with exposure to a major asset class (commercial real estate) that historically has not been correlated with the stock market, has demonstrated less volatility than listed stocks over time and may provide diversification as part of an investment portfolio.

We are structured as a perpetual-life, non-exchange traded REIT. This means that, subject to regulatory approval of our filing for additional offerings, we will sell shares of our common stock on a continuous basis and for an indefinite period of time. We sell our shares at a price based on the daily net asset value, or NAV, of our underlying assets, as calculated by our independent fund accountant, plus, for A Shares sold in the primary offering only, applicable selling commissions. Although our common stock will not be listed for trading on a stock market or other trading exchange, we expect to provide our investors with limited liquidity through a redemption program that will permit investors to request redemption of all or a portion of their shares on any business day, at the daily NAV per share for the applicable class, subject to certain limitations described in this prospectus. As a perpetual-life, non-exchange traded REIT, our investment strategy will not be restricted by the need to provide, and our charter does not require that we provide our stockholders with, liquidity through a single terminal "liquidity event."

Our advisor will pay all costs incurred in connection with our organization and offering (other than selling commissions, the distribution fee and the dealer manager fee) and we will reimburse our advisor. Reimbursement payments are typically made in monthly installments, but the aggregate monthly amount reimbursed can never exceed 0.75% of the aggregate gross offering proceeds from this offering, including shares issued in connection with the distribution reinvestment plan, but excluding selling commissions charged on A Shares sold in the primary offering. If the sum of the total unreimbursed amount of such organization and offering costs, plus new costs incurred since the last reimbursement payment, exceeds the reimbursement limit described above for the applicable monthly installment, the excess will be eligible for reimbursement in subsequent months (subject to the 0.75% limit), calculated on an accumulated basis, until our advisor has been reimbursed in full. See "Plan of Distribution."

In periods when certain existing investors seek to redeem their shares, additional funds may also flow in from investors who are purchasing new shares; in these circumstances cash proceeds from the sale of new shares could be used to fund the redemptions. We believe that netting redemptions out of incoming proceeds from the offering is in the best interests of stockholders because of the time and transaction costs involved in investing new capital and in disposing of assets.

We elected to be taxed, and, as of the date of this prospectus, qualify, as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2012. We hold, and intend to continue to hold, all of our investments through our operating partnership, of which we are the sole general partner. We are not a mutual fund and do not intend to register as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Our offices are located at 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016. Our telephone number is 866-907-2653. Our fax number is 877-616-1118, and the e-mail address of our investor relations department is *investorservices@colecapital.com* . We maintain a toll-free, automated information line at 866-907-2653, where you may obtain the daily determination of our NAV and the most recent offering price per share. You may find additional information about us at our website, *www.colecapital.com* . The contents of that website are not incorporated by reference in, and are not otherwise a part of, this prospectus.

W Shares, A Shares and I Shares of Common Stock

In this offering, we are offering to the public three classes of shares of our common stock: W Shares, A Shares and I Shares. The table below summarizes the fees payable to the dealer manager with respect to the W Shares, A Shares and I Shares and does not include the other fees and expenses payable to our advisor and its affiliates. The selling commission on A Shares is shown as a percentage of the Offering Price. Selling commissions will be deducted directly from the Offering Price and paid to our dealer manager. The dealer manager and distribution fees accrue daily in an amount equal to 1/365th of the percentage of NAV per W Share, A Share or I Share, as applicable, for such day on a continuous basis.

	Selling Commission (1)	Dealer Manager Fee	Distribution Fee
W Shares	—	0.55%	—
A Shares	up to 3.75%	0.55%	0.50%
I Shares	—	0.25%	—

(1) The selling commission expressed as a percentage of NAV per A Share, rather than the Offering Price, is up to 3.90%, subject to rounding and the effect of volume discounts we are offering on certain purchases of $150,001 or more of A Shares. See "Plan of Distribution — Compensation of Our Dealer Manager and Other Participating Broker-Dealers — Selling Commissions, Volume Discounts, and Asset-Based Dealer Manager Fee and Distribution Fee."

The fees listed above will be allocated on a class-specific basis. Our dealer manager will reallow 100% of the selling commissions on A Shares to participating broker-dealers, and at our dealer manager's discretion it may reallow to participating broker-dealers (i) a portion of the dealer manager fee received on W Shares, A Shares and I Shares, and (ii) a portion of the distribution fee received on A Shares. As a result of the different ongoing fees and expenses allocable to each share class, we anticipate that each share class will have a different NAV per share and different per share distributions. Since NAV per share will differ among classes, then changes to our assets and liabilities that are allocable among our classes of shares on the basis of relative NAV will vary accordingly from class to class. See "Valuation Policies" and "Description of Capital Stock — Distributions" for more information.

Our three classes of common stock also have different rights upon liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of us, or any liquidating distribution of our assets, then such assets, or the proceeds therefrom, will be distributed among the holders of W Shares, A Shares and I Shares ratably in proportion to the respective NAV for each class in accordance with applicable law. Each holder of shares of a particular class of common stock will be entitled to receive, ratably with each other holder of shares of such class, that portion of such aggregate assets available for distribution to that class as the number of outstanding shares of such class held by such holder bears to the total number of outstanding shares of such class then outstanding.

Other than the differing allocable fees and expenses, the differing NAVs and distributions per share and the differing liquidation rights described above, W Shares, A Shares and I Shares have identical rights and privileges. See “Description of Capital Stock — Common Stock” for more details regarding our classes of common stock.

Summary Risk Factors

An investment in our common stock involves risk and is not suitable for all investors. There is no certainty as to the amount of distributions you may receive, the value of your investment may decline and liquidity under our redemption program may not be available at all times. Some of the more significant risks relating to an investment in shares of our common stock include those listed below.

- We have a limited prior operating history and there is no assurance that we will achieve our investment objectives. In addition, because we have limited assets and have not yet identified all of the specific properties that we may purchase with future offering proceeds, this is a “blind pool” offering and you will not be able to evaluate our additional investments prior to the time of purchase.
- The purchase and redemption price for shares of our common stock are based on our NAV per share for each class each business day, as calculated by our independent fund accountant. One component of that calculation is the estimated values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate determined periodically by our independent valuation expert pursuant to individual appraisal reports, which may be adjusted upon the occurrence of material events, all in accordance with the valuation guidelines approved by our board of directors. The appraisal reports are based on information provided by our advisor, who also reviews them. The valuation methodologies used to determine the real estate component of our NAV involve subjective judgments and estimates, and may not accurately reflect the actual price at which our net real estate and real estate related assets could be liquidated on any given day. The resulting potential disparity in our NAV may be in favor of either stockholders who redeem their shares, or stockholders who buy new shares, or existing stockholders.
- There is no public market for our shares of common stock, we do not expect that a public market will develop and our charter does not require us to effect a liquidity event at any time in the future. Our goal is to provide stockholders with limited liquidity through redemptions at the NAV per share for the applicable class; however, we will be investing primarily in commercial real estate properties that cannot generally be readily liquidated. This means that there may be times during which we do not have sufficient liquid resources to satisfy all redemption requests. Further, to protect our operations and our non-redeeming stockholders, our board of directors may modify our redemption program, and under certain circumstances, our advisor may modify, limit or suspend our redemption program. As a result, our shares should be considered a potentially long-term investment with limited liquidity.
- Our sponsor has used our investment strategy, of focusing on necessity retail, office and industrial single-tenant properties, subject to long-term net leases to creditworthy tenants, in past and current real estate programs, and, as a result, we expect that we will compete with these other programs for properties and tenants.
- We may pay distributions and fund redemptions from sources other than cash flows from operations, including borrowings, proceeds from the sale of our common stock and proceeds from the sale of our assets, and we have no limits on the amounts we may pay from such other sources. Payments of distributions from sources other than cash flow from operations may reduce the amount of capital we ultimately invest in real estate, which may negatively impact the value of your investment and directly impact our daily NAV per share for each class.
- We are dependent on our advisor and its affiliates to conduct our business and to distribute our shares. There are conflicts of interest between us and our advisor and its affiliates, including with respect to

allocation of investment and borrowing opportunities and allocation of their time and resources. Further, we pay substantial fees to our advisor and its affiliates, including fees based on our daily NAV.

- This is a "best efforts" offering. If we are not able to raise a substantial amount of capital in the near term, we may have difficulties investing in properties and our ability to achieve our investment objectives, including diversification of our portfolio by property type and location, could be adversely affected.
- We may suffer from delays if our advisor is not able to locate suitable investments, which could adversely affect our ability to pay distributions and to achieve our investment objectives.
- Our board of directors may change certain of our investment policies without stockholder approval, which could alter the nature of your investment.
- If we do not remain qualified as a REIT, we will be subject to federal income tax at regular corporate rates, and our NAV and cash available for distribution to our stockholders could materially decrease.

Our Board of Directors

We operate under the direction of our board of directors, the members of which are accountable to us and to our stockholders as fiduciaries. We have a four-member board of directors, consisting of Glenn J. Rufrano and our three independent directors, George N. Fugelsang, Richard J. Lehmann and Roger D. Snell. Our charter requires that a majority of our directors be independent of our advisor. Among its other responsibilities, our board of directors (including the independent directors) has adopted our valuation guidelines for establishing our NAV for each class on each business day and our valuation guidelines pertaining to the valuation of our commercial real estate assets, related liabilities and notes receivable secured by real estate, and will periodically receive and review such information about the valuation of our assets and liabilities as it deems necessary to exercise its oversight responsibility. Our charter provides that our independent directors will also be responsible for reviewing the performance of our advisor and sub-advisor, overseeing the investments made by our advisor and sub-advisor and approving the compensation paid to our advisor and its affiliates. Our directors will be elected on an annual basis by our stockholders. See the "Conflicts of Interest —Certain Conflict Resolution Procedures" section of this prospectus.

Our Sponsor and Advisor

Our sponsor is Cole Capital, a trade name used to refer to a group of affiliated entities directly or indirectly controlled by VEREIT, including Cole Capital Advisors, Inc. ("Cole Capital Advisors"), Cole Capital Partners, LLC ("Cole Capital Partners") and other affiliates of our advisor. Our sponsor has been involved in acquiring, managing and disposing of commercial real estate for over three decades. During that time, our sponsor developed and refined its investment strategy of purchasing primarily single-tenant necessity properties that are leased to brand-name creditworthy tenants, subject to long-term net leases.

Our advisor, a Delaware limited liability company, is an affiliate of our sponsor and was formed solely for the purpose of managing our affairs on a day-to-day basis. A significant number of our sponsor's executives and employees also serve as executives and employees of our advisor. See "— Summary of Prior Offerings" below.

Our advisor is obligated to use its best efforts, subject to the oversight of our board of directors, to, among other things, manage our portfolio and provide information to our independent valuation expert concerning our portfolio. Management of our portfolio will include activities such as determining the allocation of our portfolio among retail, office and industrial real estate properties, real estate properties in other sectors and real estate-related assets. Further, portfolio management will include making decisions about the active management of our portfolio, including decisions to acquire or dispose of real estate assets. Our board of directors has delegated to

our advisor broad authority to manage our business in accordance with our investment objectives, strategy, guidelines, policies and limitations. Our advisor's role in the portfolio valuation process includes providing information about our commercial real estate assets, related liabilities and notes receivables secured by real estate to our independent valuation expert and estimating our accrued revenues and expenses. Our advisor also has the right to review estimated values set forth in individual appraisal reports prepared by our independent valuation expert prior to finalization. The independent valuation expert is free to accept or reject our advisor's input in its discretion. Our independent fund accountant performs the administrative tasks necessary to calculate our daily NAV for each class. Our advisor performs its duties and responsibilities under an advisory agreement as our fiduciary. See "Management — The Advisor."

The Sub-Advisor

Our advisor has engaged BlackRock Investment Management, LLC to serve as its sub-advisor and perform the functions related to selecting and managing our liquid assets (cash, cash equivalents, other short-term investments, U.S. government securities, agency securities, corporate debt, liquid real estate-related, equity or debt securities and other investments for which there is reasonable liquidity). We refer to BlackRock Investment Management, LLC as the sub-advisor.

The sub-advisor provides services related to the acquisition, management and disposition of our liquid assets, in accordance with our investment objectives, strategy, guidelines, policies and limitations. The fees paid to the sub-advisor will not be paid by us, but will instead be paid by our advisor out of the management fee that we pay to our advisor. The sub-advisor performs its duties and will serve as a fiduciary under a sub-advisory agreement with our advisor, and the sub-advisor has no contractual relationship with us. If our sub-advisor does not adequately perform its duties or fails to dedicate sufficient time to us our only recourse will be against our advisor.

Our Dealer Manager

Cole Capital Corporation, which we refer to as our dealer manager, is an affiliate of our sponsor and a member of the Financial Industry Regulatory Authority, or FINRA. Our dealer manager has distributed shares of many of our sponsor's prior real estate programs, and has built relationships with a large number of broker-dealers throughout the country, which participated in some or all of those prior offerings. Our dealer manager will distribute our W Shares, A Shares and I Shares of common stock on a best efforts basis, and will advise us regarding this offering, manage our relationships with participating broker-dealers and financial advisors and provide assistance in connection with compliance matters relating to the offering, including compliance regarding any sales literature that we may prepare.

Our Operating Partnership

We own, and, in the future, intend to own all or substantially all of our investments through Cole Real Estate Income Strategy (Daily NAV) Operating Partnership, LP, our operating partnership, in order to be organized as an UPREIT. UPREIT stands for "Umbrella Partnership Real Estate Investment Trust." An UPREIT is a REIT that holds all or substantially all of its assets through a partnership that the REIT controls as general partner. We have elected to use an UPREIT structure primarily to facilitate acquisitions of retail, office and industrial real estate properties, as well as other types of real estate and to facilitate investments in us by certain institutional investors. A sale of property directly to a REIT is generally a taxable transaction to the selling property owner. In an UPREIT structure, a seller of appreciated property who desires to defer taxable gain on the transfer of such property may transfer the property to our operating partnership in exchange for limited partnership interests. Such exchange could be made on a tax-free basis. Being able to offer a seller the opportunity to defer taxation of gain until the seller redeems its interests in our operating partnership for cash may give us a competitive advantage in acquiring desired properties or investments relative to buyers who cannot offer this opportunity. In addition, investing in our operating partnership, rather than in shares of our common

stock, may be more attractive to certain institutional or other investors due to their business or tax structure. We are the sole general partner of our operating partnership and have contributed $900 to our operating partnership in exchange for our general partner interest. Initially, the only limited partner was our wholly-owned subsidiary, CRI (Daily NAV), LLC, which, as of the date of this prospectus, holds less than a 0.01% interest. We refer to partnership units in the operating partnership as "OP Units." Our operating partnership has classes of OP Units that correspond to our three classes of common stock: Class W OP Units, Class A OP Units and Class I OP Units. See "Our Structure and Formation" for a chart showing our ownership structure.

Investment Objectives

Our primary investment objectives are:

- to acquire commercial properties, leased under long-term net leases to creditworthy tenants, which provide current operating cash flow;
- to maintain a level of liquid assets as a source of funds to meet redemption requests;
- to provide reasonably stable, current income for you through the payment of distributions; and
- to provide the opportunity to participate in capital appreciation in the value of our investments.

Pursuant to our charter, these investment objectives may not be changed without the approval of our stockholders. See the "Investment Objectives, Strategy and Policies" section of this prospectus for a more complete description of our investment objectives and policies, as well as our investment restrictions. We may not achieve our investment objectives. See "Risk Factors" below.

Description of Real Estate Investments

As of October 9, 2015, our investment portfolio consisted of 73 properties located in 28 states, consisting of 1.6 million gross rentable square feet of commercial space, including the square feet of buildings that are on land subject to ground leases. Details of the properties are listed below in order of their date of acquisition.

Property Description	Type	Number of Tenants	Tenant	Rentable Square Feet [(1)]	Purchase Price
Walgreens — Albuquerque, NM	Drugstore	1	Walgreens	15,525	$ 2,475,000
CVS — Austin, TX	Drugstore	1	CVS	10,906	3,054,150
Walgreens — Reidsville, NC	Drugstore	1	Walgreens	14,550	5,125,000
CVS — Erie, PA	Drugstore	1	CVS	10,125	2,300,000
CVS — Mansfield, OH	Drugstore	1	CVS	10,722	2,299,000
Advance Auto — Macomb, MI	Automotive	1	Advance Auto	7,000	2,099,000
Dollar General — Berwick, LA	Discount Store	1	Dollar General	12,466	1,780,767
Dollar General — Independence, MO	Discount Store	1	Dollar General	9,002	1,417,808
Dollar General — St. Joseph, MO	Discount Store	1	Dollar General	9,026	1,435,616
Sunoco — Merritt Island, FL	Convenience Store	1	Sunoco	2,353	2,809,105
Kum & Go — Cedar Rapids, IA	Convenience Store	1	Kum & Go	4,973	2,566,000
Natural Grocers — Prescott, AZ	Grocery	1	Natural Grocers	12,848	3,925,000
FedEx — Elko, NV	Logistics	1	FedEx Ground	11,482	2,724,000
Mattress Firm — Gadsden, AL	Home Furnishings	1	Mattress Firm	7,200	2,030,769
Dollar General — Sardis City, AL	Discount Store	1	Dollar General	12,406	1,701,767
PetSmart — Little Rock, AR	Pet Supplies	1	PetSmart	25,702	4,500,000
Sherwin-Williams — Douglasville, GA	Home and Garden	1	Sherwin-Williams	5,000	1,160,000
FedEx — Norfolk, NE	Logistics	1	FedEx	31,936	3,494,083
Algonac Plaza — Algonac, MI	Shopping Center	8	Various	69,048	9,442,550
Advance Auto — Sedalia, MO	Automotive	1	Advance Auto	6,895	1,720,000
T.J. Maxx — Danville, IL	Discount Store	1	T.J. Maxx	24,000	3,200,000

Property Description	Type	Number of Tenants	Tenant (1)	Rentable Square Feet (2)	Purchase Price
Sherwin Williams — Lawrenceville, GA	Home and Garden	1	Sherwin-Williams	10,445	$ 1,344,327
Jo-Ann — Roseville, MI	Hobby, Books and Music	1	Jo-Ann	32,863	3,847,886
Lowe's — Fremont, OH	Home and Garden	1	Lowe's	125,357	9,225,000
FedEx — Spirit Lake, IA	Logistics	1	FedEx Ground	25,632	2,911,000
CVS — Wisconsin Rapids, WI	Drugstore	1	CVS	13,307	3,097,465
Tellico Greens — Loudon, TN	Shopping Center	4	Various	40,928	5,350,000
Dollar General — Gladwin, MI	Discount Store	1	Dollar General	9,002	1,332,839
Dollar General — Lexington, MI	Discount Store	1	Dollar General	9,100	1,204,141
Mattress Firm/AT&T — Woodbury, MN	Shopping Center	2	Various	8,400	3,300,000
Mattress Firm — Phoenix, AZ	Home Furnishings	1	Mattress Firm	5,064	1,883,175
O'Reilly Auto Parts — Fayetteville, NC	Automotive	1	O'Reilly Auto Parts	7,545	1,643,406
McAlister's Deli — Amarillo, TX	Limited Service Restaurant	1	McAlister's Deli	3,857	1,652,000
McAlister's Deli — Shawnee, OK	Limited Service Restaurant	1	McAlister's Deli	3,968	1,963,000
Family Dollar — Tatum, NM	Discount Store	1	Family Dollar	8,320	1,053,018
Family Dollar — Centreville, AL	Discount Store	1	Family Dollar	8,320	1,334,194
AT&T — Oklahoma City, OK	Communications	1	AT&T	4,800	2,468,000
DaVita — Austell, GA	Healthcare	1	DaVita	5,460	3,250,000
Dollar General — Ocala, FL	Discount Store	1	Dollar General	9,026	1,705,342
Raising Cane's — Avondale, AZ	Restaurant	1	Raising Cane's	3,552	3,397,000
Great White — Oklahoma City, OK	Manufacturing	1	Great White	133,630	5,007,632
Mattress Firm — Fairview Park, OH	Home Furnishings	1	Mattress Firm	4,500	2,103,750
Family Dollar — Denton, NC	Discount Store	1	Family Dollar	8,000	1,087,500
Family Dollar — Danville, VA	Discount Store	1	Family Dollar	8,320	1,212,500
Dollar General — Sioux Falls, SD	Discount Store	1	Dollar General	9,002	1,421,091
Enid Crossing — Enid, OK	Shopping Center	3	Various	44,248	5,900,000
Shopko — Larned, KS	Retail Store	1	Shopko	26,500	2,270,328
Walgreens — Coweta, OK	Drugstore	1	Walgreens	15,000	4,346,342
Headwaters Resources — Bryan, TX	Heavy Construction	1	Headwaters Resources	12,500	1,456,647
Walgreens — St. Louis, MO	Drugstore	1	Walgreens	14,820	3,812,985
Northern Tool — Hoover, AL	Retail Store	1	Northern Tool	17,936	3,061,600
Aspen Dental — Somerset, KY	Healthcare	1	Aspen Dental	3,509	1,500,000
Family Dollar — Londonderry, OH	Discount Store	1	Family Dollar	8,320	1,309,877
Family Dollar — Deridder, LA	Discount Store	1	Family Dollar	8,320	1,041,092
Carrier Rental Systems — Houston, TX	Manufacturing	1	Carrier Rental Systems	30,820	5,018,966
Shoppes at Battle Bridge — Raleigh, NC	Shopping Center	13	Various	61,742	10,850,000
Dollar General — Redfield, SD	Discount Store	1	Dollar General	9,100	1,038,042
Family Dollar — Hampton, AR	Discount Store	1	Family Dollar	8,233	979,640
Amcor Rigid Plastics — Ames, IA	Manufacturing	1	Amcor Rigid Plastics	251,138	14,282,494
Family Dollar — West Portsmouth, OH	Discount Store	1	Family Dollar	12,600	1,189,000
National Tire & Battery — Conyers, GA	Retail Store	1	National Tire & Battery	13,748	2,493,200
Time Warner Cable — Streetsboro, OH	Industrial Warehouse	1	Time Warner Cable	78,083	5,330,456
Burger King — Midwest City, OK	Limited Service Restaurant	1	Burger King	3,252	1,150,237
Family Dollar — Darby, MT	Discount Store	1	Family Dollar	8,320	1,325,001
Tailwind Technologies — Denton, TX	Industrial Warehouse	1	Tailwind Technologies	104,758	11,750,000
PetSmart — McAllen, TX	Pet Supplies	1	PetSmart	25,625	4,400,000
Tire Centers — Decatur, AL	Automotive	1	Tire Centers	16,336	1,972,887
Auto Zone — Vandalia, OH	Automotive	1	AutoZone	7,000	800,000
Dollar General — Topeka (43rd) KS	Discount Store	1	Dollar General	9,100	1,195,261
Dollar General — Stacy, MN	Discount Store	1	Dollar General	9,026	989,579
Advance Auto — Ravenswood, WV	Automotive	1	Advance Auto	7,000	935,000
Sleepy's — Roanoke Rapids, NC	Home Furnishings	1	Sleepy's	5,000	1,700,680
West Marine — Mystic, CT	Retail Store	1	West Marine	13,000	4,754,286
				1,636,597	$220,907,481

(1) The tenant name represents the commonly-used tenant name and does not necessarily represent the legal name of the entity that is party to the lease agreement.
(2) Includes square feet of buildings that are on land subject to ground leases.

Investment Strategy

Our investment strategy is to invest primarily in a diversified portfolio of (1) necessity commercial properties in the retail, office and industrial sectors that are leased to creditworthy tenants under long-term net leases, and are strategically located throughout the United States and U.S. protectorates, (2) notes receivable and other investments secured by commercial real estate, including the origination of loans, and (3) U.S. government securities, agency securities, corporate debt and other investments for which there is reasonable liquidity. See "Investment Objectives, Strategy and Policies" for more details regarding our investment strategy. We believe that our organization as a perpetual-life REIT will allow us to acquire and manage our investment portfolio in a more active and flexible manner, as we will not be limited by a pre-determined operational period and the need to provide a "liquidity event" at the end of that period.

Investment Policies

Our independent members of our board of directors have adopted our investment policies. Our directors will formally review, at a duly called meeting, our investment policies on an annual basis and our real estate portfolio on a quarterly basis or, in each case, more often as they deem appropriate. Our board of directors, including a majority of our independent directors, must approve any changes to our investment policies. Under our investment policies, our advisor is delegated broad authority to execute real estate property and real estate related investment acquisitions and dispositions. Our board of directors will at all times have ultimate oversight over our investments and may change from time to time the scope of authority delegated to our advisor which in turn will modify the scope of authority of the sub-advisor, with respect to acquisition and disposition transactions. See "Investment Objectives, Strategy and Policies" for more details regarding our investment policies.

Valuation Policies

We have engaged an independent valuation expert, CBRE, which has expertise in appraising commercial real estate assets, related liabilities and notes receivable secured by real estate, to provide, on a rolling quarterly basis, valuations of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate to be set forth in individual appraisal reports, and to adjust those valuations for events known to the independent valuation expert that it believes are likely to have a material impact on previously provided estimates of the value of the affected commercial real estate assets, notes receivable secured by real estate or related real estate liabilities. All or substantially all of our commercial real estate assets, related liabilities and notes receivable secured by real estate will be held in our operating partnership. Our real estate assets will consist primarily of a portfolio of commercial real estate, as well as notes receivable, where the underlying collateral will typically be commercial real estate. Our commercial real estate related liabilities will consist primarily of mortgage loans secured by our commercial real estate. In addition, our assets will include liquid assets, which will be priced daily by third party pricing sources, and cash and cash equivalents. We will amortize asset acquisition costs over a five year period. Our liabilities will include accrued fees and operating expenses, accrued debt service costs, accrued distributions payable, accrued dealer manager fees and advisory fees, which are estimated by our advisor. Our board of directors is responsible for ensuring that the valuation expert discharges its responsibilities in accordance with our valuation guidelines, and will periodically receive and review such information about the valuation of our assets and liabilities as it deems necessary to exercise its oversight responsibility, at regularly scheduled board of director meetings. See "Valuation Policies — Valuation."

At the end of each business day, our independent fund accountant calculates the NAV per share for each class using a process that reflects (1) estimated values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate provided periodically by our independent valuation expert in individual appraisal reports, as they may be updated upon certain material events described below, (2) the price of liquid assets for which third party market quotes are available, (3) accruals of our daily distributions, and (4) estimates of daily accruals, on a net basis, of our operating revenues, expenses, including class-specific

expenses, debt service costs and fees, including class-specific fees. NAV for each class will be adjusted for contributions, redemptions and accruals of the class's daily distributions and estimates of class-specific fee and expense accruals. Selling commissions will have no effect on the NAV of any class. Our independent fund accountant determines our NAV per share by dividing the NAV for each class on such day by the number of shares of such class outstanding as of the end of such day, prior to giving effect to any share purchases or redemptions to be effected on such day.

Our goal is to provide a reasonable estimate of the market value of our shares. However, the majority of our assets will consist of commercial real estate assets and, as with any commercial real estate valuation protocol, the conclusions reached by our independent valuation expert will be based on a number of judgments, assumptions and opinions about future events that may or may not prove to be correct. If a material event occurs between scheduled quarterly valuations that our advisor believes may materially affect the value of any of our commercial real estate assets, related liabilities or notes receivable secured by real estate, our advisor will inform the independent valuation expert so that, if appropriate, the independent valuation expert can adjust the most recent valuations provided in the applicable appraisal report to account for the estimated impact. The use of different judgments, assumptions or opinions would likely result in different estimates of the value of our commercial real estate investments. In addition, on any given day, our published NAV per share for each class may not fully reflect certain material events, to the extent that the financial impact of such events on our portfolio is not immediately quantifiable. As a result, the daily calculation of our NAV per share for each class may not reflect the precise amount that might be paid for your shares in a market transaction, and any potential disparity in our NAV per share for each class may be in favor of either stockholders who redeem their shares, or stockholders who buy new shares, or existing stockholders.

Purchase Price of Shares

The per share purchase price for each class varies from day-to-day and, on each business day, equals the NAV per share for such class as of the end of business on such day, in each case prior to giving effect to any share purchases or redemptions to be effected on such day; plus, for A Shares sold in the primary offering only, applicable selling commissions.

We will file with the SEC after the close of business on a monthly basis a prospectus supplement disclosing the NAV per share for each class for each business day in the preceding month, which we refer to as the pricing supplement. Each business day, we will also post that business day's NAV for each class on our public website *www.colecapital.com/cole-income-nav-strategy/daily-nav*. The website contains this prospectus, including any supplements and amendments. You may also obtain the daily determination of the NAV per share for each class by calling our toll-free, automated information line at 866-907-2653. As disclosed in "Share Purchases and Redemptions — Buying Shares," we will disclose, on a quarterly basis in a prospectus supplement filed with the SEC, the principal valuation components of our NAV.

Any purchase orders that we receive prior to the close of the NYSE (generally, 4:00 p.m. Eastern time) on any day the NYSE is open for trading (a business day) will be executed at a price equal to our NAV per share for the applicable class for that day, as calculated after the close of business on that day, plus, for A Shares sold in the primary offering only, applicable selling commissions. Purchase orders that we receive after the close of the NYSE (generally, 4:00 p.m. Eastern time) will be executed at a price equal to our NAV per share for the applicable class as calculated after the close of business on the next business day, plus, for A Shares sold in the primary offering only, applicable selling commissions. Purchase orders placed on a day that is not a business day, and purchase orders pursuant to our systematic investment program that would otherwise occur on a day that is not a business day, will be executed as if they were received prior to the close of business on the immediately following business day. See "Share Purchases and Redemptions — Buying Shares" for more details.

Daily Redemption of Shares at NAV

While you should view your investment as long-term, we have adopted a redemption plan, whereby on any business day, stockholders may request that we redeem all or any portion of their shares. Redemption requests received before the close of business (generally, 4:00 p.m. Eastern time) will be effected at a redemption price equal to the NAV per share for the applicable class calculated at the close of business on that day. Redemption requests received after the close of business (generally, 4:00 p.m. Eastern time) on any business day, or received on a day other than a business day, will be effected at the NAV per share for the applicable class calculated at the close of business on the next business day. Subject to limited exceptions, shares redeemed within 365 days of the date of purchase will be subject to a short-term trading fee equal to 2% of the aggregate NAV per share for the applicable class of such shares redeemed, which will inure indirectly to the benefit of our remaining stockholders. We also have the right to monitor the trading patterns of stockholders or their financial advisors and we reserve the right to reject any purchase or redemption transaction at any time based on what we deem to be a pattern of excessive, abusive or short-term trading. Requests for redemption will be settled promptly, subject to the limitations set forth below. We expect that there will be no regular secondary trading market for shares of our common stock.

Although the vast majority of our assets will consist of commercial real estate properties which cannot generally be readily liquidated without impacting our ability to realize full value upon their disposition, we will maintain a number of sources of liquidity including (i) cash equivalents, other short-term investments, U.S. government securities, agency securities, corporate debt and liquid real estate-related securities and (ii) in the discretion of our advisor, a line of credit. In order to maintain a reasonable level of liquidity, our investment guidelines provide that we will target the following aggregate allocation to the above sources of liquidity: (1) 10% of our NAV up to $1 billion and (2) 5% of our NAV in excess of $1 billion. In addition, we may also fund redemptions from any available source of funds, including operating cash flows, borrowings, proceeds from this offering and/or sales of our assets. Despite these sources of liquidity, we may not always have sufficient liquid resources to satisfy redemption requests and you may not always be able to redeem your shares under the plan.

Under ordinary circumstances the total amount of net redemptions during a calendar quarter is limited to five percent of our total net assets on the last business day of the preceding quarter. Redemption requests will be satisfied on a first-come, first-served basis. If net redemptions do not reach the five percent limit in a calendar quarter, the unused portion will be carried over to the next quarter, except that the maximum amount of net redemptions during any quarter can never exceed ten percent of our total net assets on the last business day of the preceding quarter. If net redemptions in a calendar quarter reach the five percent limit (plus any carried over amount), after pro-rating redemptions for that day we will be unable to process any redemption requests for the rest of the calendar quarter. We will begin accepting redemption requests again on the first business day of the next calendar quarter, but will apply the five percent quarterly limitation on redemptions on a per-stockholder basis, instead of a first-come, first-served basis. Therefore each stockholder will be able to redeem at any time during that quarter up to five percent of the stockholder's investment in our shares on the last business day of the preceding quarter, plus any new investment by the stockholder in our shares during that quarter (subject to applicable short-term trading fees). The per-stockholder limit will remain in effect for the following quarter if total net redemptions are more than two and one-half percent of our net assets on the last business day of the preceding quarter. Subject to these limits, our goal is to provide our stockholders uninterrupted access to liquidity for their investment to the maximum extent possible. Our board of directors, including a majority of independent directors, acting in accordance with their fiduciary duties to all stockholders, may modify or suspend our redemption plan in its discretion if it believes that such action is in the best interests of our stockholders. See "Shares Purchases and Redemptions — Redemption Plan — Redemption Limitations."

Distributions

In order to continue to qualify as a REIT, we are required to make aggregate annual distributions to our stockholders of at least 90% of our REIT taxable income. For these purposes, REIT taxable income is computed

without regard to the dividends-paid deduction and excludes certain non-cash items and net capital gain. Further, REIT taxable income does not necessarily equal net income as calculated in accordance with generally accepted accounting principles in the United States, or GAAP. We are subject to corporate level tax on any undistributed taxable income (including net capital gain). Our board of directors has authorized, and in the future may authorize, distributions in excess of those required for us to maintain REIT status depending on our financial condition and such other factors as our board may deem relevant. We have not established a minimum distribution level. We may pay distributions from sources other than cash flow from operations, including from the proceeds of this offering, from borrowings or from the sale of properties or other investments, among others, and we have no limit on the amounts we may pay from such sources.

We expect that our cash flow from operations available for distribution will be lower in the initial stages of this offering until we have raised significant capital and made substantial investments. As a result, we may declare distributions in anticipation of cash flow that we expect to receive during a later period and these distributions would be paid from proceeds of this offering, borrowings or any other source available to the Company. Contrary to traditional non-exchange traded REITs, however, whose shares are typically sold and, on a limited basis, redeemed at, a fixed price that is not intended to reflect the value of the shares, our W Shares, A Shares and I Shares of common stock will be sold and redeemed on any business day at NAV per share for the applicable class. As a result, distributions that exceed our operating cash flow will be reflected in our daily calculation of NAV for each class.

See the section of this prospectus captioned “Description of Capital Stock — Distributions” for a description of our distributions.

We have adopted a distribution reinvestment plan, whereby stockholders will be able to elect to have their cash distributions automatically reinvested in additional shares of common stock. The per share purchase price for shares purchased pursuant to the distribution reinvestment plan will be equal to the NAV per share applicable to the class of shares purchased on the distribution date, after giving effect to all distributions. No selling commissions will be charged with respect to shares purchased pursuant to the distribution reinvestment plan. See “Description of Capital Stock — Distribution Reinvestment Plan.”

Leverage

We intend to use leverage to provide additional funds to support our investment activities. Our target leverage after we have acquired an initial substantial portfolio of diversified investments is 50% of the greater of cost (before deducting depreciation or other non cash reserves) or market value of our gross assets. Our board of directors may from time to time modify our leverage policy in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, growth and acquisition opportunities or other factors. Our charter generally restricts the amount of indebtedness that we may incur to 300% of our net assets, which generally approximates 75% of the cost of our investments, but does not restrict the form of indebtedness we may incur. Notwithstanding the foregoing, our aggregate indebtedness may exceed such limit, but only if such excess is approved by a majority of our independent directors and disclosed to our common stockholders within 60 days after the end of any fiscal quarter for which there is such excess. See “Investment Objectives, Strategy and Policies” for more details regarding our leverage policies.

Our Status Under the Investment Company Act

We do not believe that we are required, and we do not intend to, register as an investment company under the Investment Company Act. If we were obligated to register as an investment company, we would have to

comply with a variety of substantive requirements under the Investment Company Act that would restrict our activities and significantly increase our operating expenses. See "Risk Factors — Risks Related to our Corporate Structure."

Summary of Prior Offerings

The "Prior Performance Summary" section of this prospectus contains a discussion of the public programs previously offered by our sponsor, Cole Capital, from January 1, 2005 through December 31, 2014. Certain financial results and other information relating to such programs with investment objectives similar to ours are also provided in the "Prior Performance Tables" included as Appendix A to this prospectus. The prior performance of the public programs previously sponsored by Cole Capital is not necessarily indicative of the results that we will achieve. Therefore, an investor should not assume that he, she or it will experience returns comparable to those experienced by investors in prior public real estate programs sponsored by Cole Capital. We expect that our total expenses, including the costs of distributing our shares, will be lower than the total expenses of our sponsor's prior public programs.

Fees and Expenses

We will pay our dealer manager and our advisor the fees and reimbursements described below in connection with performing services for us. We will not pay our advisor or its affiliates any separate fees for property acquisitions or dispositions, financings, property management or leasing.

Type of Compensation — Recipient [1]	Method of Compensation	Estimated Amount
	Organization and Offering Stage	
Upfront Selling Commission [2]	We may charge a selling commission on A Shares sold in the primary offering of up to 3.75% of the Offering Price per share for A Shares on the date of purchase, which we will pay to our dealer manager. Our dealer manager will reallow 100% of such selling commissions to participating broker-dealers. Selling commissions may be reduced for volume purchases. We will not charge a selling commission on W Shares or I Shares or on shares sold pursuant to our distribution reinvestment plan.	The actual amount will depend on the number of A Shares sold and the Offering Price per share. Aggregate selling commissions will equal $131,250,000 if we sell the maximum offering, assuming that all shares sold are A Shares, the maximum selling commission is paid on each A Share in the primary offering, and no reallocation of shares between our primary offering and our distribution reinvestment plan. In the aggregate, underwriting compensation from all sources, including selling commissions, the dealer manager fee, the distribution fee and other underwriting compensation paid to participating broker-dealers by us or by our advisor and its affiliates, will not exceed 10% of the gross proceeds from our primary offering.
Dealer Manager Fee — *Our Dealer Manager* [3]	We will pay our dealer manager an asset-based dealer manager fee that is payable in arrears on a monthly basis and accrues daily in an amount equal to (1) 1/365th of	Actual amounts depend upon the number of shares of each class purchased, our daily NAV and when shares are purchased, and, therefore, cannot be determined at

Type of Compensation — Recipient [1]	Method of Compensation	Estimated Amount
	0.55% of our NAV for W Shares for such day, (2) 1/365th of 0.55% of our NAV for A Shares for such day and (3) 1/365th of 0.25% of our NAV for I Shares for such day. At our dealer manager's discretion it may reallow a portion of the dealer manager fee received on W Shares, A Shares and I Shares to participating broker-dealers. Because the dealer manager fee is calculated based on NAV for the applicable share class, it reduces NAV with respect to all shares in that class (at the fee rate for that class), including shares issued under our distribution reinvestment plan.	this time. The dealer manager fee will equal $21,278,125 per annum if we sell the maximum offering, assuming that all shares sold are A Shares and that the NAV per share remains the same as the NAV per share at the commencement of this offering. In the aggregate, underwriting compensation from all sources, including selling commissions, the dealer manager fee, the distribution fee and other underwriting compensation paid to participating broker-dealers by us or by our advisor and its affiliates, will not exceed 10% of the gross proceeds from our primary offering.
Distribution Fee — *Our Dealer Manager* [3]	We will pay our dealer manager an asset-based distribution fee for A Shares that is payable in arrears on a monthly basis and accrues daily in an amount equal to 1/365th of 0.50% of our NAV for A Shares for such day. At our dealer manager's discretion it may reallow a portion of the distribution fee to participating broker-dealers. Because the distribution fee is based on our NAV for A Shares, it reduces NAV with respect to all A Shares, including A Shares issued under our distribution reinvestment plan.	Actual amounts depend upon the number of A Shares purchased, our daily NAV and when shares are purchased, and, therefore, cannot be determined at this time. The distribution fee will equal $19,343,750 per annum if we sell the maximum offering, assuming that all shares sold are A Shares and that the NAV per A Share remains the same as the NAV per A Share at the commencement of this offering. In the aggregate, underwriting compensation from all sources, including selling commissions, the dealer manager fee, the distribution fee and other underwriting compensation paid to participating broker-dealers by us or by our advisor and its affiliates, will not exceed 10% of the gross proceeds from our primary offering.
Organization and Offering Expense Reimbursement — *Our Advisor* [4]	Our advisor has agreed to fund on our behalf all costs of our organization and offering (other than the selling commissions, the distribution fee and the dealer manager fee). Reimbursement payments are made in monthly installments, but the aggregate monthly amount reimbursed can never exceed 0.75% of aggregate gross offering proceeds, including	The timing and amount of reimbursements are dependent on the actual expenses incurred, the gross proceeds of shares sold, and the dates on which the shares are sold. Assuming that (i) one-half of all $4,000,000,000 of shares registered for sale in our primary offering, including shares issued under our distribution reinvestment plan, are sold as of the first day

Type of Compensation — Recipient [1]	Method of Compensation	Estimated Amount
	shares issued in connection with the distribution reinvestment plan, but excluding selling commissions charged on A Shares sold in the primary offering. If the sum of the total unreimbursed amount of such organization and offering costs, plus new costs incurred since the last reimbursement payment, exceeds the reimbursement limit described above for the applicable monthly installment, the excess will be eligible for reimbursement in subsequent months (subject to the 0.75% limit) calculated on an accumulated basis, until our advisor has been reimbursed in full.	after the commencement of this offering, and the other half are sold one year after the commencement of this offering, and (ii) none of the shares sold are A Shares, the maximum amount of organization and offering expenses that can be reimbursed to our advisor will equal approximately $15,000,000 in year one after the commencement of this offering and $15,000,000 in year two.
	Operational Stage	
Advisory Fee — *Our Advisor*	We will pay our advisor an advisory fee that will be payable in arrears on a monthly basis and accrue daily in an amount equal to 1/365th of 0.90% of the NAV for each class of common stock for each day.	The annualized management fee, and the actual dollar amounts, are dependent upon the monthly average NAV for each class of common stock and, therefore, cannot be determined at the present time. Based on the following assumed levels of the monthly average total NAV for all classes of common stock, our annualized management fee will be as follows:
Acquisition Expense Reimbursement — *Our Advisor*	We will not pay our advisor any acquisition, financing or other similar fees in connection with making investments. We will reimburse our advisor for out-of-pocket expenses in connection with the acquisition of commercial real estate properties, real estate-related assets and other investments, including reasonable salaries and wages, benefits and overhead of all employees directly involved in the performance of acquisition services to us other than our executive officers.	The actual amount will depend upon actual expenses incurred and, therefore, cannot be determined at this time.

Monthly Average Total NAV	Total Annualized Advisory Fee ($)
$ 1 billion	$9,000,000
$ 2 billion	$18,000,000
$ 4 billion	$36,000,000

Type of Compensation — Recipient [1]	Method of Compensation	Estimated Amount
Operating Expense Reimbursement — *Our Advisor*	We will reimburse our advisor for out-of-pocket expenses in connection with providing services to us, including reasonable salaries and wages, benefits and overhead of all employees directly involved in the performance of services to us other than our executive officers. The expense reimbursements that we will pay to our advisor include expenses incurred by the sub-advisor on our behalf.	Actual amounts are dependent upon actual expenses incurred and, therefore, cannot be determined at this time.
Performance Fee — *Our Advisor*	We will pay our advisor a performance fee calculated on the basis of our total return to stockholders for each class of common stock, payable annually in arrears, such that for any year in which our total return on stockholders' capital for a class exceeds 6% per annum on a calendar year basis, our advisor will be entitled to 25% of the excess total return on such class but not to exceed 10% of the aggregate total return on such class for such year. In the event the NAV per share for our W Shares, A shares and I Shares decreases below Base NAV for the respective share class, the performance-based fee will not be calculated on any increase in NAV up to Base NAV for the respective share class.	The actual amount will depend on our performance, as well as on the number of shares sold, the daily NAV per share for each class of common stock and the period of time that the investor continues to hold the shares and, therefore, can not be determined at this time.

(1) We will pay all fees and expenses in cash, shares of our common stock, a non-interest bearing promissory note or any combination of the foregoing, as may be agreed upon by both parties.

(2) Selling commissions may be reduced or waived in connection with volume or other discounts, other fee arrangements or for sales to certain categories of purchasers. See "Plan of Distribution — Underwriting Compensation — Selling Commissions, Volume Discounts, and Asset-Based Dealer Manager Fee and Distribution Fee."

(3) We will cease paying distribution fees and dealer manager fees at the date at which, in the aggregate, underwriting compensation from all sources, including selling commissions, the distribution fee and the dealer manager fee and other underwriting compensation paid by us and our advisor and its affiliates, equals 10% of the gross proceeds from our primary offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan). This limitation is intended to ensure that we satisfy the FINRA requirement that total underwriting compensation paid in connection with this offering from any source (including from our advisor and its affiliates) does not exceed 10% of the gross proceeds of our primary offering. Our advisor and its affiliates may pay additional amounts, without reimbursement by us, associated with the sale

and distribution of our shares, which may include amounts paid to participating broker-dealers based on among other things, the number of shares that were originally sold with the assistance of the participating broker-dealer or the extent of stockholder record keeping services, account maintenance services and other administrative services provided by the participating broker-dealer. Any such payments would indirectly be recouped by our sponsor, which indirectly wholly-owns our advisor, through the receipt of the dealer-manager fee. Also, such payments will be deemed to be "underwriting compensation" by FINRA and will be subject to the 10% of gross offering proceeds limit on underwriting compensation.

(4) See "Compensation" for more details regarding the organization and offering expenses that will constitute underwriting compensation, subject to the underwriting limit of 10% of gross offering proceeds.

Our Structure

The organizational chart in the section "Our Structure and Formation" shows our ownership structure and our relationship with our advisor, the sub-advisor, our dealer manager and VEREIT. Our operating partnership owns our investments in commercial properties and other assets, directly or indirectly, generally through special purpose entities.

Conflicts of Interest

Our advisor, our dealer manager, and their respective affiliates, officers and directors will experience conflicts of interests in connection with the management of our business, including those listed below.

- Our advisor, our dealer manager and their affiliates will receive substantial fees in connection with the services provided to us, which will create potential conflicts of interest. While those fees must be approved on an annual basis by our independent directors, the approval process may be constrained, to some extent, because the independent directors are likely to consider, among other factors, our stockholders' expectation that affiliates of Cole Capital will serve in the roles of our advisor and dealer manager.
- The advisory fee and performance fee that we pay to our advisor are based upon our NAV, and our advisor is involved in estimating certain accrued fees and expenses that are part of our NAV.
- We rely on the personnel of our advisor and its respective affiliates to manage our assets and daily operations. Our executive officers and our non-independent directors are also officers of our advisor and/or are affiliated with VEREIT and other programs sponsored by Cole Capital and therefore will have conflicts of interest in allocating their time and resources.
- The management personnel of our advisor, each of whom also makes investment decisions for VEREIT and other programs sponsored by Cole Capital, must determine which investment opportunities to recommend to us, VEREIT or another program sponsored by Cole Capital or joint venture, some of which have investment objectives similar to ours.
- Our dealer manager is an affiliate of our advisor and therefore is not in a position to make an independent review of us or this offering.

Our charter contains provisions, and our independent directors have adopted policies and procedures, that are designed to mitigate many of the various conflicts of interest.

In addition, our executive officers and one of our directors face conflicts similar to those described above because of their affiliation with our advisor, VEREIT and other programs sponsored by Cole Capital. See "Conflicts of Interest."

Risk Factors

An investment in shares of our common stock involves substantial risks. You should carefully consider the following risk factors in addition to the other information contained in this prospectus before purchasing shares. The occurrence of any of the following risks might cause you to lose a significant part of your investment. The risks and uncertainties discussed below are not the only ones we face, but do represent those risks and uncertainties that we believe are most significant to our business, operating results, prospects and financial condition. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Statements Regarding Forward-Looking Information."

Risks Related to an Investment in Cole Real Estate Income Strategy (Daily NAV), Inc.

We are considered to be a "blind pool," as we have acquired 73 real estate properties as of the date of this prospectus and have not identified all of the specific properties that we may purchase with future operating proceeds. For this and other reasons, an investment in our shares is speculative.

Since we have not identified all of the specific properties that we may purchase with future operating proceeds, this is a "blind pool." You will not be able to evaluate the economic merit of our additional investments until after these investments have been made. As a result, an investment in our shares is speculative.

To be successful in this market, we and our advisor must, among other things:

- identify and acquire investments that further our investment objectives;
- increase awareness of the Cole Real Estate Income Strategy (Daily NAV), Inc. name within the investment products market;
- expand and maintain our network of licensed broker-dealers and others who sell shares on our behalf and other agents;
- rely on our advisor and its affiliates to attract, integrate, motivate and retain qualified personnel to manage our day-to-day operations;
- respond to competition for our targeted real estate and other investments as well as for potential investors;
- rely on our advisor and its affiliates to continue to build and expand our operations structure to support our business; and
- rely on our advisor, who relies on its sub-advisor, and its affiliates and our board of directors to be continuously aware of, and interpret, marketing trends and conditions.

We may not succeed in achieving these goals, and our failure to do so could cause you to lose a significant portion of your investment. For a more detailed discussion of our investment policies, see the "Investment Objectives, Strategy and Policies — Acquisition and Investment Policies" section of this prospectus.

Your purchase and redemption of our shares is based on our NAV per share, and the daily determination of our NAV per share is based upon subjective judgments, assumptions and opinions about future events, that may or may not turn out to be correct. As a result, our daily NAV per share may not reflect the precise amount that might be paid to you for your shares in a market transaction.

The purchase and redemption price for shares of our common stock is based on our NAV per share for each class each business day, which will require an estimate of the value of our assets and liabilities — consisting

principally of illiquid commercial real estate and illiquid commercial real estate mortgages. Although quarterly valuations of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate are performed by our independent valuation expert, our advisor also monitors our commercial real estate investments for events that may be expected to have a material impact on the most recent estimated values provided by our independent valuation expert. The valuation methodologies used to estimate the value of our commercial real estate assets, related liabilities and notes receivable secured by real estate involve subjective judgments, assumptions and opinions about future events, which may or may not turn out to be correct. Any resulting potential disparity in our NAV per share may be in favor of either stockholders who redeem their shares, or stockholders who buy new shares, or existing stockholders. See "Valuation Policies — Calculation of Our NAV Per Share" for more details about how our NAV is calculated.

It may be difficult to reflect, fully and accurately, material events that may impact our daily NAV between quarterly valuations.

Since our independent fund accountant's determination of our daily NAV per share for each class will be based in part on quarterly estimates of the values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate provided periodically by the independent valuation expert in individual appraisal reports in accordance with valuation guidelines approved by our board of directors, our published NAV per share on any given day may not fully reflect any or all changes in value that may have occurred since the most recent quarterly valuation. Our advisor reviews appraisal reports and monitors our commercial real estate and notes receivable assets and liabilities, but it may be difficult to reflect fully and accurately rapidly changing market conditions or material events that may impact the value of our commercial real estate assets, notes receivable secured by real estate or related real estate liabilities between periodic valuations, or to obtain quickly complete information regarding any such events. For example, an unexpected termination or renewal of a material lease, a material change in vacancies or an unanticipated structural or environmental event at a property may cause the value of a commercial real estate asset to change materially, yet obtaining sufficient relevant information after the occurrence has come to light and/or analyzing fully the financial impact of such an event may be difficult to do and may require some time. As a result, the NAV per share may not reflect a material event until such time as sufficient information is available and analyzed, and the financial impact is fully evaluated, such that our NAV may be appropriately adjusted in accordance with our valuation guidelines. Depending on the circumstance, the resulting potential disparity in our NAV may be in favor of either stockholders who redeem their shares, or stockholders who buy new shares, or existing stockholders.

NAV calculations are not governed by governmental or independent securities, financial or accounting rules or standards.

The method for calculating our NAV, including the components that are used in calculating our NAV, is not prescribed by rules of the SEC or any state securities regulatory agency. Further, there are no accounting rules or standards that prescribe which components should be used in calculating NAV, and our NAV is not audited by our independent registered public accounting firm. We calculate and publish NAV solely for purposes of establishing the daily price at which we will sell and redeem classes of shares of our common stock, and you should not view our NAV as a measure of our historical or future financial condition or performance. The components and methodology that are used by our independent fund accountant in calculating our NAV may differ from those used by other companies now or in the future.

In addition, our NAV calculations, to the extent that they incorporate valuations of our assets and liabilities, are not prepared in accordance with United States generally accepted accounting principles, also known as GAAP. These valuations, which are based on market values that assume a willing buyer and seller, may differ from liquidation values that could be realized in the event that we were forced to sell assets.

You should carefully review the disclosure of our valuation policies and how NAV is calculated, including the illustrative hypothetical calculation of NAV, under "Valuation Policies."

An investment in shares of our common stock has limited liquidity. There is no public market for our shares of common stock and our limited redemption program may not have sufficient liquidity at all times to redeem your shares. As a result, you should purchase your shares as a long-term investment.

There is no current public market for shares of our common stock, we do not expect that a public market will ever develop and our charter does not require a liquidity event at a fixed time in the future. Therefore, redemption of shares by us will likely be the only way for you to dispose of your shares. While we designed our redemption plan to allow stockholders to request redemptions, on any business day, of all or any portion of their shares, our ability to fulfill redemption requests is subject to a number of limitations. Most significantly, as of the date of this prospectus, the vast majority of our assets consist, and will consist in the future, of commercial real estate properties, which cannot generally be readily liquidated without impacting our ability to realize full value upon their disposition. Further, the redemption program is subject to quarterly redemption limits and to protect our operations, our status as a REIT, and our non-redeeming stockholders, our board of directors may modify or suspend our redemption program or limit stockholder redemptions. Additionally, subject to limited exceptions, shares of our common stock redeemed within 365 days of the date of purchase may be subject to a short-term trading fee of 2% of the aggregate NAV per share of such shares redeemed. As a result, your ability to have your shares redeemed by us may be limited, and our shares should be considered a potentially long-term investment with limited liquidity. See “Share Purchases and Redemptions — Redemption Plan — Redemption Limitations.”

Our board of directors may modify or suspend our redemption plan, which may limit your ability to redeem your shares, as prior real estate programs sponsored by Cole Capital have done.

Our board of directors, including a majority of independent directors, may modify or suspend our redemption plan in its discretion if it believes that such action is in the interests of our stockholders. For instance, our board of directors may modify or suspend our redemption plan to prevent an undue burden on our liquidity or to preserve our status as a REIT. As a result, you may not always be able to redeem your shares and an investment in our shares should be considered a potentially long-term investment with limited liquidity.

Economic events that may cause our stockholders to seek to redeem their shares may adversely affect our cash flow and our ability to achieve our investment objectives.

Economic events affecting the U.S. economy, such as the general negative performance of the real estate sector or the negative performance of the U.S. economy as a whole, could cause our stockholders to seek to redeem their shares. Even if we are able to satisfy all resulting redemption requests, our cash flow could be adversely affected. In addition, if we elect to sell valuable assets to satisfy redemption requests, our ability to achieve our investment objectives, including, without limitation, diversification of our real estate property portfolio by property type and location, moderate financial leverage, conservative operating risk and an attractive level of current income, could be adversely affected.

We may fund distributions from sources other than cash flow from operations, including borrowings by the REIT, proceeds from offerings of our securities or proceeds from asset sales, which may reduce the amount of capital we ultimately invest and negatively impact the value of your investment in our securities.

To the extent that cash flow from operations is insufficient to fund all distributions, we may fund all or some of the distributions from borrowings by the REIT, proceeds from this offering or proceeds from the sale of assets, and we have no limits on the amounts we may pay from such other sources. The payment of distributions from sources other than cash flow from operations may reduce the amount of capital we have available to invest in real estate, negatively impact the value of your investment and reduce your overall return. We expect that, from time to time, we may fund distributions from sources other than cash flow from operations.

This is our sponsor's and advisor's first real estate program structured as a "perpetual-life" REIT.

This is our sponsor's first program structured as a "perpetual-life" REIT, or an investment vehicle of indefinite duration focused principally on acquiring a portfolio of real estate that has no target date for sale of the portfolio or other liquidity event. While the officers and other key personnel of our advisor and its affiliates have significant experience acquiring and managing real estate for defined life non-exchange traded REITs, and, to a more limited extent, listed REITs of indefinite duration, this is our sponsor's first program structured as a non-exchange traded REIT with an indefinite life. Acquiring and managing a portfolio of commercial real estate that has no target liquidation event may present challenges that are different than acquiring and managing a portfolio of real estate that is expected to be owned for a limited and specified investment period. For this and other reasons, the prior performance of other REITs sponsored by Cole Capital may not be indicative of our future results.

The amount and source of distributions we may make to our stockholders is uncertain and we may be unable to generate sufficient cash flows from our operations to make distributions to our stockholders at any time in the future.

We have not established a minimum distribution payment level, and our ability to make distributions to our stockholders may be adversely affected by a number of factors, including the risk factors described in this prospectus. Our board of directors will make determinations regarding distributions based upon, among other factors, our financial performance, our debt service obligations, our debt covenants, and capital expenditure requirements. Among the factors that could impair our ability to make distributions to our stockholders are:

- the limited size of our real estate portfolio;
- our inability to invest, on a timely basis and in attractive commercial properties, the proceeds from sales of our shares;
- our inability to realize attractive risk-adjusted returns on our investments;
- unanticipated expenses or reduced revenues that reduce our cash flow or non-cash earnings;
- defaults in our investment portfolio or decreases in the value of our properties; and
- the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates.

As a result, we may not be able to make distributions to our stockholders at any time in the future, and the level of any distributions we do make to our stockholders may not increase or even be maintained over time.

We may suffer adverse tax consequences if the amount of distributions do not comply with certain tax requirements, and we expect that a substantial portion of our distributions will be taxed as ordinary income to our stockholders.

To continue to qualify for taxation as a REIT, we will be required to distribute annually to our stockholders at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding certain non-cash items and net capital gains. To the extent we satisfy the 90% distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our stockholders in a calendar year is less than a minimum amount specified under the Code.

In addition, dividends that we pay to our stockholders will generally be taxable to our stockholders as ordinary income. However, a portion of our distributions may be designated by us as long-term capital gains to the extent that they are attributable to capital gain income recognized by us or may constitute a return of capital

to the extent that they exceed our current and accumulated earnings and profits as determined for U.S. federal income tax purposes. A return of capital distribution is not taxable, but has the effect of reducing the basis of a stockholder's investment in our common stock, until the distribution exceeds the stockholder's basis. Distributions in excess of our earnings and a stockholder's tax basis in our shares will be treated as gain from the sale of shares.

We may pay some or all of our distributions, and fund some or all redemptions, from sources other than cash flow from operations, including borrowings by the REIT, proceeds from the offering of our securities or proceeds from asset sales, which may reduce the amount of capital we ultimately invest and negatively impact the value of your investment in our common stock.

To the extent that cash flow from operations is insufficient to pay distributions to you or to fund redemptions, we may pay all or some of our distributions and fund all or some of our redemptions from borrowings by the REIT, proceeds from the offering of our securities or proceeds from the sale of assets, and we have no limits on the amounts we may pay from such other sources. The payment of distributions and redemptions from sources other than cash flow from operations may reduce the amount of capital we have available to invest in real estate, negatively impact the value of your investment and reduce your overall return. We expect that, from time to time, we may declare distributions and/or fund redemptions that exceed our cash flows from operations and in anticipation of future cash flows.

Purchases of common stock by our directors, officers and other affiliates in this offering should not influence investment decisions of independent, unaffiliated investors.

Directors, officers and other affiliates of ours may purchase shares of our common stock. There are no written or other binding commitments with respect to the acquisition of shares by these parties, and there can be no assurance as to the amount, if any, of shares of common stock these parties may acquire in the offering. Any shares purchased by our directors, officers and other affiliates will be purchased for investment purposes only. However, the investment decisions made by directors, officers and other affiliates who make such purchases should not influence your decision to invest in shares of our common stock, and you should make your own independent investment decision concerning the risks and benefits of an investment in our shares of common stock.

This is a "best efforts" offering. If we are not able to raise a substantial amount of capital in the near term, we may have difficulties investing in additional properties and/or repaying or refinancing indebtedness and our ability to achieve our investment objectives, including diversification of our portfolio by property type and location, could be adversely affected.

This offering is being made on a "best efforts" basis, which means that the dealer manager and the broker-dealers participating in this offering are only required to use their best efforts to sell the shares and have no firm commitment or obligation to purchase any of the shares. As a result, we may not be able to raise a substantial amount of additional capital in the near term. If we are not able to accomplish this goal, we may have difficulty in identifying and purchasing further suitable properties on attractive terms in order to meet our investment objectives. Therefore, there could be a delay between the time we receive net proceeds from the sale of shares of our common stock in this offering and the time we invest the net proceeds. This could cause a substantial delay in the time it takes for your investment to realize its full potential return and could adversely affect our ability to pay regular distributions of cash flow from operations to you. If we fail to timely invest the net proceeds of this offering, our ability to achieve our investment objectives, including further diversification of our portfolio by property type and location, could be adversely affected. Failure to raise substantial capital also could hamper our ability to repay or refinance indebtedness. In addition, subject to our investment policies, we are not limited in the number or size of our investments or the percentage of net proceeds that we may dedicate to a single investment. If we use all or substantially all of the future proceeds from this offering to acquire one or a few investments, the likelihood of our profitability being affected by the performance of any one of our investments will increase, and an investment in our shares will be subject to greater risk.

If we raise substantially less than the maximum offering amount, we may not be able to construct a diverse portfolio of real estate and real estate-related investments, and the value of your investment in our stock may fluctuate more widely with the performance of specific investments.

We are dependent upon the proceeds to be received from this offering to conduct our proposed investment activities. This offering is being made on a "best efforts" basis, whereby our dealer manager and the broker-dealers that participate in the offering are only required to use their best efforts to sell shares of our common stock and have no firm commitment or obligation to purchase any of the shares of our common stock. As a result, we do not know the amount of proceeds that will be raised in this offering or that we will achieve sales of the maximum offering amount. If we raise substantially less than the maximum offering amount, we may not be able to invest in a diverse portfolio in terms of the number of investments owned, the geographic regions in which our investments are located and the types of investments that we make. Your investment in shares of our common stock would be subject to greater risk to the extent that we lack a diversified portfolio of investments. In addition, our fixed operating expenses, as a percentage of gross income, would be higher, and our financial condition and ability to pay distributions could be adversely affected if we are unable to raise substantial funds in this offering.

We have experienced losses in the past, and we may experience additional losses in the future.

Historically, we have experienced net losses (calculated in accordance with GAAP) and we may not be profitable or realize growth in the value of our investments. Many of our losses can be attributed to start-up costs, general and administrative expenses, depreciation and amortization, as well as acquisition expenses incurred in connection with purchasing properties or making other investments. For a further discussion of our operational history and the factors affecting our losses, see "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, 2014, incorporated by reference into this prospectus.

We may suffer from delays if our advisor is not able to locate suitable investments, which could adversely affect our ability to pay distributions and to achieve our investment objectives.

If we are able to raise capital quickly during this offering, we may have difficulty in identifying and purchasing suitable commercial real estate properties in a timely and efficient fashion. This may impact the value of your investment in our common stock and our ability to pay distributions to you.

Our board of directors may change certain of our investment policies without stockholder approval, which could alter the nature of your investment in our common stock.

Except for changes to the investment objectives and investment restrictions contained in our charter, which require stockholder consent to amend, our board of directors, a majority of whom are independent, may change our investment and operational policies, including our policies with respect to investments, acquisitions, growth, operations, indebtedness, capitalization and distributions, at any time without the consent of our stockholders, which could result in our making investments that are different from, and possibly riskier than, the types of investments described in this prospectus. A change in our investment strategy may, among other things, increase our exposure to interest rate risk, default risk and commercial real estate market fluctuations, all of which could affect our ability to achieve our investment objectives.

Our participation in a co-ownership arrangement may subject us to risks that otherwise may not be present in other real estate investments.

We may enter into co-ownership arrangements with respect to a portion of the properties we acquire. Co-ownership arrangements involve risks generally not otherwise present with an investment in real estate, such as the following:

- the risk that a co-owner may at any time have economic or business interests or goals that are or become inconsistent with our business interests or goals;

- the risk that a co-owner may be in a position to take action contrary to our instructions or requests or contrary to our policies, objectives or status as a REIT;
- the possibility that an individual co-owner might become insolvent or bankrupt, or otherwise default under the applicable mortgage loan financing documents, which may constitute an event of default under all of the applicable mortgage loan financing documents or allow the bankruptcy court to reject the agreements entered into by the co-owners owning interests in the property;
- the possibility that a co-owner might not have adequate liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property, and could cause a default under the mortgage loan financing documents applicable to the property and may result in late charges, penalties and interest, and may lead to the exercise of foreclosure and other remedies by the lender;
- the risk that a co-owner could breach agreements related to the property, which may cause a default under, and possibly result in personal liability in connection with, any mortgage loan financing documents applicable to the property, violate applicable securities laws, result in a foreclosure or otherwise adversely affect the property and the co-ownership arrangement;
- the risk that a default by any co-owner would constitute a default under any mortgage loan financing documents applicable to the property that could result in a foreclosure and the loss of all or a substantial portion of the investment made by the co-owner;
- the risk that we could have limited control and rights, with management decisions made entirely by a third-party; and
- the possibility that we will not have the right to sell the property at a time that otherwise could result in the property being sold for its maximum value.

In the event that our interests become adverse to those of the other co-owners, we may not have the contractual right to purchase the co-ownership interests from the other co-owners. Even if we are given the opportunity to purchase such co-ownership interests in the future, we cannot guarantee that we will have sufficient funds available at the time to purchase co-ownership interests from the co-owners.

We may want to sell our co-ownership interests in a given property at a time when the other co-owners in such property do not desire to sell their interests. Therefore, because we anticipate that it will be much more difficult to find a willing buyer for our co-ownership interests in a property than it would be to find a buyer for a property we owned outright, we may not be able to sell our interest in a property at the time we would like to sell.

Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our tenant and investor relationships. As our reliance on technology has increased, so have the risks posed to our information systems, both internal and those we have outsourced. We have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that our financial results, operations, business relationships or confidential information will not be negatively impacted by such an incident.

Risks Related to Our Relationship with Our Advisor and Its Affiliates and Certain Conflicts of Interest

Our advisor and its affiliates, including our dealer manager, face conflicts of interest caused by their compensation arrangements with us, which could result in actions that are not in the long-term best interests of our stockholders.

Our advisor and its affiliates, including our dealer manager, are entitled to substantial fees from us under the terms of the advisory agreement and the dealer manager agreement. These fees could influence the judgment of our advisor and its affiliates in performing services for us. Among other matters, these compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of our agreements with our advisor and its affiliates;
- our advisor's role in estimating accruals of expenses for our independent fund accountant's calculation of our daily NAV, as the fees of our advisor and its affiliates are based on our NAV, however, any intentionally inaccurate estimation of the Company's daily net operating revenues, expenses and fees by our advisor could constitute a breach of its fiduciary duty to the Company and its stockholders, and may subject our advisor to significant liability; and
- the amount of fees paid to our advisor and its affiliates. While the fees must be approved on an annual basis by our independent directors, the approval process may be constrained, to some extent, because the independent directors are likely to consider, among other factors, our stockholders' expectation that affiliates of VEREIT and other REITs sponsored by Cole Capital will serve in management roles at our advisor and our dealer manager.

Our advisor is responsible for estimating amounts of certain liabilities that will affect the calculation of our NAV.

Our advisor is responsible for estimating the amounts of certain liabilities that are used by our independent fund accountant to determine our daily NAV per share. These estimated amounts will include estimates of accrued fees and expenses attributable to this offering, accrued operating fees and expenses and accrued distributions. To the extent that these liabilities are based on estimates, this could lead to conflicts of interest with our advisor because the advisor's fee is based on a percentage of our NAV, although any intentionally inaccurate estimation of the Company's daily net operating revenues, expenses and fees by our advisor could constitute a breach of its fiduciary duty to the Company and its stockholders, and may subject our advisor to significant liability.

Our advisor has engaged its sub-advisor to select and manage our liquid investments. Our advisor relies on the performance of its sub-advisor in implementing the liquid investments portion of our investment strategy.

Our advisor has engaged its sub-advisor to select liquid investments pursuant to a sub-advisory agreement between our advisor and its sub-advisor. We do not have a direct contractual relationship with the sub-advisor. The sub-advisor has and will continue to have substantial discretion, within our investment guidelines, to make decisions related to the acquisition, management and disposition of our liquid assets. If the sub-advisor does not succeed in implementing the liquid investments portion of our investment strategy, our performance will suffer. In addition, even though our advisor has the ability to terminate the sub-advisor at any time, it may be difficult and costly to terminate and replace the sub-advisor.

Payment of fees to our advisor and our dealer manager will reduce the cash available for investment and distribution and will increase the risk that you will not be able to recover the amount of your investment in our shares.

Our advisor and our dealer manager perform services for us in connection with the distribution of our shares, the selection and acquisition of our investments, and the management of our assets. We pay our advisor

and our dealer manager fees for these services, which will reduce the amount of cash available for investments or distributions to our stockholders. The fees we pay to our advisor and its affiliates decrease the value of our portfolio and increase the risk that stockholders may receive a lower price when they request redemption of their shares than the purchase price they initially paid for their shares.

Our advisor faces conflicts of interest relating to the incentive fee structure under our advisory agreement, which could result in actions that are not necessarily in the long-term best interests of our stockholders.

Pursuant to the terms of our advisory agreement, our advisor is entitled to fees that are structured in a manner intended to provide incentives to our advisor to perform in our best interests and in the best interests of our stockholders. For example, the advisory fee is based on our NAV, and not on the costs or book value of our investments, and our advisor is entitled to an incentive fee, based on the annual performance of our stock. Nevertheless, our advisor could be motivated to recommend riskier or more speculative investments in order for us to generate the specified levels of performance that would entitle our advisor to incentive compensation.

Our advisor faces conflicts of interest with respect to the allocation of investment opportunities between us and other real estate programs that are managed by affiliates of our advisor.

We rely on our advisor to identify and select potential real estate investment opportunities on our behalf. At the same time, our advisor's affiliates and our advisor's officers manage VEREIT and/or other real estate programs sponsored by Cole Capital that may have investment objectives and investment strategies that are similar to our objectives and strategies. As a result, our advisor could face conflicts of interest in allocating real estate acquisition opportunities as they become available. While VEREIT and the other real estate programs sponsored by Cole Capital have allocation procedures in place, there is a risk that our advisor's allocation of investment properties may result in our acquiring a property that provides lower returns to us than a property purchased by VEREIT or another real estate program sponsored by Cole Capital. In addition, we may acquire properties in geographic areas where VEREIT or other real estate programs sponsored by Cole Capital own properties. If VEREIT or one of these other real estate programs attracts a tenant that we are competing for, we could suffer a loss of revenue due to delays in locating another suitable tenant. Similar conflicts of interest may arise if our advisor recommends that we make or purchase mortgage loans or participations in mortgage loans, since VEREIT or another real estate program sponsored by Cole Capital may be competing with us for these investments. You will not have the opportunity to evaluate the manner in which these conflicts of interest are resolved before or after making your investment.

Our officers and our advisor, including its key personnel and officers, face conflicts of interest related to the positions they hold with affiliated and unaffiliated entities, which could hinder our ability to successfully implement our business strategy and to generate returns to you.

Our president and chief executive officer, Glenn J. Rufrano, also is the chief executive officer of VEREIT and an officer and/or director of Cole Capital, our advisor, other real estate programs sponsored by Cole Capital and/or one or more entities affiliated with our advisor. In addition, our chief financial officer and treasurer, Simon J. Misselbrook, is also an officer of Cole Capital, our advisor, other real estate programs sponsored by Cole Capital and one or more entities affiliated with our advisor. Our advisor and its key personnel and partners of other real estate programs have investment objectives, targeted assets, and legal and financial obligations similar to ours and/or the advisor to such programs, and they may have other business interests as well. As a result, these individuals have duties to us and our stockholders, as well as to these other entities and their stockholders, members and limited partners, in addition to business interests in other entities. These duties to such other entities and persons may create conflicts with the duties that they owe to us and our stockholders. There is a risk that their loyalties to these other entities could result in actions or inactions that are adverse to our business and violate their fiduciary duties to us and our stockholders, which could harm the implementation of our investment strategy and our investment and leasing opportunities.

Conflicts with our business and interests are most likely to arise from involvement in activities related to (1) allocation of new investments and management time and services between us and the other entities, (2) our

purchase of properties from, or sale of properties to, affiliated entities, (3) the timing and terms of the investment in or sale of an asset, (4) development of our properties by affiliates, (5) investments with affiliates of our advisor, (6) compensation to our advisor and its affiliates and (7) our relationship with, and compensation to, our dealer manager. If we do not successfully implement our investment strategy, we may be unable to maintain or increase the value of our assets and our operating cash flows and ability to pay distributions could be adversely affected. Even if these persons do not violate their duties to us and our stockholders, they will have competing demands on their time and resources and may have conflicts of interest in allocating their time and resources between our business and these other entities. Should such persons devote insufficient time or resources to our business, returns on our investments may suffer.

We depend on our advisor, and we may not be able to find a suitable replacement if our advisor terminates the advisory agreement.

We depend on our advisor, and we may not be able to find a suitable replacement if our advisor terminates the advisory agreement. Our ability to make distributions and achieve our investment objectives is dependent upon the performance of our advisor in the acquisition of real estate properties and other real estate-related assets, the management of our portfolio, the selection of tenants for our properties and the determination of any financing arrangements. If our advisor suffers or is distracted by adverse financial or operational problems in connection with its operations unrelated to us, our advisor may be unable to allocate sufficient time and resources to our operations. If our advisor is unable to allocate sufficient resources to oversee and perform our operations for any reason, we may be unable to achieve our investment objectives or pay distributions to our stockholders. See “Conflicts of Interest — Transactions with Our Advisor and Its Affiliates.”

Our success depends to a significant degree upon certain key personnel of our advisor. If our advisor loses or is unable to obtain key personnel, our ability to achieve our investment objectives could be delayed or hindered, which could adversely affect our ability to pay distributions to you and the value of your investment.

Our success depends to a significant degree upon the contributions of certain executive officers and other key personnel of our advisor, as listed beginning on page 118 of this prospectus, each of whom would be difficult to replace. We cannot guarantee that all of these key personnel, or any particular person, will remain affiliated with us, our sponsor and/or our advisor. If any of our key personnel were to cease their affiliation with our advisor, our operating results could suffer. Further, as of the date of this prospectus we do not separately maintain key person life insurance on any person and we may not do so in the future. We believe that our future success depends, in large part, upon our advisor’s ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that our sponsor or advisor will be successful in attracting and retaining such skilled personnel. If our advisor loses or is unable to obtain the services of key personnel, our ability to implement our investment strategies could be delayed or hindered, and the value of your investment may decline.

The termination or replacement of our advisor could trigger a repayment event under our mortgage loans for some of our properties and the credit agreement governing for any line of credit we obtain.

Lenders for certain of our properties may request provisions in the mortgage loan documentation that would make the termination or replacement of our advisor an event requiring the immediate repayment of the full outstanding balance of the loan. If we elect to obtain a line of credit and are able to do so, the termination or replacement of our advisor could trigger repayment of outstanding amounts under the credit agreement governing our line of credit. If a repayment event occurs with respect to any of our properties, our ability to achieve our investment objectives could be adversely affected.

Our board of directors will not approve, in advance, the investment decisions made by our advisor.

Our board of directors has approved investment guidelines that delegate to our advisor the authority to execute (1) real estate property acquisitions and dispositions and (2) investments in other real estate-related

assets, and to (3) contract with a sub-advisor to purchase and sell liquid assets, liquid real estate-related securities, cash and cash equivalents, in each case so long as such investments are consistent with our investment guidelines. As a result, our advisor has substantial latitude within these broad parameters in determining the types of assets that are proper investments for us. Our directors do not review, in advance, the investment decisions made by our advisor or sub-advisor. Instead, our directors review our investment guidelines on an annual basis and our investment portfolio on a quarterly basis or, in each case, as often as they deem appropriate. In conducting these periodic reviews, our directors rely primarily on information provided to them by our advisor. Furthermore, transactions entered into on our behalf by our advisor may be costly, difficult or impossible to unwind when they are subsequently reviewed by our board of directors.

Our dealer manager is an affiliate of our advisor and, therefore, you will not have the benefit of an independent review of the prospectus or of us that customarily is performed in underwritten offerings.

Our dealer manager, Cole Capital Corporation, is an affiliate of our advisor and, as a result, is not in a position to make an independent review of us or of this offering. Accordingly, you will have to rely on your own broker-dealer or financial advisor to make an independent review of the terms of this offering. If your broker-dealer or financial advisor conducts an independent review of this offering, and/or engages an independent due diligence reviewer to do so on its behalf, we expect that we will pay or reimburse the expenses associated with such review, which may create conflicts of interest. If your broker-dealer or financial advisor does not conduct such a review, you will not have the benefit of an independent review of the terms of this offering.

Our dealer manager may compensate its registered employees who market and sell this investment differently than it compensates them to market and sell other investments sponsored by Cole Capital.

Our dealer manager may have a compensation program for its registered employees who market and sell this investment that may be different from the compensation program it has for the marketing and sale of investments sponsored by Cole Capital. This compensation program may result in Cole Capital Corporation's registered employees receiving more or less compensation for the marketing and sale of this investment than for the marketing and sale of other programs. Such a compensation program may create a conflict of interest, by motivating our dealer manager's registered employees to promote one investment over another investment sponsored by Cole Capital. You and your participating broker-dealer must determine if this investment is appropriate for you.

Our charter permits us to acquire assets and borrow funds from affiliates of our advisor, and any such transaction could result in conflicts of interest.

Our charter permits us to acquire assets and borrow funds from affiliates of our advisor on a limited basis as set forth below, and any such transaction could result in a conflict of interest.

Our advisor may create special purpose entities to acquire properties for the specific purpose of selling the properties to us, and we may acquire such properties, provided that any and all acquisitions from affiliates of our advisor must be approved by a majority of our directors, including a majority of our independent directors, not otherwise interested in such transaction, as being fair and reasonable to us and either the purchase price to us is no greater than the cost of the property to the affiliate of our advisor, including acquisition related expenses, or a majority of our independent directors determines that there is substantial justification for any amount above such cost and that the difference is reasonable. Further, we will not acquire a property from an affiliate of our advisor if the cost to us would exceed the property's current appraised value as determined by an independent appraiser.

From time to time, we may borrow funds from affiliates of our advisor, including our sponsor, as bridge financing to enable us to acquire a property or for the purpose of providing short term financing as necessary to satisfy valid redemption requests under the Company's share redemption plan, in either case when offering proceeds alone are insufficient to do so and third party financing has not been arranged or is insufficient. Any

and all such transactions must be approved by a majority of our directors, including a majority of our independent directors, not otherwise interested in such transaction as fair, competitive and commercially reasonable, and no less favorable to us than comparable loans between unaffiliated parties under the same circumstances. Finally, our advisor or its affiliates may pay costs on our behalf, pending our reimbursement, or we may defer payment of fees to our advisor or its affiliates, but neither of these transactions would be considered a loan under our charter.

Our advisor faces conflicts of interest relating to joint ventures or other co-ownership arrangements that we may enter into with VEREIT or real estate programs sponsored by Cole Capital, which could result in a disproportionate benefit to VEREIT or a real estate program sponsored by Cole Capital.

We may enter into joint ventures with VEREIT or a real estate program sponsored by Cole Capital for the acquisition, development or improvement of properties as well as the acquisition of real estate-related investments. Officers and key persons of our advisor also are officers and key persons of REITs sponsored by Cole Capital and/or their advisors, the general partners of real estate programs sponsored by Cole Capital and/or the advisors or fiduciaries of real estate programs sponsored by Cole Capital. These officers and key persons may face conflicts of interest in determining which real estate program should enter into any particular joint venture or co-ownership arrangement. These persons also may have a conflict in structuring the terms of the relationship between us and any affiliated co-venturer or co-owner, as well as conflicts of interests in managing the joint venture.

In the event we enter into joint venture or other co-ownership arrangements with VEREIT or a real estate program sponsored by Cole Capital, our advisor and its affiliates may have a conflict of interest when determining when and whether to buy or sell a particular property, or to make or dispose of another real estate-related investment. In addition, if we become listed for trading on a national securities exchange, we may develop more divergent goals and objectives from any affiliated co-venturer or co-owner that is not listed for trading. In the event we enter into a joint venture or other co-ownership arrangement with another real estate program sponsored by Cole Capital that has a term shorter than ours, the joint venture may be required to sell its properties earlier than we may desire to sell the properties. Even if the terms of any joint venture or other co-ownership agreement between us and VEREIT or a real estate program sponsored by Cole Capital grants us the right of first refusal to buy such properties, we may not have sufficient funds or borrowing capacity to exercise our right of first refusal under these circumstances.

Since one or more of the executive officers of us and our advisor are the executive officers of Cole Capital and the advisors to other real estate programs sponsored by Cole Capital, and since Glenn J. Rufrano, our chief executive officer and president, is also the chief executive officer of VEREIT, agreements and transactions between or among the parties with respect to any joint venture or other co-ownership arrangement will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers or co-owners, which may result in the co-venturer or co-owner receiving benefits greater than the benefits that we receive. We have adopted certain procedures for dealing with potential conflicts of interest as described in the section of this prospectus captioned "Conflicts of Interest — Certain Conflict Resolution Procedures."

The suspension of selling agreements by broker-dealers participating in this offering, or our inability to generate additional selling agreements with prospective broker-dealers, will impact our ability to raise capital in the near term.

VEREIT (formerly known as American Realty Capital Properties, Inc.) became the indirect parent of our sponsor, our advisor, our dealer manager and our property manager as a result of the merger of Cole Real Estate Investments, Inc. and VEREIT on February 7, 2014. On October 29, 2014, VEREIT announced that, as a result of preliminary findings of an independent investigation being conducted by its audit committee, certain of VEREIT's financial statements should no longer be relied upon. Subsequently, our dealer manager was advised by several of the broker-dealers participating in this offering that they would suspend their selling dealer agreements with our dealer manager, and by certain prospective broker-dealers that, for a period of time, they would suspend their initial review of this offering prior to entering into a selling dealer agreement with our dealer manager.

VEREIT's audit committee conducted an investigation with the assistance of independent advisors, Weil, Gotshal & Manges LLP and Ernst & Young LLP and in March 2015, VEREIT announced the conclusions of the investigation and restated VEREIT's financial statements for the year ended December 31, 2013 and the first and second quarters of 2014. VEREIT reported, in part, the following findings: (1) net loss was understated for 2013 and the second quarter of 2014; (2) net loss was overstated for the first quarter of 2014; (3) adjusted funds from operations was overstated for 2011, 2012, 2013 and the first two quarters of 2014; (4) certain payments by VEREIT to ARC Properties Advisors, LLC and certain of its affiliates were not sufficiently documented or otherwise warranted scrutiny, and as a result, VEREIT has recovered consideration valued at approximately $8.5 million in respect of certain such payments that VEREIT concluded were inappropriate; (5) equity awards made to two former executives of VEREIT in connection with VEREIT's January 2014 transition to self-management contained provisions that, as drafted, were more favorable to such executives than the compensation committee of the VEREIT board of directors had approved; and (6) there were certain material weaknesses in VEREIT's internal controls over financial reporting and its disclosure controls and procedures. VEREIT also reported the remedial actions it has taken and is taking in response to the findings, and that the investigation did not identify any changes to the financial statements or operations of Cole Capital sponsored non-traded REITs.

The suspension of selling agreements by broker-dealers participating in this offering has had a negative impact on our ability to raise additional capital. VEREIT has reported that, with the filing of its restated financial statements completed, it is committed to supporting the efforts of our sponsor, Cole Capital, to restore relationships with broker-dealers participating in this offering. If our sponsor's efforts are not successful and broker-dealers do not reinstate their selling agreements with our dealer manager, or do not otherwise enter into selling agreements with our dealer manager, we may not be able to raise a substantial amount of capital in this offering. If we are not able to raise a substantial amount of capital, we may have difficulty in identifying and purchasing suitable properties on attractive terms in order to meet our investment objectives and may be unable to reduce our current leverage profile. Additionally, this could impact our ability to obtain future financing. This could also adversely affect our ability to pay regular distributions from cash flow from operations to investors.

Certain members of our management and the management of our advisor have been required to devote time and resources to addressing issues created as a result of the investigation by VEREIT's audit committee and the restatements of certain of VEREIT's financial statements. To the extent these matters or related matters require further attention of the members of our management and the management of our advisor, such persons' focus on our business strategy may be diminished.

VEREIT became the indirect parent of our sponsor, our advisor, our dealer manager and our property manager as a result of the merger of Cole Real Estate Investments, Inc. and VEREIT on February 7, 2014. On October 29, 2014, VEREIT announced that, as a result of preliminary findings of an independent investigation being conducted by its audit committee, certain of VEREIT's financial statements should no longer be relied upon. VEREIT's audit committee conducted an investigation with the assistance of independent advisors, Weil, Gotshal & Manges LLP and Ernst & Young LLP and in March 2015, VEREIT announced the conclusions of the investigation and restated VEREIT's financial statements for the year ended December 31, 2013 and the first and second quarters of 2014. VEREIT also reported the remedial actions it has taken and is taking in response to the findings, and that the investigation did not identify any changes to the financial statements or operations of Cole Capital sponsored non-traded REITS. Certain members of our management and the management of our advisor have been required to devote time and resources to addressing issues relating to VEREIT's financial statements, the internal investigation and litigation resulting therefrom. Should such persons be required to devote further attention to these matters or related matters, their focus on our business strategy may be diminished.

Risks Related to Investments in Real Estate

Many of our properties are dependent upon a single tenant, or a limited number of major tenants, for all or a majority of its rental income; therefore, our financial condition and ability to make distributions to you may be adversely affected by the bankruptcy or insolvency, a downturn in the business or a lease termination, of a single tenant.

Our properties may be occupied by only one tenant or derive a majority of their rental income from a limited number of major tenants and, therefore, the success of those properties is materially dependent on the financial stability of such tenants. Such tenants face competition within their industries and other factors that could reduce their ability to make rent payments. Lease payment defaults by such tenants could cause us to reduce the amount of distributions we pay. A default of a single or major tenant on its lease payments to us would cause us to lose revenue from the property and force us to find an alternative source of revenue to meet any expenses associated with the property and prevent a foreclosure if the property is subject to a mortgage. In the event of a default by a single or major tenant, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-letting the property. If a lease is terminated, we may not be able to lease the property for the rent previously received or sell the property without incurring a loss. A default by a single or major tenant, the failure of a guarantor to fulfill its obligations or other premature termination of a lease to such a tenant, or such tenant's election not to extend a lease upon its expiration, could have an adverse effect on our financial condition and our ability to pay distributions to you.

To the extent we acquire industrial properties, the demand for and profitability of our industrial properties may be adversely affected by fluctuations in manufacturing activity in the United States.

We may invest in industrial properties that share some of the same core characteristics as our other commercial properties. To the extent we acquire industrial properties, such properties may be adversely affected if manufacturing activity decreases in the United States. Trade agreements with foreign countries have given employers the option to utilize less expensive non-US manufacturing workers. The outsourcing of manufacturing functions could lower the demand for our industrial properties. Moreover, an increase in the cost of raw materials or decrease in the demand for housing could cause a slowdown in manufacturing activity, such as furniture, textiles, machinery and chemical products, and our profitability may be adversely affected.

If a major tenant declares bankruptcy, we may be unable to collect balances due under relevant leases, which could have a material adverse effect on our financial condition and ability to pay distributions to you.

We may experience concentration in one or more tenants. Any of our tenants, or any guarantor of one of our tenant's lease obligations, could be subject to a bankruptcy proceeding pursuant to Title 11 of the bankruptcy laws of the United States. The bankruptcy of a tenant or lease guarantor could delay our efforts to collect past due balances under the relevant lease, and could ultimately preclude full collection of these sums. Such an event also could cause a decrease or cessation of current rental payments, reducing our operating cash flows and the amount available for distributions to you. In the event a tenant or lease guarantor declares bankruptcy, the tenant or its trustee may not assume our lease or its guaranty. If a given lease or guaranty is not assumed, our operating cash flows and the amounts available for distributions to you may be adversely affected. Accordingly, the bankruptcy of a major tenant could have a material adverse effect on our ability to pay distributions to you.

If a sale-leaseback transaction is re-characterized in a tenant's bankruptcy proceeding, our financial condition could be adversely affected.

We may enter into sale-leaseback transactions, whereby we would purchase a property and then lease the same property back to the person from whom we purchased it. In the event of the bankruptcy of a tenant, a transaction structured as a sale-leaseback may be re-characterized as either a financing or a joint venture, either of which outcomes could adversely impact our financial condition, cash flow and the amount available for distributions to you.

If the sale-leaseback were re-characterized as a financing, we might not be considered the owner of the property, and we would have the status of a creditor in relation to the tenant. In that event, we would no longer have the right to sell or encumber our ownership interest in the property. Instead, we would have a claim against the tenant for the amounts owed under the lease, with the claim arguably secured by the property. The tenant/debtor might have the ability to propose a plan restructuring the term, interest rate and amortization schedule of its outstanding balance. If confirmed by the bankruptcy court, we could be bound by the new terms, and prevented from foreclosing our lien on the property. If the sale-leaseback were re-characterized as a joint venture, we could be treated as co-venturer with the lessee with regard to the property. As a result, we could be held liable, under some circumstances, for debts incurred by the lessee relating to the property.

Our real estate investments may include special use single-tenant properties that may be difficult to sell or re-lease upon lease terminations.

We intend to invest in necessity single-tenant commercial properties, a number of which may include special use single-tenant properties. If the leases on these properties are terminated or not renewed, we may have difficulty re-leasing or selling these properties to a party other than the tenant due to the special purpose for which the property may have been designed. Therefore, we may be required to expend substantial funds to renovate the property or make rent concessions in order to lease the property to another tenant or sell the property. These and other limitations may adversely impact the cash flows from, or lead to a decline in value of, these special use single-tenant properties.

A high concentration of our properties in a particular geographic area, or with tenants in a similar industry, would magnify the effects of downturns in that geographic area or industry.

In the event that we have a concentration of properties in any particular geographic area, any adverse situation that disproportionately impacts that geographic area would have a magnified adverse impact on our portfolio. Similarly, if tenants of our properties become concentrated in a certain industry or industries, any adverse impact on that industry generally would have a disproportionately adverse impact on our portfolio.

Our portfolio of properties includes retail properties. Our performance, therefore, is linked to the market for retail space generally and a downturn in the retail market could have an adverse effect on the value of your investment in our common stock.

The market for retail space has been and could be adversely affected by weaknesses in the national, regional and local economies, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, excess amounts of retail space in a number of markets and competition for tenants with other shopping centers in our markets. Customer traffic to these shopping areas may be adversely affected by the closing of stores in the same shopping center, or by a reduction in traffic to these stores resulting from a regional economic downturn, a general downturn in the local area where our store is located, or a decline in the desirability of the shopping environment of a particular shopping center. A reduction in customer traffic could have a material adverse effect on our business, financial condition and results of operations.

Our operating results will be affected by economic and regulatory changes that impact the real estate market in general.

We are subject to risks generally attributable to the ownership of real property, including:

- changes in global, national, regional or local economic, demographic or capital market conditions;
- current and future adverse national real estate trends, including increasing vacancy rates, which may negatively impact resale value, declining rental rates and general deterioration of market conditions;
- changes in supply of or demand for similar properties in a given market or metropolitan area that will result in changes in market rental rates or occupancy levels;

- increased competition for real property investments targeted by our investment strategy;
- bankruptcies, financial difficulties or lease defaults by our tenants;
- changes in interest rates and availability of financing; and
- changes in government rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws.

All of these factors are beyond our control. Any negative changes in these factors could affect our ability to meet our obligations and make distributions to stockholders.

We face risks associated with property acquisitions, which may adversely impact our ability to pay distributions and the value of your investment in our common stock.

We intend to acquire properties and portfolios of properties, including large portfolios that will increase our size and result in changes to our capital structure. Our acquisition activities and their success are subject to the following risks:

- we may be unable to complete an acquisition after making a non-refundable deposit and incurring certain other acquisition-related costs;
- we may be unable to obtain financing for acquisitions on favorable terms or at all;
- acquired properties may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired properties may be greater than our estimates;
- acquired properties may be located in new markets in which we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures; and
- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations.

These acquisition risks may reduce our ability to pay distributions and may negatively impact the value of your investment in our common stock.

Many of our assets are public places such as shopping centers. Because these assets are public places, crimes, violence and other incidents beyond our control may occur, which could result in a reduction of business traffic at our properties and could expose us to civil liability.

Because many of our assets are open to the public, they are exposed to a number of incidents that may take place within their premises and that are beyond our control or our ability to prevent, which may harm our consumers and visitors. Some of our assets may be located in large urban areas, which can be subject to elevated levels of crime and urban violence. If violence escalates, we may lose tenants or be forced to close our assets for some time. If any of these incidents were to occur, the relevant asset could face material damage to its image and the property could experience a reduction of business traffic due to lack of confidence in the premises' security. In addition, we may be exposed to civil liability and be required to indemnify the victims, which could adversely affect us. Should any of our assets be involved in incidents of this kind, our business, financial condition and results of operations could be adversely affected.

Increased competition from alternative retail channels could adversely impact our retail tenants' profitability and ability to make timely lease payments to us.

Traditional retailers face increasing competition from alternative retail channels, including factory outlet centers, wholesale clubs, mail order catalogs, television shopping networks and various forms of e-commerce.

The increasing competition from such alternative retail channels could adversely impact our retail tenants' profitability and ability to make timely lease payments to us. If our retail tenants are unable to make timely lease payments to us, our operating cash flows could be adversely affected.

The market environment may materially adversely affect our operating results, financial condition and ability to pay distributions to our stockholders.

Beginning in late 2007, domestic and international financial markets experienced significant disruptions that severely impacted the availability of credit and contributed to rising costs associated with obtaining credit. Financial conditions affecting commercial real estate have improved amid low Treasury rates and increased lending from banks, insurance companies, and commercial mortgage-backed securities ("CMBS") conduits. However, any deterioration of financial conditions could have the potential to adversely affect the value of our properties and other investments; the availability or the terms of financing that we may anticipate utilizing; our ability to make principal and interest payments on, or refinance, certain property acquisitions or refinance any debt at maturity; and/or, for our leased properties, the ability of our tenants to enter into new leasing transactions or satisfy rental payments under existing leases. The market environment also could affect our operating results and financial condition as follows:

- *Debt Markets* — The debt market remains sensitive to the macro environment, such as Federal Reserve policy, market sentiment, or regulatory factors affecting the banking and CMBS industries. Should overall borrowing costs increase, due to either increases in index rates or increases in lender spreads, our operations may generate lower returns.
- *Real Estate Markets* — Although construction activity has increased, it remains near historic lows; as a result, incremental demand growth has helped to reduce vacancy rates and support modest rental growth. Improving fundamentals have resulted in gains in property values, although in many markets property values, occupancy and rental rates continue to be below those previously experienced before the economic downturn. If recent improvements in the economy reverse course, the properties we acquire could substantially decrease in value after we purchase them. Consequently, we may not be able to recover the carrying amount of our properties, which may require us to recognize an impairment charge or record a loss on sale in earnings.

The insurance we carry on our real estate may be insufficient to pay for all potential losses or damage to our properties.

Our advisor has selected policy specifications and insured limits that it believes to be appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. Insurance policies on our properties may include some coverage for losses that are generally catastrophic in nature, such as losses due to terrorism, earthquakes and floods, but we cannot be sure that it will be adequate to cover all losses and some of our policies will be subject to limitations involving large deductibles or co-payments and policy limits which may not be sufficient to cover losses. If we or one or more of our tenants experience a loss which is uninsured or which exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

We may be unable to obtain funds for future tenant improvements, which could adversely impact our ability to pay cash distributions to you, the value of our properties and our ability to attract new tenants.

When tenants do not renew their leases or otherwise vacate their space, it is usual that, in order to attract replacement tenants, we will be required to expend substantial funds for tenant improvements and tenant refurbishments to the vacated space. In addition, although we expect that our leases with tenants will require tenants to pay routine property maintenance costs and other expenses, we may be responsible for any major

structural repairs, such as repairs to the foundation, exterior walls and rooftops. If we need additional capital in the future to improve or maintain our properties or for any other reason, we will have to obtain funds from available sources, if any, including operating cash flows, borrowings sales from this offering, or property sales. The use of cash from these sources may reduce the amount of capital we have available to invest in real estate, negatively impact the value of your investment and reduce your overall return. If additional capital is not available, this may adversely impact the value of the properties and our ability to attract new tenants.

We face significant competition for tenants for our properties, which may impact our ability to attract and retain tenants at reasonable rent levels.

We face significant competition from owners, operators and developers of retail real estate properties. Substantially all of our properties will face competition from similar properties in the same market. This competition may affect our ability to attract and retain tenants and may reduce the rents we are able to charge. These competing properties may have vacancy rates higher than our properties, which may result in their owners being willing to lease available space at lower prices than the space in our properties. Due to such competition, the terms and conditions of any lease that we enter into with our tenants may vary substantially from those we describe in this prospectus.

We may face potential difficulties or delays renewing leases or re-leasing space, which could adversely impact our cash flows and our ability to pay distributions.

We derive a significant portion of our revenues from rent received from our tenants. We will seek to lease the rentable square feet at our real estate properties to creditworthy tenants. However, if a tenant experiences a downturn in its business or other types of financial distress, it may be unable to make timely rental payments. Also, when our tenants decide not to renew their leases or terminate early, we may not be able to re-let the space. Even if tenants decide to renew or lease new space, the terms of renewals or new leases, including the cost of required renovations or concessions to tenants, may be less favorable to us than current lease terms. As a result, our revenues and ability to pay distributions to stockholders could be adversely affected. In addition, the presence of hazardous or toxic substances on our real estate properties may adversely affect our ability to lease such property.

We are exposed to inflation risk as income from long-term leases will be the primary source of our cash flows from operations.

We are exposed to inflation risk, as income from long-term leases will be the primary source of our cash flows from operations. Leases of long-term duration or which include renewal options that specify a maximum rate increase may result in below-market lease rates over time if we do not accurately estimate inflation or market lease rates. Provisions of our leases designed to mitigate the risk of inflation and unexpected increases in market lease rates, such as periodic rental increases, may not adequately protect us from the impact of inflation or unexpected increases in market lease rates. If we are subject to below-market lease rates on a significant number of our properties pursuant to long-term leases, our cash flow from operations and financial position may be adversely affected.

We may have difficulty selling our real estate properties, which may limit our flexibility and ability to pay distributions.

Because real estate investments are relatively illiquid, it could be difficult for us to promptly sell one or more of our real estate properties on favorable terms. This may limit our ability to change our portfolio promptly in response to adverse changes in the performance of any such property or economic or market trends. In addition, federal tax laws that impose a 100% excise tax on gains from sales of dealer property by a REIT (generally, property held for sale, rather than investment) could limit our ability to sell properties and may affect our ability to sell properties without adversely affecting returns to our stockholders. These restrictions could adversely affect our ability to achieve our investment objectives.

We may acquire or finance properties with lock-out provisions, which may prohibit us from selling a property, or may require us to maintain specified debt levels for a period of years on some properties.

A lock-out provision is a provision that prohibits the prepayment of a loan during a specified period of time. Lock-out provisions may include terms that provide strong financial disincentives for borrowers to prepay their outstanding loan balance and exist in order to protect the yield expectations of investors. We expect that many of our properties will be subject to lock-out provisions. Lock-out provisions could materially restrict us from selling or otherwise disposing of or refinancing properties when we may desire to do so. Lock-out provisions may prohibit us from reducing the outstanding indebtedness with respect to any properties, refinancing such indebtedness on a non-recourse basis at maturity, or increasing the amount of indebtedness with respect to such properties. Lock-out provisions could impair our ability to take other actions during the lock-out period that could be in the best interests of our stockholders and, therefore, may have an adverse impact on the value of our shares relative to the value that would result if the lock-out provisions did not exist. In particular, lock-out provisions could preclude us from participating in major transactions that could result in a disposition of our assets or a change in control even though that disposition or change in control might be in the best interests of our stockholders.

In the event we obtain options to acquire real estate properties, we may lose the amount paid for such options whether or not the underlying property is purchased.

We may obtain options to acquire certain real estate properties. The amount paid for an option, if any, is normally surrendered if the property is not purchased and may or may not be credited against the purchase price if the property is purchased. Any unreturned option payments will reduce the amount of cash available for further investments or distributions to our stockholders.

We may obtain only limited warranties when we purchase a property and would have only limited recourse in the event our due diligence did not identify any issues that lower the value of our property.

The seller of a property often sells such property in its "as is" condition on a "where is" basis and "with all faults," without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase agreements may contain only limited warranties, representations and indemnifications that will only survive for a limited period after the closing. The purchase of properties with limited warranties increases the risk that we may lose some or all of our invested capital in the property, as well as the loss of rental income from that property.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on the financial condition of co-venturers and disputes between us and our co-venturers.

We may co-invest in the future with third parties through partnerships or other entities, which we collectively refer to as joint ventures, acquiring non-controlling interests in or sharing responsibility for managing the affairs of the joint venture. In such event, we would not be in a position to exercise sole decision-making authority regarding the joint venture. Investments in joint ventures may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their required capital contributions. Co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the co-venturer would have full control over the joint venture. Disputes between us and co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with co-venturers might result in subjecting properties owned by the joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our co-venturers.

In addition, our joint venture investments may be considered variable interest entities, which may not be consolidated for purposes of financial reporting and may be reflected under the equity method of accounting on our balance sheets contained in our annual and quarterly reports. Consequently, this non-consolidation could be material for the purpose of analyzing our financial position.

Costs of complying with governmental laws and regulations may reduce our net income and the cash available for distributions to our stockholders.

Real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. We could be subject to liability in the form of fines or damages for noncompliance with these laws and regulations. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid hazardous materials, the remediation of contaminated property associated with the disposal of solid and hazardous materials and other health and safety-related concerns.

From time to time, we may acquire properties, or interests in properties, with known adverse environmental conditions where we believe that the environmental liabilities associated with these conditions are quantifiable and that the acquisition will yield an attractive risk-adjusted return. In such an instance, we will estimate the costs of environmental investigation, clean-up and monitoring and factor them into the amount we will pay for such properties. Further, in connection with property dispositions, we may agree to remain responsible for, and to bear the cost of, remediating or monitoring certain environmental conditions on the properties.

Our properties may be subject to the Americans with Disabilities Act of 1990, as amended (the “ADA”). Under the ADA, all places of public accommodation must meet federal requirements related to access and use by persons with disabilities. The ADA’s requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties or, in some cases, an award of damages. Additional or new federal, state and local laws also may require modifications to our properties, or restrict our ability to renovate properties. We will attempt to acquire properties that comply with the ADA and other similar legislation or place the burden on the seller or other third party, such as a tenant, to ensure compliance with such legislation. However, we cannot assure you that we will be able to acquire properties or allocate responsibilities in this manner. If we cannot, or if changes to the ADA mandate further changes to our properties, then our funds used for ADA compliance may reduce cash available for distributions and the amount of distributions to you.

In some instances, our advisor may rely on third party property managers to operate our properties and leasing agents to lease vacancies in our properties.

Under our advisory agreement, our advisor is obligated to manage our properties and find tenants to lease our vacant properties. We expect that, in some instances, our advisor will rely on third party property managers and leasing agents. The third party property managers will have significant decision-making authority with respect to the management of our properties. Our ability to direct and control how our properties are managed may be limited. We will not supervise any of the property managers or leasing agents or any of their respective personnel on a day-to-day basis. Thus, the success of our business may depend in part on the ability of our third party property managers to manage the day-to-day operations and the ability of our leasing agents to lease vacancies in our properties. Any adversity experienced by our property managers or leasing agents could adversely impact the operation and profitability of our properties and, consequently, our ability to achieve our investment objectives, including, without limitation, diversification of our real estate properties portfolio by property type and location, moderate financial leverage, conservative levels of operating risk and an attractive level of current income.

Risks Related to Investments in Real Estate-Related Assets

The real estate-related equity securities in which we may invest are subject to specific risks relating to the particular issuer of the securities and may be subject to the general risks of investing in subordinated real estate securities.

We may invest in equity securities of both publicly traded and private real estate companies, which involves a higher degree of risk than debt securities due to a variety of factors, including that such investments are subordinate to creditors and are not secured by the issuer's property. Our investments in real estate-related equity securities will involve special risks relating to the particular issuer of the equity securities, including the financial condition and business outlook of the issuer. Issuers of real estate-related equity securities generally invest in real estate or real estate-related assets and are subject to the inherent risks associated with real estate discussed in this prospectus, including risks relating to rising interest rates.

The value of the real estate-related securities in which we may invest may be volatile.

The value of real estate-related securities fluctuates in response to issuer, political, market and economic developments. In the short term, equity prices can fluctuate dramatically in response to these developments. Different parts of the market and different types of equity securities can react differently to these developments and they can affect a single issuer, multiple issuers within an industry or economic sector or geographic region or the market as a whole. The real estate industry is sensitive to economic downturns. The value of securities of companies engaged in real estate activities can be affected by changes in real estate values and rental income, property taxes, interest rates and tax and regulatory requirements.

CMBS in which we may invest are subject to several types of risks that may adversely impact our performance.

CMBS are bonds that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. Accordingly, the mortgage-backed securities we invest in are subject to all the risks of the underlying mortgage loans, including the risks of prepayment or default.

In a rising interest rate environment, the value of CMBS may be adversely affected when repayments on underlying mortgage loans do not occur as anticipated, resulting in the extension of the security's effective maturity and the related increase in interest rate sensitivity of a longer-term instrument. The prices of lower credit quality securities are generally less sensitive to interest rate changes than more highly rated assets but more sensitive to adverse economic downturns or individual issuer developments. A projection of an economic downturn, for example, could cause a decline in the price of lower credit quality securities because the ability of obligors of mortgages underlying CMBS to make principal and interest payments or to refinance may be impaired. In this case, existing credit support in the securitization structure may be insufficient to protect us against loss of our principal on these securities. The value of CMBS also may change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities markets as a whole. In addition, CMBS are subject to the credit risk associated with the performance of the underlying mortgage properties.

CMBS are also subject to several risks created through the securitization process. Certain subordinate CMBS are paid interest only to the extent that there are funds available to make payments. To the extent the collateral pool includes a large percentage of delinquent loans, there is a risk that interest payment on subordinate CMBS will not be fully paid. Subordinate securities of CMBS are also subject to greater risk than those CMBS that are more highly rated.

The mortgage instruments in which we may invest may be impacted by unfavorable real estate market conditions, which could result in losses to us.

If we make investments in mortgage loans or mortgage-backed securities, we will be at risk of loss on those investments, including losses as a result of defaults on mortgage loans. These losses may be caused by many conditions beyond our control, including general prevailing local, national and global economic conditions, economic conditions affecting real estate values, tenant defaults and lease expirations, interest rate levels and the other economic and liability risks associated with real estate described above under the heading "— Risks Related to Investments in Real Estate," as well as, among other things:

- competition from comparable types of properties;
- success of tenant businesses;
- property management decisions;
- changes in use of property;
- shift of business processes and functions offshore;
- property location and condition;
- changes in specific industry segments;
- declines in regional or local real estate values, or rental or occupancy rates; and
- increases in interest rates, real estate tax rates and other operating expenses.

If we acquire a property by foreclosure following defaults under our mortgage loan investments, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on our ability to achieve our investment objectives. We do not know whether the values of the property securing any of our real estate securities investments will remain at the levels existing on the dates we initially make the related investment. If the values of the underlying properties drop, our risk will increase and the values of our interests may decrease.

Delays in liquidating defaulted mortgage loan investments could reduce our investment returns.

If there are defaults under our mortgage loan investments, we may not be able to foreclose on or obtain a suitable remedy with respect to such investments. Specifically, we may not be able to repossess and sell the underlying properties quickly, which could reduce the value of our investment. For example, an action to foreclose on a property securing a mortgage loan is regulated by state statutes and rules and is subject to many of the delays and expenses of lawsuits if the defendant raises defenses or counterclaims. Additionally, in the event of default by a mortgagor, these restrictions, among other things, may impede our ability to foreclose on or sell the mortgaged property or to obtain proceeds sufficient to repay all amounts due to us on the mortgage loan.

The mezzanine loans in which we may invest will involve greater risks of loss than senior loans secured by income-producing real properties, which may result in losses to us.

We may invest in mezzanine loans that take the form of subordinated loans secured by second mortgages on the underlying real property or loans secured by a pledge of the ownership interests of either the entity owning the real property or the entity that owns the interest in the entity owning the real property. These types of investments involve a higher degree of risk than long-term senior first-lien mortgage loans secured by income producing real property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some or all of our investment. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the real property and increasing the risk of loss of principal.

Interest rate and related risks may cause the value of our real estate-related assets to be reduced.

Interest rate risk is the risk that fixed income securities such as preferred and debt securities, and to a lesser extent dividend paying common stocks, will decline in value because of changes in market interest rates. Generally, when market interest rates rise, the market value of such securities will decline, and vice versa. Our investment in such securities means that the net asset value of our shares may tend to decline if market interest rates rise.

During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below-market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk. During periods of declining interest rates, an issuer may be able to exercise an option to prepay principal earlier than scheduled, which is generally known as "call risk" or "prepayment risk." If this occurs, we may be forced to reinvest in lower yielding securities. This is known as "reinvestment risk." Preferred and debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. These risks may reduce the value of our real estate-related securities investments.

A proposed change in U.S. accounting standards for leases could reduce the overall demand to lease our properties.

The existing accounting standards for leases require lessees to classify their leases as either capital or operating leases. Under a capital lease, both the leased asset, which represents the tenant's right to use the property, and the contractual lease obligation are recorded on the tenant's balance sheet if one of the following criteria are met: (i) the lease transfers ownership of the property to the lessee by the end of the lease term; (ii) the lease contains a bargain purchase option; (iii) the non-cancellable lease term is more than 75% of the useful life of the asset; or (iv) if the present value of the minimum lease payments equals 90% or more of the leased property's fair value. If the terms of the lease do not meet these criteria, the lease is considered an operating lease, and no leased asset or contractual lease obligation is recorded by the tenant.

In order to address concerns raised by the SEC regarding the transparency of contractual lease obligations under the existing accounting standards for operating leases, the U.S. Financial Accounting Standards Board (the "FASB") and the International Accounting Standards Board (the "IASB") have initiated a joint project to develop new guidelines to lease accounting. Beginning in 2010, the FASB and IASB (collectively, the "Boards") issued various exposure drafts (the "Exposure Drafts"), which propose substantial changes to the current lease accounting standards, primarily by eliminating the concept of operating lease accounting. As a result, a right-of-use lease asset and a lease liability would be recorded on the tenant's balance sheet for certain lease arrangements. In addition, the Exposure Drafts could impact the method in which contractual lease payments would be recorded. In order to mitigate the effect of the proposed lease accounting, tenants may seek to negotiate certain terms within new lease arrangements or modify terms in existing lease arrangements, such as shorter lease terms or fewer extension options, which would generally have less impact on tenant balance sheets. Also, tenants may reassess their lease-versus-buy strategies. This could result in a greater non-renewal risk, a delay in investing our offering proceeds, or shorter lease terms, all of which may negatively impact our operations and our ability to pay distributions to you.

On May 16, 2013, the Boards published revised Exposure Drafts, which were open for public comment through September 2013. The Boards then engaged in redeliberations regarding the 2013 revised Exposure Drafts to clarify the standards. Final standards are not expected to be issued until some time in 2015 and are expected to be effective no earlier than January 1, 2018.

Risks Associated with Debt Financing

Poor credit market conditions could impair our ability to access debt financing, which could affect our ability to achieve our investment objectives.

We have financed and intend to continue to finance a portion of the purchase price of our real estate properties by borrowing funds. Severe dislocations and liquidity disruptions in the U.S. credit markets could significantly harm our ability to access capital. In the future, we may not be able to access debt capital with favorable terms in a cost efficient manner, or at all, which could affect our ability to achieve our investment objectives.

We have incurred and intend to continue to incur mortgage indebtedness and other borrowings, which may increase our business risks, could hinder our ability to make distributions and could decrease the value of your investment.

We have financed and intend to continue to finance a portion of the purchase price of properties by borrowing funds. Under our charter, we have a limitation on borrowing which precludes us from borrowing in excess of 300% of the value of our net assets. Net assets for purposes of this calculation are defined to be our total assets (other than intangibles), valued at cost prior to deducting depreciation or other non-cash reserves, less total liabilities. Generally speaking, the preceding calculation is expected to approximate 75% of the cost of our properties before non-cash reserves and depreciation. Our board of directors, including our independent directors has adopted a policy limiting our borrowing to 60%, absent special approval by a majority of our independent directors. As of the date of this prospectus, we have sought and received approval of our independent directors to exceed this limit because we are in the process of raising our equity capital to acquire our portfolio.

In addition, we may incur mortgage debt and pledge some or all of our properties as security for that debt to obtain funds to acquire additional properties or for working capital. We may also obtain a line of credit to provide a flexible borrowing source which generally will allow us to borrow funds to satisfy the REIT tax qualification requirement that we distribute at least 90% of our annual REIT taxable income to our stockholders. Furthermore, we may borrow under a line of credit if we otherwise deem it necessary or advisable to ensure that we maintain our qualification as a REIT for federal income tax purposes or avoid taxes on undistributed income.

High debt levels will cause us to incur higher interest charges, which would result in higher debt service payments and could be accompanied by restrictive covenants. If there is a shortfall between the cash flow from a property and the cash flow needed to service mortgage debt on that property, then the amount available for distributions to stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default, thus reducing the value of your investment. For tax purposes, a foreclosure on any of our properties will be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we will recognize taxable income on foreclosure, but we would not receive any cash proceeds. We may give full or partial guarantees to lenders of mortgage debt to the entities that own our properties. When we give a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any mortgage contains cross-collateralization or cross-default provisions, a default on a single property could affect multiple properties. If any of our properties are foreclosed upon due to a default, our ability to pay cash distributions to our stockholders will be adversely affected.

If we draw on a line of credit to fund redemptions or for any other reason, our leverage will increase.

We have obtained a line of credit which could provide for a ready source of liquidity to fund redemptions of shares of our common stock, in the event that redemption requests exceed our operating cash flows, liquid assets and net proceeds from our continuous offering. There can be no assurances that we will be able to obtain future

lines of credit on reasonable terms given the recent volatility in the capital markets. In addition, we may not be able to obtain additional lines of credit of an appropriate size for our business until such time as we have a substantial portfolio, or at all. If we borrow under a line of credit to fund redemptions of shares of our common stock, our leverage will increase until we receive additional net proceeds from our continuous offering, additional operating cash flows or sell some of our assets to repay outstanding indebtedness.

Increases in interest rates could increase the amount of our debt payments and adversely affect our ability to make distributions to our stockholders.

We have incurred, and in the future may incur additional, indebtedness that bears interest at a variable rate. Interest we pay on our debt obligations will reduce cash available for distributions. To the extent that we incur variable rate debt, increases in interest rates could increase our interest costs, which could reduce our cash flows and our ability to make distributions to you. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments.

Lenders may require us to enter into restrictive covenants relating to our operations, which could limit our ability to make distributions to our stockholders.

When providing financing, a lender may impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. Loan documents we enter into may contain covenants that limit our ability to further mortgage the property or discontinue insurance coverage. In addition, loan documents may limit our ability to replace the property manager or terminate certain operating or lease agreements related to the property. These or other limitations may adversely affect our flexibility to make distributions to investors in our common stock and our ability to achieve our investment objectives.

If we enter into financing arrangements involving balloon payment obligations, it may adversely affect our ability to make distributions to our stockholders.

Some of our financing arrangements may require us to make a lump-sum or "balloon" payment at maturity. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the particular property. At the time the balloon payment is due, we may or may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the particular property at a price sufficient to make the balloon payment. The effect of a refinancing or sale could affect the rate of return to stockholders and the projected time of disposition of our assets.

Failure to hedge effectively against interest rate changes may adversely affect our ability to achieve our investment objectives.

Subject to limitations required to maintain qualification as a REIT, we may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as interest rate cap or collar agreements and interest rate swap agreements. These agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements and that these arrangements may not be effective in reducing our exposure to interest rate changes. These interest rate hedging arrangements may create additional assets and/ or liabilities from time to time that may be held or liquidated separately from the underlying property or loan for which they were originally established. We have adopted a policy relating to the use of derivative financial instruments to hedge interest rate risks related to our borrowings. This policy governs our use of derivative financial instruments to manage the interest rates on our variable rate borrowings. See "Investment Objectives, Strategy and Policies — Acquisition and Investment Policies." Hedging may reduce the overall returns on our investments. Failure to hedge effectively against interest rate changes may have an adverse effect on our ability to achieve our investment objectives.

If we sell properties by providing financing to purchasers, defaults by the purchasers could adversely affect our cash flow from operations.

In some instances we may sell our properties by providing financing to purchasers. When we provide financing to purchasers, we will bear the risk that the purchaser may default on its obligations under the financing, which could negatively impact cash flow from operations. Even in the absence of a purchaser default, the distribution of sale proceeds, or their reinvestment in other assets, will be delayed until the promissory notes or other property we may accept upon the sale are actually paid, sold, refinanced or otherwise disposed of. In some cases, we may receive initial down payments in cash and other property in the year of sale in an amount less than the selling price, and subsequent payments will be spread over a number of years. If any purchaser defaults under a financing arrangement with us, it could negatively impact our ability to pay cash distributions to you.

Risks Related to Our Corporate Structure

Your interest in us will be diluted if we issue additional shares.

Our stockholders will not have preemptive rights to any shares we issue in the future. Our charter authorizes us to issue up to 500.0 million shares of capital stock. Of the total number of shares of capital stock authorized (a) 490.0 million shares are designated as common stock, 164.0 million of which are classified as W Shares, 163.0 million of which are classified as A Shares, and 163.0 million of which are classified as I Shares, and (b) 10.0 million shares are designated as preferred stock. Our board of directors may amend the charter from time to time to increase or decrease the aggregate number of authorized shares of capital stock or the number of authorized shares of capital stock of any class or series without stockholder approval. After you purchase shares of our common stock in this offering, our board of directors may elect, without stockholder approval, to: (1) sell additional shares of these classes of shares, or future classes of shares, in this or future public offerings; (2) issue equity interests in private offerings; (3) issue shares upon the exercise of the options we may grant to our independent directors or future employees; (4) issue shares to our advisor, its successors or assigns, in payment of an outstanding fee obligation; or (5) issue shares to sellers of properties we acquire in connection with an exchange of limited partnership interests of our operating partnership. To the extent we issue additional shares after your purchase in this offering, you will not experience dilution in the value of your shares given that each class of our common stock is valued daily based on our NAV. However, to the extent we issue additional shares after your purchase in this offering, your percentage ownership interest will be diluted.

Our charter limits the number of shares a person may own, which may discourage a takeover that could otherwise result in a premium price to our stockholders.

Our charter, with certain exceptions, authorizes our board of directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, no person may beneficially or constructively own more than 9.8% in value or number of shares, whichever is more restrictive, of our outstanding capital stock or more than 9.8% in value or number of shares, whichever is more restrictive, of our outstanding common stock pursuant to our charter. A person that did not acquire beneficially or constructively more than the applicable ownership limitations may become subject to such restrictions if redemptions by other stockholders cause such person’s holdings to exceed the applicable limits. Our ownership limitations may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for our stockholders.

Our charter permits our board of directors to issue stock with terms that may subordinate the rights of the holders of our common stock or discourage a third party from acquiring us in a manner that could result in a premium price to our stockholders.

Subject to its fiduciary duties to stockholders, our board of directors may classify or reclassify any unissued common stock or preferred stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of any such stock without stockholder approval. Thus, our board of directors in the exercise of its business judgment could authorize the issuance of preferred stock with terms and conditions that could have priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. Such preferred stock could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might otherwise provide a premium price to holders of our common stock.

Our rights and the rights of our stockholders to recover claims against our directors and officers are limited, which could reduce your and our recovery against them if they cause us to incur losses.

Maryland law provides that a director will not have any liability as a director so long as he or she performs his or her duties in accordance with the applicable standard of conduct. In addition, subject to any limitations required by the Statement of Policy Regarding Real Estate Investment Trusts published by the North American Securities Administrators Association (which we refer to as the NASAA REIT Guidelines), Maryland law and our charter provide that no director or officer shall be liable to us or our stockholders for monetary damages unless the director or officer (1) actually received an improper benefit or profit in money, property or services or (2) was actively and deliberately dishonest as established by a final judgment. Moreover, our charter requires us to indemnify our directors and officers, subject to any limitations required by the NASAA REIT Guidelines and Maryland law. As a result, you and we may have more limited rights against our directors or officers than might otherwise exist under common law, which could reduce your and our recovery from these persons if they act in a manner that causes us to incur losses. See “Indemnification and Limitation of Liability.”

Certain provisions of Maryland law could inhibit transactions or changes of control under circumstances that could otherwise provide stockholders with the opportunity to realize a premium.

Certain provisions of the Maryland General Corporation Law applicable to us prohibit business combinations with:

- any person who beneficially owns 10% or more of the voting power of our outstanding voting stock, which we refer to as an “interested stockholder;”
- an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was an interested stockholder; or
- an affiliate of an interested stockholder.

These prohibitions last for five years after the most recent date on which the interested stockholder became an interested stockholder. Thereafter, any business combination with the interested stockholder or an affiliate of the interested stockholder must be recommended by our board of directors and approved by the affirmative vote of at least 80% of the votes entitled to be cast by holders of outstanding shares of our common stock, and two-thirds of the votes entitled to be cast by holders of our shares other than shares held by the interested stockholder. These requirements could have the effect of inhibiting a change in control even if a change in control were in our stockholders’ best interest. These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by our board of directors prior to the time that someone becomes an interested stockholder. See “Certain Provisions of Maryland Law and of our Charter and Bylaws — Business Combinations.”

Our UPREIT structure may result in potential conflicts of interest with limited partners in our operating partnership whose interests may not be aligned with those of our stockholders.

Our directors and officers have duties to our corporation and our stockholders under Maryland law in connection with their management of the corporation. At the same time, we, as general partner, will have fiduciary duties under Delaware law to our operating partnership and to the limited partners in connection with the management of our operating partnership. If we admit outside limited partners to our operating partnership, our duties as general partner of our operating partnership and its partners may come into conflict with the duties of our directors and officers to the corporation and our stockholders. Under Delaware law, a general partner of a Delaware limited partnership owes its limited partners the duties of good faith and fair dealing. Other duties, including fiduciary duties, may be modified or eliminated in the partnership's partnership agreement. The partnership agreement of our operating partnership provides that, for so long as we own a controlling interest in our operating partnership, any conflict that cannot be resolved in a manner not adverse to either our stockholders or the limited partners will be resolved in favor of our stockholders.

Additionally, the partnership agreement expressly limits our liability by providing that we and our officers, directors, agents and employees, will not be liable or accountable to our operating partnership for losses sustained, liabilities incurred or benefits not derived if we or our officers, directors, agents or employees acted in good faith. In addition, our operating partnership is required to indemnify us and our officers, directors, employees, agents and designees to the extent permitted by applicable law from and against any and all claims arising from operations of our operating partnership, unless it is established that: (1) the act or omission was committed in bad faith, was fraudulent or was the result of active and deliberate dishonesty; (2) the indemnified party received an improper personal benefit in money, property or services; or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful.

The provisions of Delaware law that allow the fiduciary duties of a general partner to be modified by a partnership agreement have not been tested in a court of law, and we have not obtained an opinion of counsel covering the provisions set forth in the partnership agreement that purport to waive or restrict our fiduciary duties.

If we internalize our management functions, we may be unable to obtain key personnel, which could adversely affect our operations and the value of your investment.

If we were to internalize our management functions, certain key employees of the advisor may not become our employees, but may instead remain employees of our advisor or its affiliates. An inability to manage an internalization transaction effectively could thus result in our incurring additional costs, including potentially significant litigation costs; or experiencing operational issues that could divert our management's attention from management of our investments and negatively impact the value of your investment.

Your investment return may be reduced if we are deemed to be an investment company under the Investment Company Act.

We do not intend, or expect to be required, to register as an investment company under the Investment Company Act. Rule 3a-1 under the Investment Company Act generally provides that an issuer will not be deemed to be an "investment company" provided that (1) it does not hold itself out as being engaged primarily, or propose to engage primarily, in the business of investing, reinvesting or trading securities and (2) no more than 45% of the value of its assets (exclusive of government securities and cash items) and no more than 45% of its net income after taxes (for the past four fiscal quarters combined) is derived from securities other than government securities, securities issued by employees' securities companies, securities issued by certain majority owned subsidiaries of such company and securities issued by certain companies that are controlled primarily by such company. If we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things:

- limitations on capital structure;

- restrictions on specified investments;
- requirements that we add directors who are independent of us, our advisor and its affiliates;
- restrictions or prohibitions on retaining earnings;
- restrictions on leverage or senior securities;
- restrictions on unsecured borrowings;
- requirements that our income be derived from certain types of assets;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

If we were required to register as an investment company but failed to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

Registration with the SEC as an investment company would be costly, would subject our company to a host of complex regulations, and would divert the attention of management from the conduct of our business. In addition, the purchase of real estate that does not fit our investment guidelines and the purchase or sale of investment securities or other assets to preserve our status as a company not required to register as an investment company could adversely affect our NAV, the amount of funds available for investment, and our ability to pay distributions to our stockholders.

Risks Related to Federal Income Taxes and Our Status as a REIT

Failure to remain qualified as a REIT would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our stockholders.

We believe that our prior, current and proposed organization, ownership and method of operation has enabled and will enable us to meet the requirements for qualification and taxation as a REIT. However, we cannot assure you that we have qualified or will qualify as such. This is because qualification as a REIT involves the application of highly technical and complex provisions of the Code as to which there are only limited judicial and administrative interpretations and involves the determination of facts and circumstances not entirely within our control. Future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT or the federal income tax consequences of such qualification.

If we fail to remain qualified as a REIT in any taxable year, or are determined to have lost our REIT status in a prior year, we will face serious tax consequences that will substantially reduce the funds available for distributions to our stockholders because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could be subject to the U.S. federal alternative minimum tax and possibly increased state and local taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to remain qualified as a REIT we will no longer be required to make distributions. As a result of all these factors, our failure to remain qualified as a REIT could impair our ability to expand our

business and raise capital, and it would adversely affect the value of our common stock. See "Material U.S. Federal Income Tax Considerations" for a discussion of material U.S. federal income tax consequences relating to us and the return on an investment in our common stock.

Even if we maintain our status as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we maintain our status as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. For example, to the extent we satisfy the 90% distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our stockholders in a calendar year is less than a minimum amount specified under the Code. Further, any taxable REIT subsidiary ("TRS") we establish will be subject to regular corporate U.S. federal, state and local taxes. Any of these taxes would decrease cash available for distribution to stockholders.

REIT distribution requirements could adversely affect our liquidity and may force us to borrow funds or sell assets during unfavorable market conditions.

In order to maintain our qualification as a REIT and to meet the REIT distribution requirements, we may need to borrow funds on a short-term basis or sell assets, even if the then-prevailing market conditions are not favorable for these borrowings or sales. Our cash flows from operations may be insufficient to fund required distributions for numerous reasons, including as a result of differences in timing between the actual receipt of income and the recognition of income for U.S. federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt service or amortization payments. The insufficiency of our cash flows to cover our distribution requirements could have an adverse impact on our ability to raise short- and long-term debt or sell equity securities in order to fund distributions required to maintain our qualification as a REIT.

If we were considered to actually or constructively pay a "preferential dividend" to certain of our stockholders, our status as a REIT could be adversely affected.

In order to maintain our qualification as a REIT, we must distribute to our stockholders at least 90% of our annual REIT taxable income (excluding certain non-cash items and net capital gain), determined without regard to the deduction for dividends paid. In order for distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide us with a REIT-level tax deduction, the distributions must not be "preferential dividends." A dividend is not a preferential dividend if the distribution is pro rata among all outstanding shares of stock within a particular class, and in accordance with the preferences among different classes of stock as set forth in our organizational documents. There is no de minimis exception with respect to preferential dividends; therefore, if the IRS were to take the position that we paid a preferential dividend, we may be deemed to have failed the 90% distribution test, and our status as a REIT could be terminated for the year in which such determination is made if we were unable to cure such failure. We have received a private letter ruling from the IRS concluding to the effect that our issuance of W Shares, A Shares and I Shares with differing fee structures as described herein will not cause dividends paid with respect to such shares to be preferential dividends.

The opinion of our tax counsel regarding our status as a REIT does not guarantee our ability to remain a REIT.

We received an opinion of Goodwin Procter LLP, dated August 16, 2013, to the effect that we are organized in conformity with the requirements for qualification and taxation as a REIT under the Code and that, as of the date of the opinion, our prior, current and proposed ownership, organization and method of operations, as

represented by us to Goodwin Procter LLP, has allowed and will allow us to satisfy the requirements for qualification and taxation as a REIT under the Code, commencing with our taxable year ended December 31, 2012. The opinion of Goodwin Procter LLP was based on various assumptions and on our representations to Goodwin Procter LLP as of the date of the opinion concerning our prior, current and continuing organization, ownership and operations, and other matters relating to our ability to maintain our qualification as a REIT. The opinion was expressly conditioned upon the accuracy of such assumptions and representations, which Goodwin Procter LLP has not verified and will not verify, including an assumption to the effect that we are successful in avoiding "dividend equivalent" redemptions (as discussed below in "Material U.S. Federal Income Tax Considerations —Taxation of U.S. Stockholders — Redemptions of Common Stock"). The opinion also relies on the private letter ruling issued to us by the IRS regarding our multiple class fee structure and our continued compliance with the representations we made to the IRS in seeking such ruling. Moreover, our qualification and taxation as a REIT will depend upon our ability to meet, through actual annual operating results, distribution levels, diversity of share ownership, and the various and complex REIT qualification tests imposed under the Code, the results of which have not been and will not be reviewed or verified by Goodwin Procter LLP. Accordingly, no assurance can be given that we will in fact satisfy such requirements. The opinion of Goodwin Procter LLP was based upon the law as of the date of the opinion, which is subject to change either prospectively or retroactively. Opinions of counsel impose no obligation on counsel to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. Changes in applicable law could modify the conclusions expressed in the opinion. Unlike a ruling from the IRS, an opinion of Goodwin Procter LLP is not binding on the IRS, and no assurance can be given that the IRS could not successfully challenge our qualification as a REIT.

If we fail to invest a sufficient amount of the net proceeds from selling our stock in real estate assets within one year from the receipt of the proceeds, we could fail to continue to qualify as a REIT.

Temporary investment of the net proceeds from sales of our stock in short-term securities and income from such investment generally will allow us to satisfy various REIT income and asset requirements, but only during the one-year period beginning on the date we receive the net proceeds. If we are unable to invest a sufficient amount of the net proceeds from sales of our stock in qualifying real estate assets within such one-year period, we could fail to satisfy one or more of the gross income or asset tests and/or we could be limited to investing all or a portion of any remaining funds in cash or cash equivalents. If we fail to satisfy any such income or asset test, unless we are entitled to relief under certain provisions of the Code, we could fail to continue to qualify as a REIT. See "Material U.S. Federal Income Tax Considerations."

If we form a taxable REIT subsidiary ("TRS"), our overall tax liability could increase.

Any domestic TRS we form will be subject to U.S. federal, state and local income tax on its taxable income. Accordingly, although our ownership of any TRSs may allow us to participate in the operating income from certain activities that our REIT could not participate in, that operating income will be fully subject to income tax. The after-tax net income of any TRS would be available for distribution to us; however, any dividends received by our REIT from its TRSs will only be qualifying income for the 95% REIT income test, not the 75% REIT income test. If we have any non-U.S. TRSs, they may be subject to tax in jurisdictions where they operate and on certain U.S. source income, and, under special rules dealing with foreign subsidiaries, they may generate income that is nonqualifying for either of the REIT income tests.

If we form a TRS, our ownership of such TRS would be subject to limitations and our transactions with any such TRS would cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

Overall, no more than 25% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise

tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. There can be no assurance, however, that we will be able to comply with the 25% TRS limitation or to avoid application of the 100% excise tax.

If our operating partnership is treated as a corporation for U.S. federal income tax purposes, we will cease to qualify as a REIT.

As of the date of this prospectus, our operating partnership is a disregarded entity for U.S. federal income tax purposes. Our operating partnership will become a partnership for U.S. federal income tax purposes if and when it issues interests to a person other than the Company or an entity disregarded from the Company for tax purposes. As a partnership, our operating partnership would not be subject to U.S. federal income tax on its income. Instead, each of its partners, including us, would be required to take into account its allocable share of the operating partnership's income. No assurance can be provided, however, that the IRS would not challenge our operating partnership's status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership as a corporation for tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, cease to qualify as a REIT. Also, our operating partnership would become subject to U.S. federal, state and local income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

Dividends payable by REITs generally do not qualify for reduced tax rates under current law.

Certain dividends payable by regular domestic corporations to individual U.S. stockholders are eligible for preferential federal income tax rates applicable to long term capital gains. Dividends payable by REITs, however, are generally not eligible for the reduced rates. The more favorable rates applicable to regular corporate dividends could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or to liquidate otherwise attractive investments.

To maintain our qualification as a REIT, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our capital stock. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance.

In addition, if we fail to comply with certain asset ownership tests, at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

Our ability to dispose of some of our properties may be constrained by their tax attributes.

Federal tax laws may limit our ability to sell properties and this may affect our ability to sell properties without adversely affecting returns to our stockholders. These restrictions may reduce our ability to respond to changes in the performance of our investments and could adversely affect our financial condition and results of operations.

Our ability to dispose of some of our properties is constrained by their tax attributes. Properties which we own for a significant period of time or which we acquire through tax deferred contribution transactions in exchange for partnership interests in our operating partnership often have low tax bases. If we dispose of low-basis properties outright in taxable transactions, we may recognize a significant amount of taxable gain that we must distribute to our stockholders in order to avoid tax, and potentially in order to meet the minimum distribution requirements of the Code for REITs, which in turn would impact our cash flow. In some cases, without incurring additional costs we may be restricted from disposing of properties contributed in exchange for our partnership interests under tax protection agreements with contributors. To dispose of low basis or tax-protected properties efficiently we may use like-kind exchanges, which qualify for non-recognition of taxable gain, but can be difficult to consummate and result in the property for which the disposed assets are exchanged inheriting their low tax bases and other tax attributes (including tax protection covenants).

You may be restricted from acquiring or transferring certain amounts of our common stock.

In order to maintain our REIT qualification, among other requirements, no more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals, as defined in the Code to include certain kinds of entities, during the last half of any taxable year, other than the first year for which a REIT election is made ("5/50 Test"). To assist us in qualifying as a REIT, our charter contains an aggregate stock ownership limit and a common stock ownership limit. Generally, any shares of our stock owned by affiliated owners will be added together for purposes of the aggregate stock ownership limit, and any shares of common stock owned by affiliated owners will be added together for purposes of the common stock ownership limit.

If anyone attempts to transfer or own shares in a way that would violate the aggregate stock ownership limit or the common stock ownership limit (or would prevent us from continuing to qualify as a REIT), unless such ownership limits have been waived by our board of directors, those shares instead will be deemed transferred to a trust for the benefit of a charitable beneficiary and will be either redeemed by us or sold to a person whose ownership of the shares will not violate the aggregate stock ownership limit or the common stock ownership limit and will not prevent us from qualifying as a REIT. If this transfer to a trust fails to prevent such a violation or our disqualification as a REIT, then the initial intended transfer or ownership will be null and void from the outset. Anyone who acquires or owns shares in violation of the aggregate stock ownership limit or the common stock ownership limit, unless such ownership limit or limits have been waived by our board of directors, or the other restrictions on transfer or ownership in our charter bears the risk of a financial loss when the shares are redeemed or sold if the NAV of our stock falls between the date of purchase and the date of redemption or sale.

The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to continue to qualify as a REIT.

We may acquire mezzanine loans, for which the IRS has provided a safe harbor but not rules of substantive law. Pursuant to the safe harbor, if a mezzanine loan meets certain requirements, it will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from the mezzanine loan will be treated as qualifying mortgage interest for purposes of the REIT 75% income test. To the extent that any of our mezzanine loans do not meet all of the requirements for reliance on the safe harbor, such loans may not be real estate assets and could adversely affect our REIT status.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to hedge our liabilities. Generally, income from a hedging transaction we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets does not constitute "gross income" for purposes of the 75% or 95% gross income tests, provided certain circumstances are satisfied. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for

purposes of one or both of the gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because a domestic TRS would be subject to tax on income or gains resulting from hedges entered into by it or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRSs will generally not provide any tax benefit, except for being carried forward for use against future taxable income in the TRSs.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to stockholders in computing our taxable income and will be subject to U.S. federal income tax at regular corporate rates, which may have adverse consequences on our total return to our stockholders.

Investments outside the United States could present additional complications to our ability to satisfy the REIT qualification requirements and may subject us to additional taxes.

Operating in functional currencies other than the U.S. dollar and in environments in which real estate transactions are customarily structured differently than they are in the U.S. or are subject to different legal rules may complicate our ability to structure non-U.S. investments in a manner that enables us to satisfy the REIT qualification requirements. In addition, non-U.S. investments may subject us to various non-U.S. tax liabilities, including withholding taxes.

The IRS may take the position that gains from sales of property are subject to a 100% prohibited transaction tax.

We may have to sell assets from time to time to fund redemption requests, to satisfy our REIT distribution requirements, to satisfy other REIT requirements, or for other purposes. It is possible that the IRS may take the position that one or more sales of our properties may be a prohibited transaction, which is a sale of property held by us primarily for sale in the ordinary course of our trade or business. If we are deemed to have engaged in a prohibited transaction, our gain from such sale would be subject to a 100% tax. The Code sets forth a safe harbor under which a REIT may, under certain circumstances, sell property without risking the imposition of the 100% tax, but there is no assurance that we will be able to qualify for the safe harbor. We do not intend to hold property for sale in the ordinary course of business, but there is no assurance that the IRS will not challenge our position, especially if we make frequent sales or sales of property in which we have short holding periods.

You may have a current tax liability on distributions you elect to reinvest in our common stock.

If you participate in our distribution reinvestment plan, for U.S. federal income tax purposes you will be deemed to have received, and will be taxed on, the amount reinvested in shares of our common stock to the extent the amount reinvested was not a tax-free return of capital. As a result, unless you are a tax-exempt entity, you may have to use funds from other sources to pay your tax liability on the reinvested distributions.

Possible legislative or other actions affecting REITs could adversely affect our stockholders and us.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect our stockholders or us. We cannot predict whether, when, in what forms, or with what effective dates, the tax laws applicable to our stockholders or us will be changed.

We may be subject to adverse tax consequences if certain sale-leaseback transactions are not characterized by the IRS as "true leases."

We may purchase investments in real estate properties and lease them back to the sellers of such properties. In the event the IRS does not characterize such leases as "true leases," we could be subject to certain adverse tax consequences, including an inability to deduct depreciation expense and cost recovery relating to such property, and under certain circumstances, we could fail to maintain our qualification as a REIT as a result.

Risks Related to Employee Benefit Plans and Individual Retirement Accounts

In some cases, if you fail to meet the fiduciary and other standards under ERISA, the Code or common law as a result of an investment in our stock, you could be subject to liability for losses as well as civil penalties.

There are special considerations that apply to investing in our shares on behalf of pension, profit sharing or 401(k) plans, health or welfare plans, individual retirement accounts or Keogh plans. If you are investing the assets of any of the entities identified in the prior sentence in our common stock, you should satisfy yourself that:

- your investment is consistent with your fiduciary obligations under applicable law, including common law, ERISA and the Code;
- your investment is made in accordance with the documents and instruments governing the trust, plan or IRA, including a plan's investment policy;
- your investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA, if applicable, and other applicable provisions of ERISA and the Code;
- your investment will not impair the liquidity of the trust, plan or IRA;
- your investment will not produce "unrelated business taxable income" for the plan or IRA;
- you will be able to value the assets of the plan annually in accordance with ERISA requirements and applicable provisions of the applicable trust, plan or IRA document; and
- your investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA, the Code, or other applicable statutory or common law may result in the imposition of civil penalties, and can subject the fiduciary to liability for any resulting losses as well as equitable remedies. In addition, if an investment in our shares constitutes a prohibited transaction under the Code, the "disqualified person" that engaged in the transaction may be subject to the imposition of excise taxes with respect to the amount invested.

Statements Regarding Forward-Looking Information

We make statements in this prospectus, and in the information incorporated by reference, that are forward-looking statements within the meaning of the federal securities laws. The words "believe," "estimate," "expect," "anticipate," "intend," "plan," "seek," "may," and similar expressions or statements regarding future periods are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any predictions of future results, performance or achievements that we express or imply in this prospectus or in the information incorporated by reference into this prospectus.

The forward-looking statements included in this prospectus are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to:

- our ability to effectively deploy the proceeds raised in this offering;
- our ability to raise a substantial amount of capital in the near term;
- changes in economic conditions generally and the real estate and securities markets specifically;
- legislative or regulatory changes (including changes to the laws governing the taxation of REITs);
- the effect of financial leverage, including changes in interest rates, availability of credit, loss of flexibility due to negative and affirmative covenants, refinancing risk at maturity and generally the increased risk of loss if our investments fail to perform as expected;
- our ability to access sources of liquidity when we have the need to fund redemptions of common stock in excess of the proceeds from the sales of shares of our common stock in our continuous offering and the consequential risk that we may not have the resources to satisfy redemption requests; and
- changes to GAAP.

Any of the assumptions underlying forward-looking statements could be inaccurate. You are cautioned not to place undue reliance on any forward-looking statements included in this prospectus. All forward-looking statements are made as of the date of this prospectus and the risk that actual results will differ materially from the expectations expressed in this prospectus will increase with the passage of time. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements after the date of this prospectus, whether as a result of new information, future events, changed circumstances or any other reason. In light of the significant uncertainties inherent in the forward-looking statements included in this prospectus, including, without limitation, the risks described under "Risk Factors," the inclusion of such forward-looking statements should not be regarded as a representation by us or any other person that the objectives and plans set forth in this prospectus will be achieved.

Use of Proceeds

We are offering up to $4.0 billion in the aggregate of W Shares, A Shares and I Shares of our common stock, including up to $500.0 million in shares pursuant to our distribution reinvestment plan. We sell shares of our common stock at a price that varies from day-to-day and, on any given day, is equal to our NAV per share for the applicable class, plus, for A Shares sold in the primary offering only, applicable selling commissions.

We may charge a selling commission on A Shares sold in our primary offering of up to 3.75% of the Offering Price per share price for A Shares on the date of purchase, which we will pay to our dealer manager. Our dealer manager will reallow 100% of such selling commissions to participating broker-dealers. We will not charge a selling commission on W Shares or I Shares or on shares of any class sold pursuant to our distribution reinvestment plan. Our advisor has agreed to fund on our behalf all costs of our organization and this offering (other than selling commissions, the distribution fee and the dealer manager fee).

The table sets forth estimated figures assuming the sale of shares of our common stock representing the maximum offering amount of $4.0 billion, excluding all of the $500.0 million in shares under our distribution reinvestment plan. The table assumes that 1/3 of the primary offering gross proceeds come from sales of W Shares, 1/3 of the primary offering gross proceeds come from sales of A Shares and 1/3 of the primary offering gross proceeds come from sales of I Shares.

The estimated amount of selling commissions reflected in the table below was calculated based on the NAV per share of our W Shares on the last business day prior to the commencement of this offering. The actual amount of selling commissions, however, will vary depending on (1) the number of W Shares and I Shares, for which no selling commissions are charged, that we will sell, (2) the price at which W Shares, A Shares and I Shares will be sold, which will vary day-to-day based on our daily NAV per share for that class of shares, with actual selling commissions per A Share being a percentage of the total price per A Share, and (3) possible reduction or elimination of the selling commission in connection with certain categories of sales of A Shares in our primary offering, such as sales for which a volume discount applies. Any reduction in selling commissions will be accompanied by a corresponding reduction in the A Share per share purchase price, but will not affect the amount available for investment.

We may reallocate the shares of our common stock we are offering between the primary offering and our distribution reinvestment plan. We will only use the proceeds raised in this offering for the purposes set forth in this prospectus and in a manner approved by our board of directors, who serve as fiduciaries to our stockholders.

We intend to contribute the proceeds from this offering to our operating partnership. Our operating partnership will use the proceeds received from us: (1) to make investments in accordance with our investment strategy and policies, (2) to reduce borrowings and repay indebtedness incurred under various financing instruments into which it may enter, and (3) to fund distributions to our stockholders and redemption activity (to the extent that cash flow from operations is insufficient to pay such distributions or redemptions). Because amounts in this table are estimates, they may not accurately reflect the actual receipt or use of the offering proceeds.

	Primary Offering		Distribution Reinvestment Plan	
	Amounts [1]	**Percent**	**Amounts [1]**	**Percent**
Gross Offering Proceeds [2]	$3,500,000,000	100%	$500,000,000	100%
Less:				
Selling Commissions [3]	43,750,000	1.3%	—	0.0%
Organization and Offering Expenses [4]	25,921,875	0.7%	3,750,000	0.7%
Amount Available for Investment	$3,430,328,125	98.0%	$496,250,000	99.3%
Acquisition Expenses [5]	27,442,625	0.8%	3,790,000	0.8%
Amount Invested in Assets	$3,402,885,500	97.2%	$492,460,000	98.5%

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(1) The dollar amounts in the table are based on the assumption that, throughout the offering period, our NAV per share for each class remains the same as the NAV per share for such class at the commencement of this offering. See "Plan of Distribution — Compensation of Our Dealer Manager and Other Participating Broker-Dealers — Selling Commissions, Volume Discounts, and Asset-Based Dealer Manager Fee and Distribution Fee."

(2) We intend to conduct a continuous offering of an unlimited number of shares of our common stock over an unlimited time period by filing a new registration statement prior to the end of the three-year period described in Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"); however, in certain states this offering is subject to annual extensions.

(3) The table assumes that 1/3 of the primary offering gross proceeds come from W Shares, 1/3 of primary offering gross proceeds come from sales of A Shares and 1/3 of primary offering gross proceeds come from sales of I Shares. Because no sales commissions are paid on shares sold in the distribution reinvestment plan, it is not necessary to make any assumptions regarding the number of W Shares, A Shares or I Shares sold in the distribution reinvestment plan. For each purchase, the total per share purchase price will be calculated by adding the selling commission percentage to the NAV per share of A Shares sold; the actual selling commission per share that we pay will be the total per share purchase price less the NAV per share. Selling commissions presented in the table reflect that no selling commissions are paid with respect to the W Shares, I Shares or on distribution reinvestment plan shares. See "Plan of Distribution — Compensation of Our Dealer Manager and Other Participating Broker-Dealers — Selling Commissions, Volume Discounts, and Asset-Based Dealer Manager Fee and Distribution Fee."

(4) Our advisor has agreed to fund on our behalf all costs of our organization and offering (other than the selling commissions, the distribution fee and the dealer manager fee). We will reimburse our advisor on a monthly basis for the organization and offering expenses incurred on our behalf. The organization and offering expense amounts shown above represent our estimates of expenses incurred in connection with this offering (other than the selling commissions, the distribution fee and the dealer manager fee) that will be paid using offering proceeds, including (i) our legal, accounting, printing, mailing and filing fees, and broker-dealer due diligence expenses; (ii) costs incurred in connection with preparing supplemental sales materials, holding educational conferences and attending retail seminars conducted by broker-dealers; and (iii) reimbursements for our dealer manager's wholesaling costs and other marketing and organization costs including payments made to participating broker-dealers.

(5) Acquisition expenses include legal fees and expenses, brokerage commissions payable to unaffiliated third parties, travel expenses, costs of appraisals (including independent third party appraisals), nonrefundable option payments on property not acquired, engineering, due diligence, accounting fees and expenses, title insurance premiums and other closing costs and miscellaneous expenses relating to the selection, acquisition and development of real estate properties, whether or not acquired. While the majority of the acquisition expenses are expected to be paid to third parties, a portion of the out-of-pocket acquisition expenses may include reimbursement to our advisor or its affiliates for expenses incurred in connection with its provision of acquisition related services, including personnel costs. For purposes of this table, we have assumed average expenses of 0.8% of the estimated amount invested in assets; however, expenses on a particular acquisition may be higher. Additionally, the use of alternative assumptions in estimating expected future capital raise could result in a different determination of the expected acquisition expenses and a different conclusion regarding acquisition expenses as a percentage of the estimated amount invested in assets. Acquisition expenses, together with any acquisition fees paid to third parties for a particular real estate-related asset, will in no event exceed 6% of the gross purchase price.

In periods when certain existing investors seek to redeem their shares, additional funds may also flow in from investors who are purchasing new shares; in these circumstances cash proceeds from the sale of new shares could be used to fund the redemptions. We believe that netting redemptions out of incoming proceeds from the offering is in the best interests of stockholders because of the time and transaction costs involved in investing new capital and in disposing of assets. To the extent that cash from new sales in the offering is used to fund redemptions, neither the Company's aggregate NAV nor NAV per share for any class are expected to be impacted.

Our advisor will pursue opportunities to purchase investments with the objective of building a diversified portfolio of investments. See "Investment Objectives, Strategy and Policies — Real Property Investments" for a description of the properties that we have acquired as of the date of this prospectus. We may enter into purchase options to allow us to acquire properties on future dates following the receipt of sufficient proceeds from this offering to make the investments. In light of the continuous nature of this offering, the identification and disclosure of actual property acquisitions will be an ongoing process. At any given point in time we will be actively pursuing multiple investment opportunities, with due diligence and negotiations at different stages of advancement. See "Risk Factors — Risks Related to an Investment in Cole Real Estate Income Strategy (Daily NAV), Inc."

Our advisor, directly or through an affiliate, has agreed to fund organizational expenses and expenses incurred in connection with the offering (other than selling commissions, the distribution fee and the dealer manager fee), including: (i) our legal, accounting, printing, mailing and filing fees, due diligence expenses that are included in a detailed and itemized invoice (such as expenses related to a review of this offering by one or more independent due diligence reviewers engaged by broker-dealers participating in this offering); (ii) amounts incurred in connection with holding our own educational conferences and sponsoring and/or attending conferences conducted by our participating broker-dealers for performing these services; and (iii) other marketing and organization costs, including payments made to participating broker-dealers.

Reimbursement payments are made in monthly installments, but the aggregate monthly amount reimbursed can never exceed 0.75% of the aggregate gross offering proceeds, including shares issued in connection with the distribution reinvestment plan, but excluding selling commissions charged on A Shares sold in the primary offering. If the sum of the total unreimbursed amount of such organization and offering costs, plus new costs incurred since the last reimbursement payment, exceeds the reimbursement limit described above for the applicable monthly installment, the excess will be eligible for reimbursement in subsequent months (subject to the 0.75% limit), calculated on an accumulated basis, until our advisor has been reimbursed in full. See "Compensation."

We may charge a selling commission on A Shares sold in our primary offering of up to 3.75% of the Offering Price per share for A Shares on the date of purchase, which we will pay to our dealer manager. Our dealer manager will reallow 100% of such selling commissions to participating broker-dealers. We will not charge a selling commission on W Shares, I Shares, or on shares of any class sold pursuant to our distribution reinvestment plan.

We will pay our dealer manager an asset-based dealer manager fee that is payable in arrears on a monthly basis and accrues daily based on the NAV per share for each class, and at different percentages for each class. We will pay our dealer manager an asset-based distribution fee for A Shares only that is payable in arrears on a monthly basis and accrues daily based on the NAV per share for A Shares. We will pay the dealer manager fee and the distribution fee until the date at which, in the aggregate, underwriting compensation from all sources, including selling commissions, the dealer manager fee, the distribution fee and other underwriting compensation paid by us and our advisor and its affiliates, equals 10% of the gross proceeds from our primary offering. We will not pay a distribution fee on W Shares or I Shares. See "Compensation" for more details regarding this and other amounts payable to our advisor and its affiliates.

We may pay distributions from proceeds raised in this offering in anticipation of future cash flows, and we have not placed a limit on the amount of such proceeds we may use to pay distributions or redemptions. To the extent that our operating cash flow is insufficient to cover organization and offering expenses, costs of distribution and amounts payable to our advisor and its affiliates, we may use funds from any source for such purposes, including borrowings, asset sales and proceeds from this offering. See "Our Structure and Formation" and "Compensation."

Investment Objectives, Strategy and Policies

Investment Objectives

Our primary investment objectives are:

- to acquire commercial properties, leased under long-term net leases to creditworthy tenants, which provide current operating cash flow;
- to maintain a level of liquid assets as a source of funds to meet redemption requests;
- to provide reasonably stable, current income for you through the payment of distributions; and
- to provide the opportunity to participate in capital appreciation in the value of our investments.

Pursuant to our charter, these investment objectives may not be changed without the approval of our stockholders. We may not achieve any of these objectives. See the "Risk Factors" section of this prospectus.

Our Potential Competitive Strengths

We believe that we will be able to distinguish ourselves from other owners, operators, acquirers and developers of commercial properties. We believe our long-term success will be supported through the following potential competitive strengths:

- *Cole Capital's Disciplined Investment Approach.* Our advisor intends to utilize a disciplined investment approach developed and utilized by our sponsor over the last 30 years. Our sponsor's investment approach focuses on acquiring necessity commercial and other income-producing properties, many of which share certain core characteristics, including a principal, creditworthy tenant in a long-term net lease and a strategic location. In addition, our sponsor's investment strategy targets properties that typically have high occupancy rates (greater than 90%) and low to moderate leverage (0% to 50% loan to value). Our sponsor and its affiliates developed and refined this investment approach over a period of several decades, and throughout a variety of market conditions. While our sponsor historically applied their investment approach principally in the retail sector, our sponsor has utilized this investment approach in the corporate sector as well. Through this disciplined investment approach, we expect to achieve a relatively predictable and stable stream of income, which will provide a principal source of return for our investors in our common stock, plus the potential for capital appreciation in the value of our real estate assets.
- *Experienced Advisor*. The members of our advisor's real estate management team have extensive experience in acquiring, structuring, developing and selling single-tenant commercial properties. Messrs. Roberts and McDowell each have more than 20 years of relevant commercial or real estate experience and collectively lead a team of experienced real estate industry professionals. Mr. McDowell is a nationally recognized leader in the office and industrial sectors. Additionally, our advisor's executive management team has extensive public company operating experience, with several of its senior executives having held senior positions at publicly held REITs. Further, our sponsor has built an organization of approximately 375 employees who are experienced in the various aspects of acquiring, financing, managing and disposing of commercial real estate, and many of these employees will serve as dual employees acting in part on behalf of our advisor.
- *Successful Credit Underwriting Experience.* Cole Capital has demonstrated an ability to successfully underwrite the tenants that occupy the real estate assets of real estate programs sponsored by Cole Capital. The combined portfolios of Cole Credit Property Trust IV, Cole Credit Property Trust V, Cole Corporate Income Trust, Cole Office and Industrial REIT and our program had a 99% occupancy rate as of December 31, 2014.

- *Strong Industry Relationships.* We believe that our extensive network of industry relationships with the real estate brokerage, development and investor communities will enable us to successfully execute our acquisition and investment strategies. These relationships augment our ability to source acquisitions in off-market transactions outside of competitive marketing processes, capitalize on development opportunities and capture repeat business and transaction activity. Our strong relationships with the tenant and leasing brokerage communities aid in attracting and retaining tenants.
- *Ability to Purchase Properties for Cash.* We expect that one of our competitive advantages will be our ability to purchase properties for cash and to close transactions quickly. We believe our ability to purchase properties for cash will expedite our acquisition process and make us an attractive purchaser to potential sellers of properties, particularly those sellers motivated by time constraints. Cole Capital Corporation, the broker-dealer affiliate of our sponsor, has successfully raised capital for our sponsor's affiliated real estate portfolios, and we expect that, through their well-developed distribution capabilities and relationships with other broker-dealers, Cole Capital Corporation will be successful in selling shares on our behalf.

While we believe that these factors will help distinguish us from our competitors and contribute to our long-term success, there is no guarantee that they will provide us with any actual competitive advantages.

Investment Strategy

Our investment strategy is to invest primarily in a diversified portfolio of (1) necessity commercial properties in the retail, office and industrial sectors that are leased to creditworthy tenants under long-term net leases, and are strategically located throughout the United States and U.S. protectorates, (2) notes receivable secured by commercial real estate, including the origination of loans, and (3) U.S. government securities, agency securities and corporate debt and other investments for which there is reasonable liquidity. Our investment in commercial properties is limited to the retail, office and industrial sectors that meet our investment criteria. Our property sector allocations will vary according to market conditions and availability of investment opportunities but will broadly reflect the composition of the NPI, without multi-family and lodging properties. The NPI is managed by the NCREIF and is a widely followed benchmark amongst institutional investors. The NCREIF is a not-for-profit trade association that serves its membership, and the academic and investment community's need for improved commercial real estate data, performance measurement, investment analysis, information standards, education, and peer group interaction. The NPI comprises performance data from retail, office, industrial, multi-family and lodging (hotel) properties. Since our strategy will focus on income producing real estate with long term leases, we will not invest in multi-family or lodging properties that have short duration leases and have historically had volatile performance. For these and other reasons, we do not intend for our performance to be consistent with the performance of the NPI. The actual percentage of our portfolio that is invested in retail, office and industrial property categories may fluctuate due to market conditions and investment opportunities.

Acquisition and Investment Policies

Our board of directors, including our independent directors, has adopted investment policies. Our directors will formally review at a duly called meeting our investment policies on an annual basis and our portfolio on a quarterly basis or, in each case, more often as they deem appropriate. Changes to our investment policies must be approved by our board of directors, including a majority of our independent directors. Our board of directors may revise our investment policies, which we describe in more detail below, without the concurrence of our stockholders. However, our board of directors will not amend our charter, including any investment policies that are provided in our charter, without the concurrence of a majority of the outstanding shares, except for amendments that do not adversely affect the rights, preferences and privileges of our stockholders.

Our investment policies delegate to our advisor broad authority to execute real estate property acquisitions and dispositions. Our board of directors will at all times have ultimate oversight over our investments and may change from time to time the scope of authority delegated to our advisor with respect to acquisition and disposition transactions.

Commercial Real Estate Properties

Our commercial real estate investments will primarily consist of single-tenant, necessity commercial properties, which are leased to creditworthy tenants under long-term net leases and provide current operating cash flow. We use the term necessity commercial properties to describe retail properties that are important to customers and office and industrial properties that are essential to the business operations of a corporate tenant. Over time, we expect our property sector allocations to broadly reflect the composition of the NPI with the exception of multi-family and lodging, which will be excluded from our investment universe. The actual percentage of our portfolio that is invested in the retail, office and industrial property categories may fluctuate due to market conditions and investment opportunities.

Necessity retail describes companies that provide consumers with products that are important to, and part of, their everyday lives. Examples of necessity retail properties include pharmacies, home improvement stores, national superstores, restaurants and regional retailers that provide products considered necessities to that region. Historically, the retail sector of commercial real estate has been able to withstand most market cycles better than other sectors, due to the long-term resilience of consumer spending. By focusing our retail investment strategy on necessity retailers subject to long-term net leases, our objective is to provide our stockholders with a relatively stable stream of current income, while avoiding a significant decline in the value of our real estate portfolio.

Necessity office and industrial properties are essential to the business operations of a corporate tenant, typically due to one or more of the following factors:

- difficulty of replacement or prohibitive cost to relocate;
- sole or major location for its distribution or office operations;
- proximity to its distribution, manufacturing, research facilities or customer base;
- lower labor, transportation and/or operating costs;
- more stable labor force;
- optimal access to transportation networks that enable efficient distribution; and/or
- significant amount of tenant-funded capital improvements, such as customized computer systems and information technology infrastructure, racking and sorting systems, and cooling or refrigeration systems.

For example, distribution facilities, warehouses, manufacturing plants and corporate or regional headquarters are often considered to be necessity office and industrial properties. We believe that necessity office and industrial properties provide a relatively greater level of stability than other office and industrial property types because necessity properties typically involve long-term leases and experience relatively low tenant turnover. We also believe that, as a result of recent and ongoing business developments, such as the role of the internet in the distribution of products, globalization of importing and exporting products and consolidation of businesses requiring office buildings to accommodate a single-tenant, there is, and we expect there will continue to be, increasing demand by commercial tenants for necessity office and industrial properties.

For over three decades, our sponsor has developed and utilized this investment approach in acquiring and managing real estate assets. We believe that our sponsor's experience will provide us with a competitive advantage. In addition, our sponsor has built an organization of approximately 375 employees, who are experienced in the various aspects of acquiring, financing, managing and selling commercial real estate, and we believe that our access to these resources also will provide us with an advantage.

Our goal is to acquire a portfolio of commercial properties that are diversified by way of location and industry, in order to minimize the potential adverse impact of economic slow-downs or downturns in local markets or a specific industry. There is no limitation on the number, size or type of properties that we may

acquire or on the percentage of net proceeds of this offering that may be invested in a single property. The number and mix of properties comprising our portfolio will depend upon real estate market conditions and other circumstances existing at the time we acquire properties, and the amount of proceeds we raise in this offering. We are not restricted to investments in commercial properties and we will not forgo a high quality investment because it does not precisely fit our expected portfolio composition.

We intend to incur debt to acquire properties where our advisor determines that incurring such debt is in our best interests. In addition, from time to time, we may acquire some properties without financing and later incur mortgage debt secured by one or more of such properties if favorable financing terms are available. We will use the proceeds from these loans to acquire additional properties and maintain liquidity. See "— Borrowing Policies" below for a more detailed description of our borrowing intentions and limitations.

Retail Real Estate Properties. We expect the portion of our portfolio allocated to retail real estate properties will focus on regional or national name brand retail businesses with creditworthy and established track records. It is our present intention to hold substantially all of the retail properties that we acquire for a period in excess of five years. We will also pursue properties leased to tenants representing a variety of retail industries to avoid concentration in any one industry. These industries include all types of retail establishments, such as big box retailers, convenience stores, drug stores and restaurant properties. We expect that some of these investments will provide long-term value by virtue of their size, location, quality and condition, and lease characteristics. We expect that substantially all of our retail properties acquisitions will be in the United States, including U.S. protectorates.

We believe that focusing on the acquisition of single-tenant and multi-tenant necessity retail properties net leased to creditworthy tenants presents lower investment risks and greater stability than many other sectors of today's commercial real estate market. By acquiring a large number of single-tenant and multi-tenant retail properties, we believe that lower than expected results of operations from one or a few investments will not necessarily preclude our ability to realize our investment objective of cash flow from our overall portfolio. We believe this approach can result in less risk to investors than an investment approach that targets other asset classes. In addition, we believe that retail properties under long-term triple-net and double-net leases offer a distinct investment advantage since these properties generally require less management and operating capital, have less recurring tenant turnover and, with respect to single-tenant properties, often offer superior locations that are less dependent on the financial stability of adjoining tenants. In addition, since we intend to acquire properties that are geographically diverse, we expect to minimize the potential adverse impact of economic slowdowns or downturns in local markets.

Many retail companies today are entering into sale-leaseback arrangements as a strategy for applying capital that would otherwise be applied to their real estate holdings to their core operating businesses. We believe that our investment strategy will enable us to take advantage of the increased emphasis on retailers' core business operations in today's competitive corporate environment as many retailers attempt to divest from real estate assets.

Office and Industrial Real Estate Properties. We expect that our office properties will include recently constructed, high quality, low, mid- or high-rise office buildings that are necessary to a principal tenant, subject to a long-term net lease, and used for purposes such as a corporate, regional or product-specific headquarters. We also expect that our industrial property portfolio will include recently constructed, high quality industrial properties that are necessary to a single principal tenant, subject to a long-term net lease, and used for purposes such as warehousing, distribution, light manufacturing, research and development, or industrial flex facilities. It is our present intention to hold substantially all of the office and industrial properties that we acquire for a period of more than seven years.

We expect that some of our office and industrial properties will be multi-tenant properties, anchored by one or more principal tenants, who are creditworthy and subject to long-term net leases. We expect that, from time to time, we may invest in corporate development projects, designed to construct an income producing office or industrial property to serve one or more creditworthy tenants.

Real Estate Underwriting Process. In evaluating potential property acquisitions consistent with our investment objectives, our advisor will apply its well-established underwriting process to determine the creditworthiness of potential tenants. Similarly, our advisor will apply its credit underwriting criteria to possible new tenants when we are re-leasing properties in our portfolio. Our advisor's underwriting process includes analyzing the financial data and other available information about the tenant, such as income statements, balance sheets, net worth, cash flow, business plans, data provided by industry credit rating services, and/or other information our advisor may deem relevant. Generally, these tenants must have a proven track record in order to meet the credit tests applied by our advisor. In addition, we may obtain guarantees of leases by the corporate parent of the tenant, in which case our advisor will analyze the creditworthiness of the guarantor. In many instances, especially in sale-leaseback situations, where we are acquiring a property from a company and simultaneously leasing it back to the company under a long-term lease, we will meet with the senior management to discuss the company's business plan and strategy.

When using debt rating agencies, a tenant typically will be considered creditworthy when the tenant has an "investment grade" debt rating by Moody's of Baa3 or better, credit rating by Standard & Poor's of BBB- or better, or its payments are guaranteed by a company with such rating. Changes in tenant credit ratings, coupled with future acquisition and disposition activity, may increase or decrease our concentration of creditworthy tenants in the future.

Moody's ratings are opinions of future relative creditworthiness based on an evaluation of franchise value, financial statement analysis and management quality. The rating given to a debt obligation describes the level of risk associated with receiving full and timely payment of principal and interest on that specific debt obligation and how that risk compares with that of all other debt obligations. The rating, therefore, provides one measure of the ability of a company to generate cash in the future.

A Moody's debt rating of Baa3, which is the lowest investment grade rating given by Moody's, is assigned to companies which, in Moody's opinion, have adequate financial security. However, certain protective elements may be lacking or may be unreliable over any given period of time. A Moody's debt rating of AAA, which is the highest investment grade rating given by Moody's, is assigned to companies which, in Moody's opinion, have exceptional financial security. Thus, investment grade tenants will be judged by Moody's to have at least adequate financial security, and will in some cases have exceptional financial security.

Standard & Poor's assigns a credit rating to companies and to each issuance or class of debt issued by a rated company. A Standard & Poor's credit rating of BBB-, which is the lowest investment grade rating given by Standard & Poor's, is assigned to companies that, in Standard & Poor's opinion, exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the company to meet its financial commitments. A Standard & Poor's credit rating of AAA+, which is the highest investment grade rating given by Standard & Poor's, is assigned to companies that, in the opinion of Standard & Poor's, have extremely strong capacities to meet their financial commitments. Thus, investment grade tenants will be judged by Standard & Poor's to have at least adequate protection parameters, and will in some cases have extremely strong financial positions.

While we will utilize ratings by Moody's and Standard & Poor's, when available, as one factor in determining whether a tenant is creditworthy, our advisor will also consider other factors in determining whether a tenant is creditworthy, for the purpose of meeting our investment objective. For example, our advisor's underwriting process will look at other debt agencies, such as Dun & Bradstreet, along with our advisor's own analysis of the financial condition of the tenant and/or the guarantor, the operating history of the property with the tenant, the tenant's market share and track record within the tenant's industry segment, the general health and outlook of the tenant's industry segment, the strength of the tenant's management team and/or the terms and length of the lease at the time of the acquisition.

Description of Leases. We expect, in most instances, to acquire tenant properties with existing double-net or triple-net leases. A triple-net lease typically requires tenants to pay all or a majority of the operating expenses,

including real estate taxes, special assessments and sales and use taxes, utilities, maintenance, insurance and building repairs related to the property, in addition to the lease payments. A double-net lease typically requires tenants to pay for property taxes and insurance, in addition to the lease payments. Not all of our leases will be net leases. When spaces in a property become vacant, existing leases expire, or we acquire properties under development or requiring substantial refurbishment or renovation, we anticipate entering into net leases.

Typically, we expect to enter into leases that have terms of ten years or more. We may acquire properties under which the lease term has partially expired. We also may acquire properties with shorter lease terms if the property is in an attractive location, if the property is difficult to replace, or if the property has other significant favorable real estate attributes. Under most commercial leases, tenants are obligated to pay a predetermined annual base rent. Some of the leases also will contain provisions that increase the amount of base rent payable at points during the lease term. We expect that many of our leases will contain periodic rent increases. Generally, the leases require each tenant to procure, at its own expense, commercial general liability insurance, as well as property insurance covering the building for the full replacement value and naming the ownership entity and the lender, if applicable, as the additional insured on the policy. Tenants will be required to provide proof of insurance by furnishing a certificate of insurance to our advisor on an annual basis. The insurance certificates will be tracked and reviewed for compliance by our advisor's property and risk management departments.

As a precautionary measure, we may obtain, to the extent available, secondary liability insurance, as well as loss of rents insurance that covers one year of annual rent in the event of a rental loss. In addition, some leases require that we procure insurance for both commercial general liability and property damage; however, generally the premiums are fully reimbursable from the tenant. In such instances, the policy will list us as the named insured and the tenant as the additional insured.

We may purchase properties and lease them back to the sellers of such properties. While we intend to use our best efforts to structure any such sale-leaseback transaction (as well as other leases) so that the lease will be characterized as a "true lease" and so that we are treated as the owner of the property for federal income tax purposes, the IRS could challenge this characterization. In the event that any sale-leaseback transaction (or other leases) is re-characterized as a financing transaction for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed and in certain circumstances we could lose our REIT status. See the "Material U.S. Federal Income Tax Considerations — Qualification as a REIT — Income Tests — Sale-Leaseback Transactions" section of this prospectus.

Other Possible Commercial Real Estate Investments. Although we expect to invest primarily in necessity retail, office and industrial properties, we also may invest in other income-producing properties, where the properties share some of the same characteristics as our core properties, including one or more principal, creditworthy tenants, long-term leases, and/or strategic locations. We may also invest in ground leases.

Ownership Structure. Our investment in real estate generally takes the form of holding fee title or a long-term leasehold estate. We have acquired, and expect to continue to acquire, such interests either directly through our operating partnership or indirectly through limited liability companies, limited partnerships or other entities owned and/or controlled by our operating partnership. We may acquire properties by acquiring the entity that holds the desired properties. We also may acquire properties through investments in joint ventures, partnerships, co-tenancies or other co-ownership arrangements with third parties, including the developers of the properties or affiliates of our advisor. See the section captioned "Operating Partnership Agreement" in this prospectus and the "— Joint Venture Investments" section below.

Investment Decisions. Our advisor has substantial discretion with respect to the selection of our specific investments, subject to our investment and borrowing policies, and our policies are reviewed by our independent directors and approved by our board of directors. In pursuing our investment objectives and making investment decisions on our behalf, our advisor evaluates the proposed terms of the investment against all aspects of the transaction, including the condition and financial performance of the asset, the terms of existing leases, the creditworthiness of the tenant or tenants, and

property location and characteristics. Because the factors considered, including the specific weight we place on each factor, vary for each potential investment, we do not, and are not able to, assign a specific weight or level of importance to any particular factor.

Our advisor procures and reviews an independent valuation estimate on each and every proposed investment. In addition, our advisor, to the extent such information is available, considers the following:

- tenant rolls and tenant creditworthiness;
- a property condition report;
- unit level store performance;
- property location, visibility and access;
- age of the property, physical condition and curb appeal;
- neighboring property uses;
- local market conditions, including vacancy rates;
- area demographics, including trade area population and average household income; and
- neighborhood growth patterns and economic condition.

Our advisor also reviews the terms of each existing lease by considering various factors, including:

- rent escalations;
- remaining lease term;
- renewal option terms;
- tenant purchase options;
- termination options;
- scope of the landlord's maintenance, repair and replacement requirements;
- projected net cash flow yield; and
- projected internal rates of return.

Environmental Matters. All real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, and the remediation of contamination associated with disposals. State and federal laws in this area are constantly evolving, and we intend to take commercially reasonable steps, a summary of which is described below, to protect ourselves from the impact of these laws.

We generally will not purchase any property unless and until we obtain what is generally referred to as a "Phase I" environmental site assessment and are generally satisfied with the environmental status of the property. However, we may purchase a property without obtaining such assessment if our advisor determines the assessment is not necessary under the circumstances. A Phase I environmental site assessment basically consists of a visual survey of the building and the property in an attempt to identify areas of potential environmental concerns, visually observing neighboring properties to asses surface conditions or activities that may have an adverse environmental impact on the property, and contacting local governmental agency personnel who perform a regulatory agency file search in an attempt to determine any known environmental concerns in the immediate vicinity of the property. A Phase I environmental site assessment does not generally include any sampling or testing of soil, ground water or building materials from the property and may not reveal all environmental hazards on a property.

In the event the Phase I environmental site assessment uncovers potential environmental problems with a property, our advisor will determine whether we will pursue the investment opportunity and whether we will have a "Phase II" environmental site assessment performed. The factors we may consider in determining whether to conduct a Phase II environmental site assessment include, but are not limited to, (1) the types of operations conducted on the property and surrounding property, (2) the time, duration and materials used during such operations, (3) the waste handling practices of any tenants or property owners, (4) the potential for hazardous substances to be released into the environment, (5) any history of environmental law violations on the subject property and surrounding property, (6) any documented environmental releases, (7) any observations from the consultant that conducted the Phase I environmental site assessment, and (8) whether any party (i.e., surrounding property owners, prior owners or tenants) may be responsible for addressing the environmental conditions. We will determine whether to conduct a Phase II environmental site assessment on a case by case basis.

We expect that some of the properties that we will acquire may contain, at the time of our investment, or may have contained prior to our investment, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. All of these operations create a potential for the release of petroleum products or other hazardous or toxic substances. Some of our potential properties may be adjacent to or near other properties that have contained or then currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. In addition, certain of our potential properties may be on or adjacent to or near other properties upon which others, including former owners or tenants of our properties, have engaged, or may in the future engage, in activities that may release petroleum products or other hazardous or toxic substances.

From time to time, we may acquire properties, or interests in properties, with known adverse environmental conditions where we believe that the environmental liabilities associated with these conditions are quantifiable and that the acquisition will yield a superior risk-adjusted return. In such an instance, we will underwrite the costs of environmental investigation, clean-up and monitoring into the cost of acquiring the property. Further, in connection with property dispositions, we may agree to remain responsible for, and to bear the cost of, remediating or monitoring certain environmental conditions on the properties.

Conditions to Closing Our Acquisitions. Generally, we condition our obligation to close the purchase of any investment on the delivery and verification of certain documents from the seller or developer, including, where appropriate:

- plans and specifications;
- surveys;
- evidence of marketable title, subject to such liens and encumbrances as are acceptable to our advisor;
- financial statements covering recent operations of properties having operating histories;
- title and liability insurance policies; and
- tenant estoppel certificates.

In addition, we will take such steps as we deem necessary with respect to potential environmental matters. See the section of the prospectus, above, entitled "— Environmental Matters."

We may enter into purchase and sale arrangements with a seller or developer of a suitable property under development or construction. In such cases, we will be obligated to purchase the property at the completion of construction, provided that the construction conforms to definitive plans, specifications, and costs approved by us in advance. In such cases, prior to our acquiring the property, we generally would receive a certificate of an architect, engineer or other appropriate party, stating that the property complies with all plans and specifications. If renovation or remodeling is required prior to the purchase of a property, we expect to pay a negotiated maximum amount to the seller upon completion.

In determining whether to purchase a particular property, we may obtain an option to purchase such property. The amount paid for an option, if any, normally is forfeited if the property is not purchased and normally is credited against the purchase price if the property is purchased.

In the purchasing, leasing and developing of properties, we are subject to risks generally incident to the ownership of real estate. See the "Risk Factors — Risks Related to Investments in Real Estate" section of this prospectus.

Joint Venture Investments

We may enter into joint ventures, partnerships, co-tenancies and other co-ownership arrangements with third parties, including affiliates of our advisor, for the acquisition, development or improvement of properties or the acquisition of other real estate-related investments. We may also enter into such arrangements with real estate developers, owners and other unaffiliated third parties for the purpose of developing, owning and operating real properties. In determining whether to invest in a particular joint venture, our advisor will evaluate the underlying real property or other real estate-related investment using the same criteria described above in "— Investment Decisions" for the selection of our real property investments. Our advisor also will evaluate the joint venture or co-ownership partner and the proposed terms of the joint venture or a co-ownership arrangement.

Our general policy is to invest in joint ventures only when we will have a right of first refusal to purchase the co-venturer's interest in the joint venture if the co-venturer elects to sell such interest. In the event that the co-venturer elects to sell all or a portion of the interests held in any such joint venture, however, we may not have sufficient funds to exercise our right of first refusal to buy the other co-venturer's interest in the joint venture. It is also possible that joint venture partners may resist granting us a right of first refusal or may insist on a different methodology for unwinding the joint venture if one of the parties wishes to liquidate its interest.

Our advisor's officers and key persons may have conflicts of interest in determining which of VEREIT or another program sponsored by Cole Capital should enter into any particular joint venture agreement. The co-venturer may have economic or business interests or goals that are or may become inconsistent with our business interests or goals. In addition, our advisor's officers and key persons may face a conflict in structuring the terms of the relationship between our interests and the interests of the co-venturer and in managing the joint venture. Since some or all of our advisor's officers and key persons will also advise the co-venturer, agreements and transactions between us and VEREIT or any other co-venturer sponsored by Cole Capital will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers, which may result in the co-venturer receiving benefits greater than the benefits that we receive. In addition, we may assume liabilities related to the joint venture that exceed the percentage of our investment in the joint venture.

We may enter into joint ventures with other Cole Capital real estate programs, or with our sponsor, our advisor, one or more of our directors, or any of their respective affiliates, only if a majority of our directors (including a majority of our independent directors) not otherwise interested in the transaction approve the transaction as being fair and reasonable to us and on substantially the same terms and conditions as those received by unaffiliated joint venturers, and the cost of our investment must be supported by a current appraisal of the asset.

Development and Construction of Properties

We may invest in properties on which improvements are to be constructed or completed or which require substantial renovation or refurbishment. We expect that joint ventures would be the exclusive vehicle through which we would invest in build-to-suit properties. Any such joint ventures will make up no more than 20% of our total assets and our general policy is to structure them as follows:

- we may enter into a joint venture with the future tenant whereby we will provide a portion of the equity or debt financing;

- we would accrue a preferred return during construction on any equity investment;
- the properties will be developed by third parties; and
- consistent with our general policy regarding joint venture investments, we would have a right of first refusal to purchase the co-investor's interest.

In the event that we may elect to engage in development or construction projects, in order to help ensure performance by the builders of properties that are under construction, completion of such properties will be guaranteed at the contracted price by a completion guaranty, completion bond or performance bond. Our advisor may rely upon the substantial net worth of the contractor or developer or a personal guarantee accompanied by financial statements showing a substantial net worth provided by an affiliate of the person entering into the construction or development contract as an alternative to a completion bond or performance bond. Development of real estate properties is subject to risks relating to a builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. See the "Risk Factors — Risks Related to Investments in Real Estate" section of this prospectus.

We may make periodic progress payments or other cash advances to developers and builders of our properties prior to completion of construction only upon receipt of an architect's certification as to the percentage of the project then completed and as to the dollar amount of the construction then completed. We intend to use such additional controls on disbursements to builders and developers as we deem necessary or prudent. We may directly employ one or more project managers, to plan, supervise and implement the development of any unimproved properties that we may acquire. Such persons would be compensated directly by us.

In addition, we may invest in unimproved properties or in mortgage loans secured by such properties, provided that we will not invest more than 10% of our total assets in unimproved properties or in mortgage loans secured by such properties. We will consider a property to be an unimproved property if it was not acquired for the purpose of producing rental or other operating cash flows, has no development or construction in process at the time of acquisition and no development or construction is planned to commence within one year of the acquisition.

Investing in and Originating Loans

The criteria that our advisor will use in making or investing in loans on our behalf is substantially the same as those involved in acquiring our investment in properties. We do not intend to make loans to other persons, to underwrite securities of other issuers or to engage in the purchase and sale of any types of investments other than those relating to real estate. However, unlike our property investments which we expect to hold in excess of five years for retail properties and seven years for office and industrial properties, we expect that the average duration of loans will typically be one to five years. We are not limited as to the amount of gross offering proceeds that we may apply to mortgage loan investments.

We do not expect to make or invest in loans that are not directly or indirectly secured by real estate. We will not make or invest in mortgage loans on any one property if the aggregate amount of all mortgage loans outstanding on the property, including our loan, would exceed an amount equal to 85% of the appraised value of the property, as determined by an independent third party appraiser, unless we find substantial justification due to other underwriting criteria. We may find such justification in connection with the purchase of loans in cases in which we believe there is a high probability of our foreclosure upon the property in order to acquire the underlying assets and in which the cost of the loan investment does not exceed the fair market value of the underlying property. We will not invest in or make loans unless an appraisal has been obtained concerning the underlying property, except for those loans insured or guaranteed by a government or government agency.

We may invest in first, second and third mortgage loans, mezzanine loans, bridge loans, wraparound mortgage loans, construction mortgage loans on real property, loans on leasehold interest mortgages, and CMBS held as long-term investments. However, we will not make or invest in any loans that are subordinate to any

mortgage or equity interest of our advisor or any of its or our affiliates. We also may invest in participations in mortgage loans. A mezzanine loan is a loan made in respect of certain real property but is secured by a lien on the ownership interests of the entity that, directly or indirectly, owns the real property. A bridge loan is short term financing, for an individual or business, until permanent or the next stage of financing, can be obtained. Second mortgage and wraparound loans are secured by second or wraparound deeds of trust on real property that is already subject to prior mortgage indebtedness. A wraparound loan is one or more junior mortgage loans having a principal amount equal to the outstanding balance under the existing mortgage loan, plus the amount actually to be advanced under the wraparound mortgage loan. Under a wraparound loan, we would generally make principal and interest payments on behalf of the borrower to the holders of the prior mortgage loans. Third mortgage loans are secured by third deeds of trust on real property that is already subject to prior first and second mortgage indebtedness. Construction loans are loans made for either original development or renovation of property. Construction loans in which we would generally consider an investment would be secured by first deeds of trust on real property for terms of six months to two years. Loans on leasehold interests are secured by an assignment of the borrower's leasehold interest in the particular real property. These loans are generally for terms of from six months to 15 years. The leasehold interest loans are either amortized over a period that is shorter than the lease term or have a maturity date prior to the date the lease terminates. These loans would generally permit us to cure any default under the lease. Mortgage participation investments are investments in partial interests of mortgages of the type described above that are made and administered by third-party mortgage lenders.

In evaluating prospective loan investments, our advisor will consider factors such as the following:

- the ratio of the investment amount to the underlying property's value;
- the property's potential for capital appreciation;
- expected levels of rental and occupancy rates;
- the condition and use of the property;
- current and projected cash flow of the property;
- potential for rent increases;
- the degree of liquidity of the investment;
- the property's income-producing capacity;
- the quality, experience and creditworthiness of the borrower;
- general economic conditions in the area where the property is located;
- in the case of mezzanine loans, the ability to acquire the underlying real property; and
- other factors that our advisor believes are relevant.

In addition, we will seek to obtain a customary lender's title insurance policy or commitment as to the priority of the mortgage or condition of the title. We will also consider the requirements of the REIT rules, which may limit our ability to make certain loan investments. Because the factors considered, including the specific weight we place on each factor, will vary for each prospective loan investment, we do not, and are not able to, assign a specific weight or level of importance to any particular factor.

We may originate loans from mortgage brokers or personal solicitations of suitable borrowers, or may purchase existing loans that were originated by other lenders. Our advisor will evaluate all potential loan investments to determine if the security for the loan and the loan-to-value ratio meets our investment criteria and objectives. Most loans that we will consider for investment would provide for monthly payments of interest and some may also provide for principal amortization, although many loans of the nature that we will consider provide for payments of interest only and a payment of principal in full at the end of the loan term. We will not originate loans with negative amortization provisions.

We do not have any policies directing the portion of our assets that may be invested in construction loans, mezzanine loans, bridge loans, loans secured by leasehold interests and second, third and wraparound mortgage loans. However, we recognize that these types of loans are riskier than first deeds of trust or first priority mortgages on income-producing, fee-simple properties, and we expect to minimize the amount of these types of loans in our portfolio, to the extent that we make or invest in loans at all. Our advisor will evaluate the fact that these types of loans are riskier in determining the rate of interest on the loans. We do not have any policy that limits the amount that we may invest in any single loan or the amount we may invest in loans to any one borrower. We are not limited as to the amount of gross offering proceeds that we may use to invest in or originate loans.

Our loan investments may be subject to regulation by federal, state and local authorities and subject to various laws and judicial and administrative decisions imposing various requirements and restrictions, including among other things, regulating credit granting activities, establishing maximum interest rates and finance charges, requiring disclosures to customers, governing secured transactions and setting collection, repossession and claims handling procedures and other trade practices. In addition, certain states have enacted legislation requiring the licensing of mortgage bankers or other lenders and these requirements may affect our ability to effectuate our proposed investments in loans. Commencement of operations in these or other jurisdictions may be dependent upon a finding of our financial responsibility, character and fitness. We may determine not to make loans in any jurisdiction in which the regulatory authority determines that we have not complied in all material respects with applicable requirements.

Liquid Investment Portfolio

Investment in Liquid Securities. To the extent permitted by the REIT rules, we intend for our liquid investment portfolio to primarily consist of U.S. government securities, agency securities and corporate debt. We use the term "agency" to refer to a U.S. government agency such as the Government National Mortgage Association, or Ginnie Mae, or a federally-chartered corporation such as the Federal National Mortgage Association, or Fannie Mae, or the Federal Home Loan Mortgage Corporation, or Freddie Mac.

We may also invest in liquid real estate-related securities, including equity and debt securities of companies whose shares are listed for trading on a national securities exchange and are engaged in real estate activities. Listed companies engaged in real estate activities may include, for example, REITs. Our investments in securities of companies engaged in activities related to real estate will involve special risks relating to the particular issuer of the securities, including the financial condition and business outlook of the issuer.

We may also make investments in CMBS to the extent permitted by the REIT rules. CMBS are securities that evidence interests in, or are secured by, a single commercial mortgage loan or a pool of commercial mortgage loans. CMBS are generally pass-through certificates that represent beneficial ownership interests in common law trusts whose assets consist of defined portfolios of one or more commercial mortgage loans. They are typically issued in multiple tranches whereby the more senior classes are entitled to priority distributions from the trust's income. Losses and other shortfalls from expected amounts to be received on the mortgage pool are borne by the most subordinate classes, which receive payments only after the more senior classes have received all principal and/or interest to which they are entitled. CMBS are subject to all of the risks of the underlying mortgage loans. We may invest in investment grade and non-investment grade CMBS classes.

Additionally, we may acquire exchange traded funds, or ETFs, and mutual funds focused on REITs and real estate companies. To a lesser extent we may also invest in traded securities that are unrelated to real estate and make other investments or enter into transactions designed to limit our exposure to market volatility, illiquidity, interest rate or other risks related to our real-estate related, equity or debt, securities subject to complying with the REIT rules.

Cash, Cash Equivalents and Other Short-Term Investments. Our cash, cash equivalents and other short-term investments may include investments in money market instruments, cash and other cash equivalents (such

as high-quality short-term debt instruments, including commercial paper, certificates of deposit, bankers' acceptances, repurchase agreements and interest-bearing time deposits), to the extent consistent with our qualification as a REIT.

Other Investments

Although it is our expectation that our portfolio will consist primarily of commercial real estate, as well as notes receivable, liquid assets and cash and cash equivalents, we may make adjustments to our target portfolio based on real estate market conditions and investment opportunities. We will not forego a high quality investment because it does not precisely fit our presently expected portfolio composition. Thus, to the extent that our advisor presents us with high quality investment opportunities that allow us to meet the REIT requirements under the Code, and that result in an overall real estate portfolio that is consistent with our investment objectives, our portfolio composition may vary from time to time.

Borrowing Policies

Our advisor believes that utilizing borrowing is consistent with our investment objective of maximizing the return to investors and providing us with added liquidity. By operating on a leveraged basis, we have more funds available for investment in properties. This allows us to make more investments than would otherwise be possible, resulting in a more diversified portfolio.

At the same time, our advisor believes in utilizing leverage in a moderate fashion. Under our charter we may not make or invest in mortgage loans, including construction loans, on any one property if the aggregate amount of all mortgage loans on such property would exceed an amount equal to 85% of the appraised value of such property unless substantial justification exists for exceeding such limit because of the presence of other underwriting criteria. Additionally, our charter limits our aggregate borrowings to 75% of the greater of cost (or 300% of net assets) (before deducting depreciation or other non-cash reserves) or market value of our gross assets, unless excess borrowing is approved by a majority of the independent directors and disclosed to our stockholders in the next quarterly report along with the justification for such excess borrowing. Consistent with our advisor's approach toward the moderate use of leverage, our board of directors has adopted a policy to further limit our borrowings to 60% of the greater of cost (before deducting depreciation or other non-cash reserves) or market value of our gross assets; provided, however, that a majority of our board of directors (including a majority of the independent directors) has determined that, as a general policy, borrowing in excess of 60% of the greater of cost (before deducting depreciation and other non-cash reserves) or fair market value of our gross assets is justified and in the best interest of us and our stockholders during the initial capital raise stage. After we have acquired a substantial portfolio, our advisor will target a leverage of 50% of the greater of cost (before deducting depreciation or other non-cash reserves) or fair market value of our gross assets.

Our advisor uses its best efforts to obtain financing on the most favorable terms available to us. Lenders may have recourse to assets not securing the repayment of the indebtedness. Our advisor may refinance properties during the term of a loan only in limited circumstances, such as when a decline in interest rates makes it beneficial to prepay an existing mortgage, when an existing mortgage matures or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase such investment. The benefits of the refinancing may include increased cash flow resulting from reduced debt service requirements, an increase in dividend distributions from proceeds of the refinancing, if any, and an increase in property ownership if some refinancing proceeds are reinvested in real estate.

Our ability to increase our diversification through borrowing may be adversely impacted if banks and other lending institutions reduce the amount of funds available for loans secured by real estate. When interest rates on mortgage loans are high or financing is otherwise unavailable on a timely basis, we may purchase properties for

cash with the intention of obtaining a mortgage loan for a portion of the purchase price at a later time. To the extent that we do not obtain mortgage loans on our properties, our ability to acquire additional properties will be restricted and we may not be able to adequately diversify our portfolio.

In an effort to have adequate cash available to support our redemption plan, our advisor may determine to reserve borrowing capacity under our line of credit. Our advisor could then elect to borrow against this line of credit in its discretion in order to fund redemption requests.

Disposition Policies

We intend to hold each property we acquire for an extended period, generally in excess of five years for retail properties and seven years for office and industrial properties. Holding periods for other real estate-related investments may vary. Regardless of intended holding periods, circumstances might arise that could cause us to determine to sell an asset before the end of the expected holding period if we believe the sale of the asset would be in the best interests of our stockholders. The determination of whether a particular asset should be sold or otherwise disposed of will be made after consideration of relevant factors, including prevailing and projected economic conditions, current tenant rolls and tenant creditworthiness, whether, depending on the assets tax attributes, we could apply the proceeds from the sale of the asset to make other investments, whether disposition of the asset would increase cash flow, and whether the sale of the asset would be a prohibited transaction under the Code or otherwise impact our status as a REIT. The selling price of a property that is net leased will be determined in large part by the amount of rent payable under the lease. If a tenant has a repurchase option at a formula price, we may be limited in realizing any appreciation. In connection with our sales of properties we may lend the purchaser all or a portion of the purchase price. In these instances, our taxable income may exceed the cash received in the sale.

Investment Limitations, In General

Our charter places numerous limitations on us with respect to the manner in which we may invest our funds or issue securities. We will not:

- borrow in excess of 75% of the greater of the aggregate cost (or 300% of net assets) (before deducting depreciation or other non-cash reserves) or fair market value of all assets owned by us, unless approved by a majority of our independent directors and disclosed to our stockholders in our next quarterly report along with the justification for such excess borrowing (although our board of directors has adopted a policy to reduce this limit from 75% to 60%);
- make investments in unimproved property or mortgage loans on unimproved property in excess of 10% of our total assets;
- make or invest in mortgage loans unless an appraisal is obtained concerning the underlying property, except for those mortgage loans insured or guaranteed by a government or government agency;
- make or invest in mortgage loans, including construction loans, on any one property if the aggregate amount of all mortgage loans on such property would exceed an amount equal to 85% of the appraised value of such property unless substantial justification exists for exceeding such limit because of the presence of other underwriting criteria;
- invest in indebtedness secured by a mortgage on real property that is subordinate to the lien or other indebtedness of our advisor, any director, our sponsor or any of our affiliates;
- invest in real estate contracts of sale, otherwise known as land sale contracts, unless the contract is in recordable form and is appropriately recorded in the chain of title;
- invest in commodities or commodity futures contracts, except for futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in real estate assets and mortgages;

- issue equity securities on a deferred payment basis or other similar arrangement;
- issue debt securities in the absence of adequate cash flow to cover debt service;
- issue equity securities that are assessable after we have received the consideration for which our board of directors authorized their issuance;
- issue equity securities redeemable solely at the option of the holder, which restriction has no effect on our share redemption plan or the ability of our operating partnership to issue redeemable partnership interests;
- issue options or warrants to our advisor, our directors, our sponsor or any of their respective affiliates except on the same terms as such options or warrants are sold to the general public and provided that such options or warrants do not exceed ten percent of our outstanding shares on the date of grant;
- make any investment that we believe will be inconsistent with our objectives of remaining qualified as a REIT unless and until our board of directors determines, in its sole discretion, that REIT qualification is not in our best interests;
- invest in debt secured by a mortgage on real property which is subordinate to the lien of other debt, except where the amount of junior debt, plus the outstanding amount of senior debt, does not exceed 90% of the appraised value of the property, if, after giving effect thereto, the value of all such investments would not then exceed 25% of our tangible assets;
- engage in securities trading, or engage in the business of underwriting; or
- acquire properties or loans from affiliates, except as noted in "Conflicts of Interest — Transactions with Our Advisor and Its Affiliates."

In addition, our charter includes many other investment limitations in connection with transactions with affiliated entities or persons, which limitations are described below under the "Conflicts of Interest" section of this prospectus. Our charter also includes restrictions on roll-up transactions, which are described under the "Description of Capital Stock" section of this prospectus.

Investment Limitations to Avoid Registration as an Investment Company

We intend to conduct our operations and the operations of our operating partnership so that each is exempt from registration as an investment company under the Investment Company Act. Under the Investment Company Act, in relevant part, a company is an "investment company" if:

- pursuant to Section 3(a)(1)(A), it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; and
- pursuant to Section 3(a)(1)(C), it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of its total assets on an unconsolidated basis (the 40% test). "Investment securities" excludes U.S. Government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

We intend to acquire real estate and real estate-related assets directly, for example, by acquiring fee interests in real property, or by purchasing interests, including controlling interests, in REITs or other "real estate operating companies," such as real estate management companies and real estate development companies, that own real property. We also may acquire real estate assets through investments in joint venture entities, including joint venture entities in which we may not own a controlling interest. We anticipate that our assets generally will continue to be held in wholly and majority-owned subsidiaries of the company, each formed to hold a particular asset.

Because we are organized as a holding company that conducts its business primarily through our operating partnership, which in turn is a holding company that conducts its business through its subsidiaries, we intend to conduct our operations and the operations of our operating partnership so that each will comply with the 40% test. In addition, we expect that most, if not all, of our wholly-owned and majority-owned subsidiaries will not be relying on exemptions under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act. Consequently, interests in these subsidiaries (which are expected to constitute most, if not all, of our assets) generally will not constitute "investment securities." Accordingly, we believe that the company and most, if not all, of its wholly- and majority-owned subsidiaries will not be considered investment companies under Section 3(a)(1)(C) of the Investment Company Act.

In addition, we believe that we, our operating partnership and any subsidiaries of our operating partnership will not be considered investment companies under Section 3(a)(1)(A) of the Investment Company Act because none of these entities will engage primarily or hold themselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, we, our operating partnership and any subsidiaries will be primarily engaged in non-investment company businesses related to real estate. Consequently, we expect that we, our operating partnership and any subsidiaries will be able to conduct our respective operations such that none of these entities will be required to register as an investment company under the Investment Company Act.

The determination of whether an entity is a majority-owned subsidiary of our company is made by us. The Investment Company Act defines a majority-owned subsidiary of a person as a company 50% or more of the outstanding voting securities of which are owned by such person, or by another company which is a majority-owned subsidiary of such person. The Investment Company Act further defines voting securities as any security presently entitling the owner or holder thereof to vote for the election of directors of a company. We intend to treat entities in which we own at least a majority of the outstanding voting securities as majority owned subsidiaries for purposes of the 40% test. We do not intend to request that the SEC staff approve our treatment of any particular entity as a majority-owned subsidiary and the SEC staff has not done so. If the SEC staff were to disagree with our treatment of one or more subsidiary entities as majority-owned subsidiaries, we would need to adjust our strategy and our assets in order to continue to comply with the 40% test. Any such adjustment in our strategy could have a material adverse effect on us.

Even if the value of investment securities held by any of our wholly-owned or majority-owned subsidiaries were to exceed 40% of their respective total assets, we expect that such subsidiaries would be able to rely on the exclusion from the definition of "investment company" provided by Section 3(c)(5)(C) of the Investment Company Act, which is available for entities primarily engaged in the business of "purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." This exclusion, as interpreted by the staff of the SEC, generally requires that at least 55% of an entity's assets must be comprised of mortgages and other liens on and interests in real estate, also known as "qualifying assets," and at least 80% of the entity's assets must be comprised of additional qualifying assets and a broader category of assets that we refer to as "real estate-related assets" under the Investment Company Act. Additionally, no more than 20% of the entity's assets may be comprised of miscellaneous assets.

We will classify our assets for purposes of the Investment Company Act, including our 3(c)(5)(C) exclusion, in large measure upon no-action positions taken by the SEC staff in the past. These no-action positions were issued in accordance with factual situations that may be substantially different from the factual situations we may face, and a number of these no-action positions were issued more than ten years ago. Accordingly, no assurance can be given that the SEC will concur with our classification of our assets.

For purposes of determining whether we satisfy the exclusion provided by Section 3(c)(5)(C), as interpreted by the staff of the SEC, we will classify the assets in which we invest as follows:

- *Real Property.* Based on the no-action letters issued by the SEC staff, we will classify our fee interests in real properties as qualifying assets. In addition, based on no-action letters issued by the SEC staff, we will treat our investments in joint ventures, which in turn invest in qualifying assets such

as real property, as qualifying assets only if we have the right to approve major decisions affecting the joint venture; otherwise, such investments will be classified as real estate-related assets. We expect that no less than 55% of our assets will consist of investments in real property, including any joint ventures that we control.

- *Securities.* We intend to treat as real estate-related assets debt and equity securities of both non-majority owned publicly traded and private companies primarily engaged in real estate businesses, including REITs and other real estate operating companies, and securities issued by pass-through entities of which substantially all of the assets consist of qualifying assets or real estate-related assets.
- *Loans.* Based on the no-action letters issued by the SEC staff, we will classify our investments in various types of whole loans as qualifying assets, as long as the loans are "fully secured" by an interest in real estate at the time we originate or acquire the loan. However, we will consider loans with loan-to-value ratios in excess of 100% to be real estate-related assets. We will treat our mezzanine loan investments as qualifying assets so long as they are structured as "Tier 1" mezzanine loans in accordance with the guidance published by the SEC staff in a no-action letter that discusses the classifications of Tier 1 mezzanine loans under Section 3(c)(5)(C) of the Investment Company Act.

Qualification for exemption from registration under the Investment Company Act will limit our ability to make certain investments. For example, these restrictions may limit the ability of the company and its subsidiaries to invest directly in mortgage-related securities that represent less than the entire ownership in a pool of mortgage loans, debt and equity tranches of securitizations and certain asset-backed securities and real estate companies or in assets not related to real estate. Although we intend to monitor our portfolio, there can be no assurance that we will be able to maintain this exemption from registration for our company or each of our subsidiaries.

A change in the value of any of our assets could negatively affect our ability to maintain our exemption from regulation under the Investment Company Act. To maintain our exemption, we may be unable to sell assets we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. In addition, we may have to acquire additional assets that we might not otherwise have acquired or may have to forego opportunities to acquire assets that we would otherwise want to acquire and would be important to our investment strategy.

Change in Investment Policies

Our charter requires that our independent directors review our investment policies at least annually to determine that the policies we follow are in the best interests of our stockholders. Each determination and the basis for that determination shall be set forth in the minutes of the meetings of our board of directors. The methods of implementing our investment policies also may vary as new real estate development trends emerge and new investment techniques are developed. The methods of implementing our investment policies, except as otherwise provided in our organizational documents, may be altered by a majority of our directors, including a majority of the independent directors, without the approval of our stockholders.

Real Property Investments

We engage in the acquisition and ownership of commercial properties in the retail, office and industrial sectors that are leased to creditworthy tenants under long-term net leases, and are strategically located throughout the United States and U.S. protectorates.

As of October 9, 2015, we, through separate wholly-owned limited liability companies and limited partnerships, owned 73 properties located in 28 states, consisting of 1.6 million gross rentable square feet of commercial space. The properties were acquired through the use of proceeds from our initial public offering and proceeds from our line of credit. Our properties as of October 9, 2015 are listed below in order of date of acquisition:

Property Description	Date Acquired	Year Built	Purchase Price [1]	Initial Yield [2]	Average Yield [3]	Physical Occupancy
Walgreens – Albuquerque, NM	December 7, 2011	1995	$ 2,475,000	7.90%	7.90%	100%
CVS – Austin, TX [4]	December 8, 2011	1997	3,054,150	7.01%	7.01%	100%
Walgreens – Reidsville, NC [4]	December 8, 2011	2008	5,125,000	7.06%	7.06%	100%
CVS – Erie, PA	December 9, 2011	1999	2,300,000	7.65%	7.65%	100%
CVS – Mansfield, OH	December 9, 2011	1998	2,299,000	7.35%	7.35%	100%
Advance Auto – Macomb, MI	December 20, 2011	2009	2,099,000	8.30%	8.30%	100%
Dollar General – Berwick, LA	November 30, 2012	2012	1,780,767	7.30%	7.37%	100%
Dollar General – Independence, MO	March 15, 2013	2012	1,417,808	7.30%	7.37%	100%
Dollar General – St. Joseph, MO	April 2, 2013	2013	1,435,616	7.30%	7.79%	100%
Sunoco – Merritt Island, FL	April 12, 2013	2008	2,809,105	7.45%	9.83%	100%
Kum & Go – Cedar Rapids, IA	May 3, 2013	2011	2,566,000	7.14%	8.04%	100%
Natural Grocers – Prescott, AZ	May 6, 2013	2012	3,925,000	7.76%	7.82%	100%
FedEx – Elko, NV	May 28, 2013	2012	2,724,000	7.10%	7.10%	100%
Mattress Firm – Gadsden, AL	June 10, 2013	2012	2,030,769	7.80%	8.41%	100%
Dollar General – Sardis City, AL	June 26, 2013	2012	1,701,767	7.30%	7.38%	100%
PetSmart – Little Rock, AR	July 19, 2013	1996	4,500,000	7.79%	7.79%	100%
Sherwin-Williams – Douglasville, GA	August 2, 2013	2009	1,160,000	7.11%	7.11%	100%
FedEx – Norfolk, NE	August 19, 2013	2013	3,494,083	7.20%	7.20%	100%
Algonac Plaza – Algonac, MI	August 30, 2013	2002	9,442,550	8.34%	8.37%	98%
Advance Auto – Sedalia, MO	September 23, 2013	2013	1,720,000	6.85%	6.85%	100%
T.J. Maxx – Danville, IL	September 23, 2013	2013	3,200,000	7.13%	7.13%	100%
Sherwin Williams – Lawrenceville, GA	September 24, 2013	2013	1,344,327	7.11%	7.11%	100%
Jo-Ann – Roseville, MI	September 30, 2013	2013	3,847,886	7.90%	8.14%	100%
Lowe's – Fremont, OH	December 11, 2013	1996	9,225,000	7.04%	6.58%	100%
FedEx – Spirit Lake, IA	December 12, 2013	2013	2,911,000	7.10%	7.10%	100%
CVS – Wisconsin Rapids, WI	December 13, 2013	2013	3,097,465	6.05%	6.05%	100%
Tellico Greens – Loudon, TN	December 20, 2013	2008	5,350,000	9.44%	9.44%	100%
Dollar General – Gladwin, MI	January 24, 2014	2013	1,332,839	7.15%	7.15%	100%
Dollar General – Lexington, MI	January 24, 2014	2013	1,204,141	7.15%	7.15%	100%
Mattress Firm/AT&T – Woodbury, MN	January 24, 2014	2013	3,300,000	7.60%	8.16%	100%
Mattress Firm – Phoenix, AZ	February 26, 2014	2014	1,883,175	8.00%	8.43%	100%
O'Reilly Auto Parts – Fayetteville, NC	March 18, 2014	2012	1,643,406	7.01%	7.36%	100%
McAlister's Deli – Amarillo, TX	March 27, 2014	2010	1,652,000	7.52%	8.53%	100%
McAlister's Deli – Shawnee, OK	March 27, 2014	2007	1,963,000	7.52%	7.91%	100%
Family Dollar – Tatum, NM	March 31, 2014	2014	1,053,018	8.35%	8.35%	100%
Family Dollar – Centreville, AL	April 29, 2014	2013	1,334,194	8.25%	8.25%	100%
AT&T – Oklahoma City, OK	May 1, 2014	2013	2,468,000	7.00%	7.31%	100%
DaVita – Austell, GA	May 6, 2014	2009	3,250,000	7.39%	8.10%	100%
Dollar General – Ocala, FL	May 7, 2014	2013	1,705,342	7.17%	7.17%	100%
Raising Cane's – Avondale, AZ	May 23, 2014	2013	3,397,000	7.05%	8.21%	100%
Great White – Oklahoma City, OK	May 29, 2014	1973	5,007,632	7.49%	7.49%	100%
Mattress Firm – Fairview Park, OH	June 16, 2014	2014	2,103,750	8.00%	8.37%	100%
Family Dollar – Denton, NC	June 17, 2014	2012	1,087,500	8.00%	8.00%	100%
Family Dollar – Danville, VA	June 17, 2014	2013	1,212,500	8.00%	8.00%	100%
Dollar General – Sioux Falls, SD	June 25, 2014	2014	1,421,091	7.15%	7.22%	100%

Property Description	Date Acquired	Year Built	Purchase Price (1)	Initial Yield (2)	Average Yield (3)	Physical Occupancy
Enid Crossing – Enid, OK	June 30, 2014	2013	5,900,000	7.66%	7.88%	100%
Shopko – Larned, KS	June 30, 2014	2008	2,270,328	9.15%	9.65%	100%
Walgreens – Coweta, OK	June 30, 2014	2009	4,346,342	6.15%	6.15%	100%
Headwaters Resources – Bryan, TX	July 23, 2014	2014	1,456,647	8.65%	8.96%	100%
Walgreens – St. Louis, MO	August 8, 2014	2007	3,812,985	6.03%	6.03%	100%
Northern Tool – Hoover, AL	August 15, 2014	2014	3,061,600	7.20%	7.79%	100%
Aspen Dental – Somerset, KY	August 18, 2014	2014	1,500,000	7.72%	8.03%	100%
Family Dollar – Londonderry, OH	September 3, 2014	2014	1,309,877	8.10%	8.10%	100%
Family Dollar – Deridder, LA	September 3, 2014	2014	1,041,092	8.15%	8.15%	100%
Carrier Rental Systems – Houston, TX	September 4, 2014	2006	5,018,966	7.32%	8.37%	100%
Shoppes at Battle Bridge – Raleigh, NC	September 4, 2014	2008	10,850,000	7.54%	7.74%	91%
Dollar General – Redfield, SD	September 5, 2014	2014	1,038,042	7.15%	7.22%	100%
Family Dollar – Hampton, AR	September 15, 2014	2014	979,640	8.15%	8.15%	100%
Amcor Rigid Plastics – Ames, IA	September 19, 2014	1996	14,282,494	6.95%	8.01%	100%
Family Dollar – West Portsmouth, OH	September 23, 2014	2004	1,189,000	8.20%	8.20%	100%
National Tire & Battery – Conyers, GA	September 26, 2014	1995	2,493,200	7.00%	7.00%	100%
Time Warner Cable – Streetsboro, OH	September 30, 2014	2003	5,330,456	6.23%	8.10%	100%
Burger King – Midwest City, OK	September 30, 2014	1989	1,150,237	7.45%	8.03%	100%
Family Dollar – Darby, MT	September 30, 2014	2014	1,325,001	8.00%	8.00%	100%
Tailwind Technologies – Denton, TX	September 30, 2014	2013	11,750,000	7.00%	8.07%	100%
PetSmart – McAllen, TX	September 30, 2014	1995	4,400,000	7.47%	7.47%	100%
Tire Centers – Decatur, AL	October 3, 2014	1998	1,972,887	8.00%	9.05%	100%
Auto Zone – Vandalia, OH	October 10, 2014	2014	800,000	6.25%	6.25%	100%
Dollar General – Topeka (43rd) KS	October 22, 2014	2014	1,195,261	7.18%	7.25%	100%
Dollar General – Stacy, MN	November 6, 2014	2014	989,579	7.20%	7.20%	100%
Advance Auto – Ravenswood, WV	June 17, 2015	1996	935,000	7.11%	7.11%	100%
Sleepy's – Roanoke Rapids, NC	August 17, 2015	2015	1,700,680	7.35%	7.35%	100%
West Marine – Mystic, CT	September 11, 2015	2014	4,754,286	7.00%	7.40%	100%
			$220,907,481			

(1) Purchase price does not include acquisition related expenses.

(2) Initial yield is calculated as the effective annualized rental income, adjusted for rent concessions or abatements, if any, for the in-place lease at the respective property divided by the property purchase price, plus the cost of significant capital improvements expected to be incurred in the first year of ownership, if any, exclusive of acquisition related expenses. In general, our properties are subject to long-term triple-net or double-net leases, and the future costs associated with the double-net leases are unpredictable and may reduce the yield. Accordingly, our management believes that effective annualized rental income is a more appropriate figure from which to calculate initial yield than net operating income.

(3) Average yield is calculated as the average annual rental income, adjusted for any rent concessions or abatements, if any, for the in-place lease over the non-cancellable lease term at the respective property divided by the property purchase price, plus the cost of significant capital improvements expected to be incurred in the first year of ownership, if any, exclusive of acquisition related expenses. In general, our properties are subject to long-term triple-net or double-net leases, and the future costs associated with the double-net leases are unpredictable and may reduce the yield. Accordingly, our management believes that average annual rental income is a more appropriate figure from which to calculate average yield than net operating income.

(4) These properties were acquired from Series C, LLC ("Series C"), an affiliate of our advisor. A majority of our board of directors (including all of our independent directors) not otherwise interested in the acquisitions approved them as being fair and reasonable to us, and determined that the aggregate cost to us was equal to the aggregate cost of the properties to Series C (including acquisition related expenses). In addition, the aggregate purchase price of the properties, exclusive of closing costs, was less than the aggregate current appraised values of the properties.

The following table sets forth the principal provisions of the lease term for the major tenants at each of the properties listed above:

Property	Major Tenants [1]	Total Square Feet Leased	% of Total Rentable Square Feet	Renewal Options [2]	Effective Annual Base Rent [3]	Effective Annual Base Rent per Square Foot [3]	Lease Term [4]
Walgreens – Albuquerque, NM	Walgreens	15,525	100%	4/5 yr.	$195,574	$12.60	12/7/2011 – 4/30/2026
CVS – Austin, TX	CVS	10,906	100%	5/5 yr.	214,000	19.62	12/8/2011 – 9/30/2036
Walgreens – Reidsville, NC	Walgreens	14,550	100%	[5]	362,050	24.88	12/8/2011 – 10/31/2033
CVS – Erie, PA	CVS	10,125	100%	6/5 yr.	176,000	17.38	12/9/2011 – 1/31/2037
CVS – Mansfield, OH	CVS	10,722	100%	6/5 yr.	169,000	15.76	12/9/2011 – 1/31/2037
Advance Auto – Macomb, MI	Advance Auto	7,000	100%	3/5 yr.	174,226	24.89	12/20/2011 – 7/31/2024
Dollar General – Berwick, LA	Dollar General	12,466	100%	4/5 yr.	129,996[6]	10.43	11/30/2012 – 10/31/2027
Dollar General – Independence, MO	Dollar General	9,002	100%	4/5 yr.	103,500[6]	11.50	3/15/2013 – 1/31/2028
Dollar General – St. Joseph, MO	Dollar General	9,026	100%	4/5 yr.	104,800[6]	11.61	4/2/2013 – 2/29/2028
Sunoco – Merritt Island, FL	Sunoco	2,353	100%	3/5 yr.	209,278[7]	88.94	4/12/2013 – 2/5/2029
Kum & Go – Cedar Rapids, IA	Kum & Go	4,973	100%	4/5 yr.	183,300[8]	36.86	5/3/2013 – 12/8/2031
Natural Grocers –Prescott, AZ	Natural Grocers	12,848	100%	3/5 yr.	304,731[9]	23.72	5/6/2013 – 8/31/2027
FedEx – Elko, NV	FedEx Ground	11,482	100%	2/5 yr.	193,401	16.84	5/28/2013 – 11/30/2022
Mattress Firm –Gadsden, AL	Mattress Firm	7,200	100%	2/5 yr.	158,400[10]	22.00	6/10/2013 – 8/31/2024
Dollar General –Sardis City, AL	Dollar General	12,406	100%	5/5 yr.	124,229[11]	10.01	6/26/2013 – 5/31/2027
PetSmart –Little Rock, AR	PetSmart	25,702	100%	4/5 yr.	350,702	13.64	7/19/2013 – 2/28/2024
Sherwin-Williams – Douglasville, GA	Sherwin-Williams	5,000	100%	3/5 yr.	82,500	16.50	8/2/2013 – 3/31/2023
FedEx – Norfolk, NE	FedEx	31,936	100%	2/5 yr.	251,574	7.88	8/19/2013 – 6/6/2023
Algonac Plaza – Algonac, MI	Kroger	47,608	69%	6/5 yr.	580,000	12.18	8/30/2013 – 11/30/2022
	Dollar Tree	8.400	12%	3/5 yr.	69,300	8.25	8/30/2013 – 2/28/2015
Advance Auto – Sedalia, MO	Advance Auto	6,895	100%	3/5 yr.	117,831	17.09	9/23/2013 – 7/31/2028
T.J. Maxx – Danville, IL	T.J. Maxx	24,000	100%	4/5 yr.	228,000	9.50	9/23/2013 – 9/30/2023
Sherwin Williams – Lawrenceville, GA	Sherwin-Williams	10,445	100%	4/5 yr.	95,582	9.15	9/24/2013 – 6/30/2023
Jo-Ann – Roseville, MI	Jo-Ann Stores	32,863	100%	4/5 yr.	303,983[12]	9.25	9/30/2013 – 1/31/2026
Lowe's – Fremont, OH	Lowe's	125,357	100%	4/5 yr.	649,349[13]	5.81	12/11/2013 – 2/28/2026
FedEx – Spirit Lake, IA	FedEx Ground	25,632	100%	2/5 yr.	206,693	8.06	12/12/2013 – 6/30/2023
CVS – Wisconsin Rapids, WI	CVS	13,307	100%	10/5 yr.	187,397	14.08	12/13/2013 – 1/31/2039
Tellico Greens – Loudon, TN	Food Lion	34,928	85%	6/5 yr.	426,939	12.22	12/20/2013 – 12/16/2028
Dollar General – Gladwin, MI	Dollar General	9,002	100%	5/5 yr.	95,298	10.59	1/24/2014 – 8/31/2028
Dollar General – Lexington, MI	Dollar General	9,100	100%	5/5 yr.	86,094	9.46	1/24/2014 – 8/31/2028
Mattress Firm/AT&T – Woodbury, MN	Mattress Firm	5,000	60%	2/5 yr.	162,500	32.50[14]	1/24/2014 – 12/31/2024
	AT&T	3.400	40%	2/5 yr.	88,400	26.00[15]	1/24/2014 – 8/31/2023
Mattress Firm – Phoenix, AZ	Mattress Firm	5,064	100%	2/5 yr.	150,654[16]	29.75	5/22/2014 – 5/31/2025
O'Reilly Auto Parts – Fayetteville, NC	O'Reilly Auto Parts	7,545	100%	4/5 yr.	115,203[17]	15.27	3/18/2014 – 8/17/2032
McAlister's Deli – Amarillo, TX	McAlister's Deli	3,857	100%	3/5 yr.	124,302[16]	32.23	3/27/2014 – 10/28/2025
McAlister's Deli – Shawnee, OK	McAlister's Deli	3,968	100%	2/5 yr.	147,675[16]	37.22	3/27.2014 – 10/12/2023
Family Dollar – Tatum, NM	Family Dollar	8,320	100%	6/5 yr.	87,297	10.49	3/31/2014 – 9/30/2023
Family Dollar – Centreville, AL	Family Dollar	8,320	100%	6/5 yr.	110,071	13.23	4/29/2014 – 9/30/2024
AT&T – Oklahoma City, OK	AT&T	4,800	100%	2/5 yr.	172,800[16]	36.00	5/1/2014 – 9/30/2023
DaVita – Austell, GA	DaVita	5,460	100%	2/5 yr.	240,282[18]	28.88	5/6/2014 – 3/31/2024
Dollar General – Ocala, FL	Dollar General	9,026	100%	4/5 yr.	122,273	13.55	5/7/2014 – 10/31/2028
Raising Cane's – Avondale, AZ	Raising Cane's	— [19]	100%	3/5 yr.	239,514[16]	67.43[20]	5/23/2014 – 10/31/2033
Great White – Oklahoma City, OK	Great White	133,630	100%	2/5 yr.	374,822	2.80	5/29/2014 – 12/12/2026
Mattress Firm – Fairview Park, OH	Mattress Firm	4,500	100%	2/5 yr.	168,300	37.40	6/16/2014 – 4/30/2020
					185,130	41.14	5/1/2020 – 4/30/2025
Family Dollar – Denton, NC	Family Dollar	8,000	100%	5/5 yr.	87,000	10.88	6/17/2014 – 1/31/2023
Family Dollar – Danville, VA	Family Dollar	8,320	100%	5/5 yr.	97,000	11.66	6/17/2014 – 1/31/2023
Dollar General – Sioux Falls, SD	Dollar General	9,002	100%	4/5 yr.	101,608	11.29	6/25/2014 – 5/31/2024
					104,656	11.63	6/1/2024 – 5/31/2029
Enid Crossing – Enid, OK	PetSmart	12,234	28%	5/5 yr.	134,574	11.00	6/30/2014 – 1/31/2019
					140,691	11.50	2/1/2019 – 1/31/2024
	Rue21	6,014	13%	2/5 yr.	96,224[18]	16.00	6/30/2014 – 1/31/2024
	T.J. Maxx	26,000	59%	4/5 yr.	221,000	8.50	6/30/2014 – 2/29/2024

Property	Major Tenants (1)	Total Square Feet Leased	% of Total Rentable Square Feet	Renewal Options (2)	Effective Annual Base Rent (3)	Effective Annual Base Rent per Square Foot (3)	Lease Term (4)
Shopko – Larned, KS	Shopko	26,500	100%	3/5 yr.	207,735(16)	7.84	6/30/2014 – 8/31/2023
Walgreens – Coweta, OK	Walgreens	15,000	100%	10/5 yr.	267,300	17.82	6/30/2014 – 9/30/2037
Headwaters Resources – Bryan, TX	Headwaters Resources	12,500	100%	2/5 yr.	126,000(21)	10.08	7/23/2014 – 4/30/2024
Walgreens – St. Louis, MO	Walgreens	14,820	100%	10/5 yr.	230,000	15.52	8/8/2014 – 9/30/2032
Northern Tool – Hoover, AL	Northern Tool	17,936	100%	5/5 yr.	220,433(22)	12.29	8/15/2014 – 7/31/2026
Aspen Dental – Somerset, KY	Aspen Dental	3,509	100%	3/5 yr.	115,797(23)	33.00	8/18/2014 – 7/31/2024
Family Dollar – Londonderry, OH	Family Dollar	8,320	100%	6/5 yr.	106,100	12.75	9/3/2014 – 3/31/2024
Family Dollar – Deridder, LA	Family Dollar	8,320	100%	6/5 yr.	84,849	10.20	9/3/2014 – 6/30/2025
Carrier Rental Systems – Houston, TX	Carrier Rental Systems	30,820	100%	1/5 yr.	367,423	11.92	9/4/2014 – 5/31/2015
					412,423	13.38	6/1/2015 – 11/30/2018
					435,535	14.13	12/1/2018 – 11/30/2023
Shoppes at Battle Bridge – Raleigh, NC	Food Lion	34,928	57.0%	4/5 yr.	420,300	12.03	9/4/2014 – 11/6/2027
Dollar General – Redfield, SD	Dollar General	9,100	100%	4/5 yr.	74,220	8.16	9/5/2014 – 7/31/2024
					76,452	8.40	8/1/2024 – 7/31/2029
Family Dollar – Hampton, AR	Family Dollar	8,233	100%	6/5 yr.	79,826	9.70	9/15/2014 – 6/30/2024
Amcor Rigid Plastics – Ames, IA	Amcor Rigid Plastics	251,138	100%	2/5 yr.	991,995(18)	3.95	9/19/2014 – 8/31/2029
Family Dollar – West Portsmouth, OH	Family Dollar	12,600	100%	4/5 yr.	97,500	7.74	9/23/2014 – 6/30/2024
National Tire & Battery – Conyers, GA	National Tire & Battery	13,748	100%	4/5 yr.	174,524(24)	12.69	9/26/2014 – 9/30/2025
Time Warner Cable – Streetsboro, OH	Time Warner Cable	78,083	100%	1/5 yr.	331,853	4.25	9/30/2014 – 8/31/2015
					347,469	4.45	9/1/2015 – 8/31/2016
					366,990	4.70	9/1/2016 – 8/31/2017
					382,607	4.90	9/1/2017 – 8/31/2018
					402,127	5.15	9/1/2018 – 8/31/2019
					441,169	5.65	9/1/2019 – 8/31/2020
					511,444	6.55	9/1/2020 – 7/31/2024
Burger King – Midwest City, OK	Burger King	3,252	100%	4/5 yr.	85,693(25)	26.35	10/1/2014 – 9/30/2034
Family Dollar – Darby, MT	Family Dollar	8,320	100%	6/5 yr.	106,000	12.74	9/30/2014 – 5/31/2024
Tailwind Technologies – Denton, TX	Tailwind Technologies	104,758	100%	2/5 yr.	822,500(18)	7.85	9/30/2014 –9/30/2029
PetSmart – McAllen, TX	PetSmart	25,625	100%	5/5 yr.	328,740	12.83	9/30/2014 – 6/30/2020
					328,769	12.83	7/1/2020 – 6/30/2025
Tire Centers – Decatur, AL	Tire Centers	16,336	100%	1/5 yr.	157,831(26)	9.66	10/3/2014 – 11/30/2023
Auto Zone – Vandalia, OH	AutoZone	— (19)	100%	4/5 yr.	50,000	7.14(20)	10/10/2014 – 7/31/2029
Dollar General – Topeka (43rd) KS	Dollar General	9,100	100%	4/5 yr.	85,760	9.42	10/22/2014 – 9/30/2024
					88,333	9.71	10/1/2024 – 9/30/2029
Dollar General – Stacy, MN	Dollar General	9,026	100%	3/5 yr.	71,250	7.89	11/6/2014 – 10/31/2029
Advance Auto – Ravenswood, WV	Advance Auto	7,000	100%	2/5 yr.	66,500	9.50	6/17/2015 – 12/31/2024
Sleepy's – Roanoke Rapids, NC	Sleepy's LLC	5,000	100%	2/5 yr.	125,000	25.00	8/17/2015 – 11/30/2026
West Marine – Mystic, CT	West Marine	13,000	100%	3/5 yr.	332,800	25.60	9/11/2015 – 11/13/2019
					366,080	28.16	11/14/2019 – 11/13/2024

(1) Major tenants include those tenants that occupy greater than 10% of the rentable square feet of the property, or those tenants whose annual rental revenue accounts for greater than 10% of the property's annual rental revenue. The tenant name represents the commonly-used tenant name and does not necessarily represent the legal name of the entity that is party to the lease agreement.

(2) Represents number of renewal options and the term of each option.

(3) Effective annual base rent and effective annual base rent per square foot include adjustments for rent concessions or abatements, if any.

(4) Represents lease term beginning with the later of the purchase date or the rent commencement date through the end of the non-cancellable lease term, assuming no renewals are exercised. In general, these properties are subject to long term triple- or double-net leases that require the tenants to pay substantially all operating expenses in addition to base rent.

(5) The lease for the Walgreens property located in Reidsville, NC continues for 50 years following the end of the non-cancellable portion of the lease term, provided that the tenant has the right to terminate the lease as of the last day of any month during such 50-year period upon 12 months' prior notice.

(6) The annual base rent under the lease increases by 3% of the then-current annual base rent at the beginning of the eleventh lease year.

(7) The annual base rent under the lease increases every three years by 10% of the then-current annual base rent.

(8) The annual base rent under the lease increases every five years by 7.5% of the then-current annual base rent.

(9) The annual base rent under the lease increases on September 1, 2022 by 2% of the then-current annual base rent.

(10) The annual base rent under the lease increases on September 1, 2017 and September 1, 2022 by 10.0% and 8.3% of the then-current annual base rent, respectively.

(11) The annual base rent under the lease increases on June 1, 2023 by 3% of the then-current annual base rent.

(12) The annual base rent under the lease increases at the beginning of the sixth lease year by 5.4% of the then-current annual base rent.
(13) The annual base rent under the lease decreases on March 1, 2016 by 5% of the then-current annual base rent.
(14) The annual base rent under the lease increases on January 1, 2018 and January 1, 2023 by 10% of the then-current annual base rent.
(15) The annual base rent under the lease increases on September 1, 2018 by 10% of the then-current annual base rent.
(16) The annual base rent under the lease increases every five years by 10% of the then-current annual base rent.
(17) The annual base rent under the lease increases on September 1, 2022 and September 1, 2027 by 6% of the then-current annual base rent.
(18) The annual base rent under the lease increases each year by 2% of the then-current annual base rent.
(19) Subject to a ground lease.
(20) Effective annual base rent per square foot calculated based on square feet of a building, which is built or will be constructed, on land subject to a ground lease.
(21) The annual base rent under the lease increases every four years by 5% of the then-current annual base rent.
(22) The annual base rent under the lease increases every four years by 8% of the then-current annual base rent.
(23) The annual base rent under the lease increases every five years by 8% of the then-current annual base rent.
(24) The annual base rent under the lease increases every five years by the lesser of two times the cumulative percentage increase in the Consumer Price Index over the preceding five year period or 8% of the then-current annual base rent.
(25) The annual base rent under the lease increases every five years by 5% of the then-current annual base rent.
(26) The annual base rent under the lease increases each year by 2.5% of the then-current annual base rent.

Placement of Debt on Certain Real Property Investments

Credit Facility

On September 12, 2014, our operating partnership entered into an amended and restated credit agreement (as further amended, the "Amended Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPMorgan Chase") as administrative agent, swing line lender and letter of credit issuer, U.S. Bank National Association ("U.S. Bank") as syndication agent and documentation agent, and the lending institutions that are or may become parties to the Amended Credit Agreement (the "Lenders"). The Amended Credit Agreement allows our operating partnership to borrow up to $85.0 million in revolving loans (the "Revolving Loans"), swing line loans and letters of credit and includes a $40.0 million term loan (the "Term Loan"), with the maximum aggregate amount outstanding not to exceed the borrowing base (the "Borrowing Base"), calculated as (i) 65% of the aggregate value allocated to each qualified property comprising eligible collateral (the "Qualified Properties") until September 12, 2015 and (ii) 60% of the aggregate value allocated to the Qualified Properties during the period from and after September 13, 2015 to maturity, less certain unsecured debt (the "Amended Credit Facility").

Up to 15.0% of the aggregate Revolving Loan commitments may be used for issuing letters of credit and up to 10.0% of the aggregate Revolving Loan commitments, not to exceed $50.0 million, may be used for short-term (10 days or less in any calendar month) advances. Subject to meeting certain conditions described in the Amended Credit Agreement and the payment of certain fees, aggregate borrowings under the Amended Credit Facility may be increased up to a maximum of $750.0 million. The Revolving Loans (together with any letters of credit and swing line loans) mature on September 12, 2017; however, we may elect to extend the maturity dates of such loans to September 12, 2019, subject to satisfying certain conditions described in the Amended Credit Agreement. The Term Loan matures on September 12, 2019. As of October 9, 2015, the Borrowing Base under the Amended Credit Facility based on the value allocated to the Qualified Properties was approximately $70.4 million and the amount outstanding under the Amended Credit Facility was approximately $40.0 million.

We executed a swap agreement on certain cash flows related to variable rate debt, which is currently associated with the $40.0 million Term Loan, (the "Swapped Term Loan"), which had the effect of fixing the variable interest rate per annum on June 30, 2015 through the maturity date of the loan at LIBOR of 1.53%, plus the applicable rate (the "Swap Rate"). Based on our leverage ratio, the Swapped Term Loan bears interest at the Swap Rate of 3.64% as of June 30, 2015. As of June 30, 2015, the Amended Credit Facility had a weighted average interest rate of 3.05%.

Silverpeak Loan

On February 6, 2015, we, through certain of our wholly-owned subsidiaries, entered into a loan agreement with Silverpeak Real Estate Finance LLC ("Silverpeak"), in the principal amount of approximately $17.0 million (the "Silverpeak Loan"). The Silverpeak Loan is collateralized by 12 single-tenant commercial properties (the "Collateralized Properties"),

which we purchased for an aggregate collective purchase price of approximately $25.5 million. The Silverpeak Loan bears interest at a fixed rate of 4.05% per annum with interest payments due monthly. The principal amount will be due February 6, 2025, the maturity date. We generally do not have the right to prepay the Silverpeak Loan in whole, or in part, prior to March 31, 2017. The Silverpeak Loan contains certain yield maintenance provisions that include a prepayment penalty, which would apply if we elect to prepay the Silverpeak Loan in whole on, or subsequent to, March 31, 2017, but prior to November 6, 2024. There is no prepayment penalty due if we prepay the Silverpeak Loan on, or subsequent to, November 6, 2024. The Silverpeak Loan is non-recourse to us and our subsidiaries that own the Collateralized Properties, but we are each liable for customary non-recourse carve-outs. The Silverpeak Loan contains customary financial, affirmative and negative covenants. Upon the occurrence of an event of default, interest on the Silverpeak Loan will accrue at an annual default interest rate equal to the lesser of 8.05% per annum or the highest rate permitted by the applicable law governing the Silverpeak Loan and any outstanding principal and interest would be payable on the demand of Silverpeak.

CorAmerica Loan

On July 16, 2015, we, through certain of our wholly-owned subsidiaries, entered into a loan agreement with CorAmerica Capital, LLC ("CorAmerica") in the principal amount of approximately $23.0 million (the "CorAmerica Loan"). The CorAmerica Loan is collateralized by three single-tenant and two multi-tenant commercial properties, which we purchased for an aggregate collective purchase price of approximately $40.0 million. The CorAmerica Loan bears interest at a fixed rate of 3.81% per annum with interest payments due monthly. The principal amount will be due August 1, 2022, the maturity date.

We generally do not have the right to prepay the CorAmerica Loan, in whole or in part, prior to September 1, 2019. The CorAmerica Loan contains certain yield maintenance provisions that includes a prepayment penalty, which would apply if we elect to prepay the CorAmerica Loan in whole on, or subsequent to, September 1, 2019, but prior to August 1, 2022. The CorAmerica Loan is non-recourse to us and our subsidiaries, but we are each liable for customary non-recourse carve-outs. The CorAmerica Loan contains customary financial, affirmative and negative covenants. Upon the occurrence of an event of default, interest on the CorAmerica Loan will accrue at an annual default interest rate equal to the lesser of 12% per annum or the highest rate permitted by the applicable law governing the CorAmerica Loan and any outstanding principal and interest would be payable on the demand of CorAmerica.

PNC Loan

On September 9, 2014, we, through certain of our wholly-owned subsidiaries, entered into a loan agreement with PNC Bank, National Association ("PNC Bank"), in the principal amount of approximately $20.3 million (the "PNC Loan"). The PNC Loan is collateralized by eight single-tenant commercial properties and one multitenant commercial property, which we purchased for an aggregate collective purchase price of approximately $33.8 million. The PNC Loan bears interest at a fixed rate of 3.82% per annum with interest payments due monthly. The principal amount will be due October 1, 2021, the maturity date.

We generally do not have the right to prepay the PNC Loan in whole, or in part, prior to October 1, 2016. The PNC Loan contains certain yield maintenance provisions that includes a prepayment penalty, which would apply if we elect to prepay the PNC Loan in whole on or subsequent to October 1, 2016, but prior to March 31, 2021. There is no prepayment penalty due if we prepay the PNC Loan on or subsequent to April 1, 2021. The PNC Loan is non-recourse to us and our subsidiaries, but we are each liable for customary non-recourse carve-outs. The PNC Loan contains customary financial, affirmative and negative covenants. Upon the occurrence of an event of default, interest on the PNC Loan will accrue at an annual default interest rate equal to the lesser of 8.82% per annum or the highest rate permitted by the applicable law governing the PNC Loan and any outstanding principal and interest would be payable on the demand of PNC Bank.

Series C Loan

On December 16, 2014, our operating partnership entered into a $20.0 million unsecured revolving line of credit with Series C, LLC, an affiliate of our advisor (the "Series C Loan"). The Series C Loan bears interest at a rate per annum equal to the one-month LIBOR plus 2.45% with accrued interest payable monthly in arrears and principal due upon maturity on December 15, 2015. In the event the Series C Loan is not paid off on the maturity date, the loan includes default provisions. Upon the occurrence of an event of default, interest on the Series C Loan will accrue at an annual default interest rate equal to 4.0% above the stated interest rate. The Series C Loan has been approved by a majority of our directors (including a majority of our independent directors) not otherwise interested in the transaction as fair, competitive and commercially reasonable and no less favorable to us than a comparable loan between unaffiliated parties under the same circumstances. As of October 9, 2015, we did not have any borrowings outstanding under the Series C Loan.

Tenant Lease Expirations

The following table sets forth the aggregate lease expirations for each of our properties that have been acquired as of October 9, 2015 for each of the next ten years and thereafter, assuming no renewal options are exercised. For purposes of the table, the Total Annual Base Rent Expiring column represents annualized rental revenue, on a straight line basis, for each lease that expires during the respective year.

Year Ending December 31,	Number of Leases Expiring	Square Feet Expiring	Total Annual Base Rent Expiring	% of Total Annual Base Rent
2015	1	1,375	26,101	*
2016	3	7,100	65,813	*
2017	8	11,315	183,942	1%
2018	7	11,337	240,008	1%
2019	—	—	—	— %
2020	2	10,800	95,197	1%
2021	—	—	—	— %
2022	2	59,347	773,437	5%
2023	14	207,477	2,250,394	13%
2024	18	254,495	3,209,951	19%
2025	—	—	—	— %
Thereafter	43	1,066,825	10,096,096	60%
	98	1,630,071	$16,940,939	100%

* Represents less than 1% of the total annual base rent.

Depreciable Tax Basis

For federal income tax purposes, the aggregate depreciable basis in the properties noted above is approximately $174.9 million. When we calculate depreciation expense for federal income tax purposes, we depreciate buildings and improvements over a 40-year recovery period, land improvements over a 20-year recovery period and furnishings and equipment over a 12-year recovery period using a straight-line method and a mid-month convention. The depreciable basis in the properties noted above is estimated, as of October 9, 2015, as follows:

Wholly-owned Property	Depreciable Tax Basis
Walgreens – Albuquerque, NM	$ 1,644,708
CVS – Austin, TX	1,684,878
Walgreens – Reidsville, NC	4,564,087
CVS – Erie, PA	1,318,977
CVS – Mansfield, OH	2,074,007
Advance Auto – Macomb, MI	1,430,903
Dollar General – Berwick, LA	1,659,410
Dollar General – Independence, MO	1,141,511
Dollar General – St. Joseph, MO	1,238,375
Sunoco – Merritt Island, FL	2,232,063
Kum & Go – Cedar Rapids, IA	1,936,478
Natural Grocers – Prescott, AZ	3,130,420
FedEx – Elko, NV	2,537,717
Mattress Firm – Gadsden, AL	1,637,757
Dollar General – Sardis City, AL	1,367,628
PetSmart – Little Rock, AR	3,618,000
Sherwin-Williams – Douglasville, GA	932,640
FedEx – Norfolk, NE	2,876,002
Algonac Plaza – Algonac, MI	8,345,738
Advance Auto – Sedalia, MO	1,345,903
T.J. Maxx – Danville, IL	2,929,010
Sherwin Williams – Lawrenceville, GA	1,024,433
Jo-Ann – Roseville, MI	3,341,877
Lowe's – Fremont, OH	7,416,900(2)
FedEx – Spirit Lake, IA	2,340,444
CVS – Wisconsin Rapids, WI	2,490,362
Tellico Greens – Loudon, TN	4,301,400
Dollar General – Gladwin, MI	1,071,603
Dollar General – Lexington, MI	968,129
Mattress Firm/AT&T – Woodbury, MN	2,653,200
Mattress Firm – Phoenix, AZ	1,514,073
O'Reilly Auto Parts – Fayetteville, NC	1,321,298
McAlister's Deli – Amarillo, TX	1,328,208
McAlister's Deli – Shawnee, OK	1,578,252
Family Dollar – Tatum, NM	846,626
Family Dollar – Centreville, AL	1,072,692
AT&T – Oklahoma City, OK	1,984,272
DaVita – Austell, GA	2,613,000
Dollar General – Ocala, FL	1,371,095
Raising Cane's – Avondale, AZ	— (1)
Great White – Oklahoma City, OK	4,026,136
Mattress Firm – Fairview Park, OH	1,691,415
Family Dollar – Denton, NC	874,350
Family Dollar – Danville, VA	974,850
Dollar General – Sioux Falls, SD	1,142,557

Wholly-owned Property	Depreciable Tax Basis
Enid Crossing – Enid, OK	$ 4,743,600
Shopko – Larned, KS	1,825,344
Walgreens – Coweta, OK	3,494,459
Headwaters Resources – Bryan, TX	1,171,144
Walgreens – St. Louis, MO	3,065,640
Northern Tool – Hoover, AL	2,461,526
Aspen Dental – Somerset, KY	1,206,000
Family Dollar – Londonderry, OH	1,053,141
Family Dollar – Deridder, LA	837,038
Carrier Rental Systems – Houston, TX	4,035,249
Shoppes at Battle Bridge – Raleigh, NC	8,723,400
Dollar General – Redfield, SD	834,586
Family Dollar – Hampton, AR	787,631
Amcor Rigid Plastics – Ames, IA	11,483,125
Family Dollar – West Portsmouth, OH	955,956
National Tire & Battery – Conyers, GA	2,004,533
Time Warner Cable – Streetsboro, OH	4,285,687
Burger King – Midwest City, OK	924,791
Family Dollar – Darby, MT	1,065,301
Tailwind Technologies – Denton, TX	9,447,000
PetSmart – McAllen, TX	3,537,600
Tire Centers – Decatur, AL	1,586,201
Auto Zone – Vandalia, OH	— (1)
Dollar General – Topeka (43rd) KS	960,990
Dollar General – Stacy, MN	795,622
Advance Auto – Ravenswood, WV	751,740
Sleepy's – Roanoke Rapids, NC	1,367,347
West Marine – Mystic, CT	3,917,532
	$174,915,567

(1) Depreciable basis excludes any ground leases.

(2) Pursuant to the lease agreement for the property, we are required to complete certain improvements and renovations during the year 2016 for a maximum obligation of $250,000.

Except as noted above, we currently have no plans for any renovations, improvements or development of the properties listed above and we believe the properties are adequately insured. We intend to obtain adequate insurance coverage for all future properties that we acquire.

Our advisor and its affiliates are continually evaluating various potential property investments and engaging in discussions and negotiations with sellers, developers and potential tenants regarding the purchase and development of properties. If we believe that a reasonable probability exists that we will acquire a specific property, this prospectus will be supplemented to disclose the negotiations and pending acquisition of such property. We expect that this will normally occur upon the signing of a purchase agreement for the acquisition of a specific property, but may occur before or after such signing or upon the satisfaction or expiration of major contingencies in any such purchase agreement, depending on the particular circumstances surrounding each potential investment. A supplement to this prospectus will describe any improvements proposed to be constructed upon the respective real property and other information that we consider appropriate for an understanding of the transaction. Further data will be made available after any pending acquisition is consummated, also by means of a supplement to this prospectus, if appropriate. You should understand that the disclosure of any proposed acquisition cannot be relied upon as an assurance that we will ultimately consummate such acquisition or that the information provided concerning the proposed acquisition will not change prior to any actual purchase.

Selected Financial Data

The following data should be read in conjunction with our consolidated financial statements and the notes thereto and our condensed consolidated unaudited financial statements and 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, 2014 and Quarterly Report on Form 10-Q for the six months ended June 30, 2015, respectively, incorporated by reference into this prospectus.

The selected financial data presented below has been derived from our condensed consolidated unaudited financial statements as of and for the six months ended June 30, 2015 and our audited financial statements as of and for the years ended December 31, 2014, 2013 and 2012, respectively.

	As of and for the six months ended June 30, 2015	As of and for the year ended December 31, 2014	As of and for the year ended December 31, 2013	As of and for the year ended December 31, 2012
Balance Sheet Data:				
Total investment in real estate assets, net	$207,622,000	$ 225,505,000	$102,796,000	$33,102,369
Cash and cash equivalents	$ 13,439,000	$ 4,489,000	$ 5,370,000	$ 997,676
Total assets	$233,801,000	$ 233,936,000	$109,883,000	$35,209,238
Line of credit and note payable	$109,254,000	$ 120,304,000	$ 43,900,000	$20,640,300
Due to affiliates	$ 880,000	$ 1,816,000	$ 829,000	$ 335,109
Acquired below market lease intangibles, net	$ 1,951,000	$ 2,058,000	$ 1,348,000	$ 902,350
Total liabilities	$114,478,000	$ 126,571,000	$ 47,239,000	$22,558,486
Total stockholders' equity	$105,316,000	$ 94,820,000	$ 55,662,000	$ 8,880,412
Operating Data:				
Total revenues	$ 9,392,000	$ 13,305,000	$ 5,089,000	$ 2,687,727
General and administrative expenses	$ 853,000	$ 1,137,000	$ 1,100,000	$ 889,518
Property operating expenses	$ 747,000	$ 1,134,000	$ 391,000	$ 192,587
Advisory expenses	$ 993,000	$ 2,002,000	$ 806,000	$ 198,511
Acquisition related expenses	$ 67,000	$ 1,495,000	$ 852,000	$ 21,394
Depreciation and amortization	$ 3,196,000	$ 4,535,000	$ 1,530,000	$ 650,539
Operating income (loss)	$ 3,536,000	$ 2,802,000	$ 410,000	$ 735,178)
Interest and other expense, net	$ 1,768,000	$ 2,551,000	$ 944,000	$ 815,052
Net income (loss)	$ 6,446,000	$ 251,000	$ (534,000)	$ (79,749)
Cash Flow Data:				
Cash flows provided by (used in) operating activities	$ 3,453,000	$ 6,574,000	$ 1,650,000	$ (674,831)
Cash flows provided by (used in) investing activities	$ 11,589,000	$(126,525,000)	$ (70,959,000)	$ (3,270,473)
Cash flows (used in) provided by financing activities	$ (6,092,000)	$ 119,070,000	$ 73,681,000	$ 2,458,419
Per Common Share Data:				
Net income (loss) – basic and diluted	$ 0.88	$ 0.04	$ (0.21)	$ (0.11)
Distributions declared	$ 0.48	$ 0.97	$ 0.91	$ 0.84
Weighted average shares outstanding – basic and diluted	7,331,680	6,019,518	2,509,921	722,190

Valuation Policies

Our Independent Valuation Expert

Our board of directors has retained CBRE as its independent valuation expert. CBRE has expertise in appraising commercial real estate. CBRE will be provided with access to all of the information in our possession about our commercial real estate investments that it may deem relevant to the discharge of its responsibilities. CBRE will also have access to other sources of information as a result of its affiliated businesses. The compensation we pay to the independent valuation expert will not be based on the estimated values of the commercial real estate assets, related liabilities and notes receivable secured by real estate. Our independent valuation expert is not affiliated with us, or with our advisor or its affiliates. Our board of directors may replace the independent valuation expert at any time by majority vote (including a majority vote of our independent directors).

Our board of directors, including a majority of our independent directors, has adopted valuation guidelines to be used by our independent valuation expert in connection with estimating the values of our commercial real estate assets, related liabilities and notes receivable secured by real estate. Our independent valuation expert will review our valuation guidelines and methodologies with our advisor and our board of directors at least annually. Any changes to our valuation guidelines will require the approval of our board of directors, including a majority of our independent directors. We will publicly announce any changes to the identity or role of the independent valuation expert or material changes to our valuation guidelines in reports we file with the SEC and/or via our website.

The independent valuation expert will discharge its responsibilities under the oversight of our board of directors and in accordance with our valuation guidelines. Our board will not be involved in the day to day valuation of our assets and liabilities, but will periodically receive and review such information about the valuation of our assets and liabilities as it deems necessary to exercise its oversight responsibility, at regularly scheduled board of directors meetings. The valuations performed by our independent valuation expert will be one of several components to be used by our independent fund accountant in its calculation of our NAV per share for each class, in the manner described below.

While our independent valuation expert will periodically provide estimated values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate based upon individual appraisal reports, our independent valuation expert will not be responsible for or prepare our daily NAV per share for any class.

Additional Information Regarding the Engagement for Valuation Services. We have contracted to receive valuation services from CBRE pursuant to that certain master agreement for real estate valuation services between CBRE and us dated September 1, 2011, a copy of which has been filed as Exhibit 10.1 to the registration statement of which this prospectus forms a part. The following is a brief description of such agreement, which is qualified in its entirety by reference to such exhibit, which is incorporated by reference herein.

Pursuant to our master agreement for real estate valuation services, CBRE's individual appraisal reports for each asset and liability will be addressed solely to the Company to assist our independent fund accountant in establishing an estimated value of our commercial real estate and real estate related assets and related liabilities. CBRE's appraisal reports to be provided to us will not constitute a recommendation to any person to purchase or sell any shares of our common stock. CBRE's appraisal reports will not be addressed to the public and may not be relied upon by any other person to establish an estimated value of our common stock.

In preparing its appraisal reports, CBRE will not, and will not be requested to, solicit third party indications of interest for our common stock in connection with possible purchases thereof or the acquisition of all or any part of the Company. CBRE's analyses, opinions, and conclusions will be developed, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state where the real

property is located. The reported analyses, opinions, and conclusions to be developed will be prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The use of the reports are subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

In conducting its investigation and analyses, CBRE will take into account such accepted financial and commercial procedures and considerations as it deems relevant, which may include, without limitation, the review of documents, materials and information provided by us to CBRE, such as: (i) historical operating revenues and expenses of the properties; (ii) lease agreements on the properties; (iii) the revenues and expenses of the properties; (iv) information regarding recent or planned capital expenditures; and (v) any other information relevant to valuing the real estate property.

In connection with its review, while CBRE may review the information supplied or otherwise made available to it by us for reasonableness, CBRE will assume and rely upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and will not undertake any duty or responsibility to verify independently any of such information. CBRE will not make or obtain an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) of the Company other than our commercial real estate and real estate related assets and related liabilities. With respect to operating or financial forecasts and other information and data to be provided to or otherwise to be reviewed by or discussed with CBRE, CBRE will assume that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of our management, board of directors and advisor, and will rely upon us to advise CBRE promptly if any information previously provided becomes inaccurate or was required to be updated during the period of its review.

In performing its analyses, CBRE will make numerous other assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond CBRE's control and our control, as well as certain factual matters. For example, CBRE will assume that we have clear and marketable title to each commercial real estate property valued, that no title defects exist unless specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. Furthermore, CBRE's analysis, opinions and conclusions will necessarily be based upon market, economic, financial and other circumstances and conditions existing prior to the valuation, and any material change in such circumstances and conditions may affect CBRE's analysis and conclusions.

The foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to CBRE's appraisal reports. All of the CBRE appraisal reports, including the analysis, opinions and conclusions set forth in such reports, are qualified by the assumptions, qualifications and limitations set forth in the respective appraisal reports.

The analyses to be performed by CBRE will not address the market value of any class of the Company's common stock. The prices at which the Company's commercial real estate properties may actually be sold could differ from CBRE's analyses. Among its other responsibilities, our board of directors has adopted our valuation guidelines for establishing our NAV for each class on each business day. Consequently, the analyses contained in the CBRE individual appraisal reports should not be viewed as being determinative of the value of our common stock.

CBRE is actively engaged in the business of undertaking the valuation of commercial real estate properties in connection with public offerings, private placements, business combinations and similar transactions. CBRE has been engaged by the Company to deliver valuation reports and will receive fees upon the delivery of such reports. In addition, we have agreed to indemnify CBRE against certain liabilities arising out of this engagement.

CBRE is an affiliate of CBRE Group, Inc., a parent holding company of affiliated companies that are engaged in the ordinary course of business in many areas related to commercial real estate and related services. In the two years prior to the date hereof, CBRE and its affiliates have provided a number of commercial real estate and financial advisory services for us and our affiliates and have received fees in connection with such services. CBRE and its affiliates may from time to time in the future perform other commercial real estate and financial advisory services for us and our affiliates in transactions related to the properties that are the subjects of the valuations, so long as such other services do not adversely affect the independence of the applicable CBRE appraiser as certified in the applicable appraisal report.

In the ordinary course of its business, CBRE, its affiliates, directors and officers may structure and effect transactions for its own account or for the accounts of its customers in commercial real estate assets of the same kind and in the same markets as the Company's assets.

Valuation

Valuation of Commercial Real Estate Properties and Secured Loans

Wholly Owned Commercial Real Estate Properties. Our independent valuation expert will value on a rolling basis each of our wholly owned real estate properties held, directly or indirectly, by our operating partnership at least once per quarter beginning with the quarter following the first full calendar quarter after we acquire the property. The independent valuation expert will collect all reasonably available material information that it deems relevant, including information about the properties from our advisor, the independent valuation expert's own sources, market information from public sources, the expert's own proprietary data, and, when deemed necessary by our independent valuation expert, a physical inspection. The independent valuation expert will also review trends in capitalization rates, discount rates, interest rates, leasing rates, as well as a variety of macro- and micro-economic factors.

Based on the available information, the independent valuation expert will estimate the value of that property. The independent valuation expert will consider, as appropriate, valuation methodologies, opinions and judgments, to the extent consistent with our valuation guidelines as adopted by our board of directors, and with the recommendations set forth in the Uniform Standards of Professional Appraisal Practice and the requirements of the Code of Professional Ethics and Standards of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Between quarterly valuations, our advisor will monitor our real estate investments to determine whether a material event has occurred that our advisor believes may have a material impact on the most recent estimated values provided by our independent valuation expert. If, in the opinion of our independent valuation expert, an event identified by our advisor, or in some circumstances an event that becomes known to the independent valuation expert through other means, is likely to have a material impact on previously provided estimated values of the affected commercial real estate assets, notes receivable secured by real estate or related real estate liabilities, the independent valuation expert will recommend valuation adjustments that our independent fund accountant will then incorporate into our NAV. For example, an unexpected termination or renewal of a material lease, a material change in vacancies or an unanticipated structural or environmental event at a property or capital market events may cause the value of a property to change materially. Our independent valuation expert will determine the appropriate adjustment to be made to the estimated value of the property based on the information available. Any such adjustments will be estimates of the market impact of specific events as they occur, based on assumptions and judgments that may or may not prove to be correct, and may also be based on the limited information readily available at that time.

Upon acquisition, commercial properties will initially be carried at cost (purchase price plus all related acquisition costs and expenses, such as legal fees and closing costs) until the investment has been held for one full calendar quarter following the quarter of acquisition. Thereafter, commercial properties will be valued on a rolling basis each quarter by our independent valuation expert. We will amortize acquisition costs and expenses

over a five year period. The independent valuation expert may perform valuations at any time during a quarter, based on its judgment. We will allocate the acquisition costs and expenses incurred in connection with the acquisition of multiple commercial properties that are not directly related to any single property among the applicable properties, generally pro rata based on relative purchase price of each property.

Commercial Real Estate Properties Held Through Joint Ventures. The estimated values of real estate properties held by joint ventures that we invest in will be determined by our independent valuation expert on the same basis as wholly-owned commercial real estate properties. Once the independent valuation expert has estimated the value of a joint venture real estate property, the value of our interest in the joint venture will be calculated by applying a percentage based on the distribution provisions of the applicable joint venture agreements to the value of the underlying real estate property held by the joint venture. Newly acquired properties held in a joint venture will be initially carried at cost and subsequently valued in the manner, and at the times, described above for wholly owned properties.

Loans and Other Investments Secured by Real Estate. Notes receivable and mezzanine loans held for long-term investment, which will typically be secured directly or indirectly by real estate, will initially be carried at our acquisition cost (purchase price plus all related acquisition costs and expenses, such as legal fees and closing costs) until the investment has been held by us for one full calendar quarter following the calendar quarter of acquisition. Thereafter, our independent valuation expert will value these assets on a rolling basis each quarter, and we will amortize the acquisition costs over a five year period. Typically, notes receivable will be valued by using a discounted cash flow analysis to estimate the value of the remaining loan payments and any balloon payment at maturity. In projecting the cash flow and the discount rate, various factors will be considered, including among others the quality of the underlying real estate collateral, loan-to value ratio, payment history and the remaining term of the notes. In addition, consideration will be given to the general real estate market conditions and prevailing interest rates.

Valuation of Other Illiquid Real Estate Related Assets

To the extent we invest in CMBS and privately placed, illiquid securities of real estate-related operating businesses (other than joint ventures that hold real estate properties), such as real estate development or management companies, those investments will initially be valued by at cost (purchase price plus all related acquisition costs and expenses, such as legal fees and closing costs) and thereafter will be valued quarterly on a rolling basis at fair value as determined in good faith by one or more third party pricing services that we will retain for this purpose (which may, under certain circumstances, include CBRE, subject to their acceptance of the additional engagement). Acquisition costs will be amortized over a five year period. In evaluating the fair value of our interests in certain commingled investment vehicles (such as private real estate funds), the third party pricing service performing the valuation may rely upon values periodically assigned to such interests by the respective issuers or affiliated investment advisers.

Valuation of Liquid Investment Portfolio

Liquid Real Estate-Related Securities. Liquid debt and equity real estate-related securities that are not restricted as to salability or transferability will be valued daily, on the basis of information provided by third parties and not by the independent valuation expert. Generally, to the extent the information is available to our independent fund accountant, such securities will be valued at the price determined by third party pricing services and available to our independent fund account prior to its calculation of the NAV for such day. The value of liquid equity and debt real estate-related securities that are restricted as to salability or transferability will be adjusted for a discount. In determining the amount of such discount, consideration will be given to the nature and length of such restriction and the relative volatility of the market price of the security.

Valuation of Liquid Non-Real Estate-Related Assets. Liquid non-real estate-related assets include credit rated government and corporate debt securities, agency securities, publicly traded equity securities, cash and cash

equivalents and other investments designed to limit our exposure to market volatility, illiquidity, interest rate or other risks related to our real-estate related, equity or debt securities. Liquid non-real estate-related assets will be valued daily based on information provided by third party pricing services and not by the independent valuation expert.

Valuation of Our Commercial Real Estate Related Liabilities

Our independent valuation expert will estimate the values of our commercial real estate-related liabilities, such as loans where we are the borrower, by using industry accepted methodologies specific to each type of liability. Typically, mortgage loans collateralized by our real estate will be valued by comparing the differences between the contractual loan terms and current market loan terms. This comparison would generally involve the present value of the remaining contractual payments and maturity amount at a market based interest rate. The market interest rate would reflect the risks associated with the loan, such as loan-to-value ratio, remaining loan term, the quality of the underlying collateral or other security, and credit risk, among other factors. Various sources could be used to estimate market terms for a specific loan, including published materials and market information gathered by other valuation experts.

Commercial real estate-related liabilities, such as loans, will initially be carried at cost (loan proceeds less all related costs and expenses, such as legal fees and closing costs) until the loan has been outstanding for one full calendar quarter following the quarter we enter into the loan. Thereafter, the independent valuation expert will estimate the value of these liabilities each quarter on a rolling basis, and we will amortize the related loan costs over the remaining loan term. The valuations may be performed at any time during a quarter based on the judgment of our independent valuation expert. We will allocate the financing costs and expenses incurred in connection with obtaining multiple loans that are not directly related to any single loan among the applicable loans, generally pro rata based on the amount of proceeds from each loan.

Role of Our Advisor and Our Board in the Valuation Process

The estimates of the values of our real estate and real estate related assets and liabilities will be reviewed by our advisor for consistency with our valuation guidelines and the overall reasonableness of the valuation conclusions. Our independent valuation expert may consider any comments received from our advisor to its individual appraisal reports, but the final estimated values of our commercial real estate assets, related liabilities and notes receivable secured by real estate shall be determined by our independent valuation expert and provided by our independent valuation expert to our independent fund accountant, State Street.

At regularly scheduled board of directors meetings, our independent expert will be available to meet with our board of directors to review valuation information, as well as our valuation guidelines and the operation and results of the valuation process generally. Our board of directors will have the right to engage additional experts to review the valuation of our investments, if deemed appropriate.

Calculation of Our NAV Per Share

Pursuant to this prospectus, we are offering to the public three classes of shares of our common stock, W Shares, A Shares and I Shares. We have retained State Street to serve as our independent fund accountant to calculate our daily NAV per share for each class, which uses a process that reflects (1) estimated values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate provided periodically by our independent valuation expert in individual appraisal reports, as they may be updated upon certain material events described below, (2) daily updates in the price of liquid assets for which third party market quotes are available, (3) accruals of our daily distributions for each class, and (4) estimates of daily accruals, on a net basis, of our operating revenues, expenses, including class-specific expenses, debt service costs and fees, including class-specific fees. If a material event occurs between scheduled quarterly valuations that our

advisor believes may materially affect the value of our commercial real estate assets, notes receivable secured by real estate or related real estate liabilities, our advisor will inform the independent valuation expert so that, if appropriate, the expert can adjust the most recent valuations to account for the estimated impact. Selling commissions will have no effect on the NAV of any class.

Calculation of NAV

Our independent fund accountant calculates our NAV daily by beginning with the most recent estimated market values of our operating partnership's commercial real estate assets, related liabilities and notes receivable secured by real estate provided by our independent valuation expert in individual appraisal reports in accordance with valuation guidelines approved by our board of directors. The latest value of liquid assets and assets that are traded with reasonable frequency, as determined by third party pricing institutions, will then be added. Our independent fund accountant will then subtract from the net value of the operating partnership's real estate and real estate related assets and liabilities any other partnership liabilities that are not class-specific, including the reimbursement of non-class specific organization and offering expenses paid for by our advisor on our behalf. These liabilities are estimated by our advisor based on a number of factors, including recent and estimated operating data with respect to each of our commercial real estate properties, as well as our portfolio of real estate related assets and recent and estimated data for other income earned and expenses payable by us. From time to time, but no less frequently than at the end of each calendar month, our advisor will, to the extent necessary, adjust the accruals to reflect actual operating results and to reflect appropriately the outstanding receivable, payable and other account balances. After taking into account the daily estimate of accrued liabilities, our advisor will take the resulting amount and multiply that amount by our percentage ownership interest in the operating partnership. Initially, the only limited partner in the operating partnership was our wholly-owned subsidiary, CRI (Daily NAV), LLC, which holds a nominal interest.

While our independent valuation expert periodically provides estimated values of each of our commercial real estate assets, related liabilities and notes receivable secured by real estate based upon individual appraisal reports, our independent valuation expert is not responsible for and does not prepare our daily NAV per share for each class.

Our independent fund accountant will then add any assets held by the REIT, which should be limited to cash and cash equivalents, and subtract an estimate of any accrued liabilities of the REIT to the extent such liabilities are not reimbursable by the operating partnership, which should be limited to certain legal, accounting and administrative costs.

Calculation of NAV Per Share

Our independent fund accountant will then calculate the NAV for each class of shares (i.e., our W Shares, A Shares and I Shares) by allocating the NAV to each share class based on its respective ownership percentage. NAV for each class will then be adjusted for contributions, redemptions and accruals of the class's daily distributions and estimates of class-specific fee and expense accruals. Distributions will reflect the daily distribution rate set by our board of directors which may vary for each class. Our NAV per share for each class will be determined by dividing such class's NAV on such day by the number of shares outstanding for that class as of the end of such business day, prior to giving effect to any share purchases or redemptions to be effected on such day. We will disclose on a quarterly basis in a prospectus supplement filed with the SEC, the primary components of the Company's NAV and that certain components are based on appraisal reports provided by the independent valuation expert.

At regularly scheduled board of directors meetings, our board will review the process by which our advisor estimated accrued liabilities and our independent fund accountant calculated the NAV per share for each class and the operation and results of the process to determine NAV per share generally.

The table below provides a hypothetical illustration of how various factors could affect the calculation of our NAV at the end of any given business day. This table does not reflect that we effectively have three classes of common stock. As described above and in the footnote to the table below, each class of shares may have a different NAV because certain expenses and fees differ with respect to each class. All amounts shown in the hypothetical calculation below are for illustrative purposes only and are not indicative of our current or projected financial condition or performance.

	NAV
Beginning NAV on Hypothetical Business Day (1)	$2,000,000,000
Daily Portion of:	
Portfolio Income (Loss) on Real Estate Portfolio and All Other Assets, Before Fees (2)	365,000
Advisory Fee, Dealer Manager Fee, Distribution Fee and Performance Fee (3)	(140,000)
Accrued Dividend/Distribution	(300,000)
Increase (Decrease) in Market or Appraised Value of Assets and Liabilities	200,000
NAV Before Sales and Redemptions of Shares	2,000,125,000
Sales of Shares (4)	2,192,000
Redemptions of Shares (4)	(1,100,000)
Ending NAV on Hypothetical Business Day	$2,001,217,000

(1) NAV at the beginning of a hypothetical business day will reflect all sales and redemptions of shares made on the prior business day.
(2) Portfolio Income (Loss) represents the net accrual of operating income, expenses, debt service costs and offering and organization costs, and excludes the daily portion of the Advisory Fee, Dealer Manager Fee, Distribution Fee and Performance Fee, shown on the next line in the table above.
(3) Our share classes may have different expense accruals associated with certain fees and expenses tied to NAV for each share class, which may vary over time primarily due to different class-specific expenses.
(4) Daily sales and redemptions of shares at NAV will not increase or decrease our NAV per share for any class because sales and redemptions of shares on each business day will be made at that day's NAV.

Limits on the Calculation of Our NAV Per Share

The overarching principle of our valuation guidelines is to produce reasonable estimated values for each of our investments, or the price that would be received for that investment in orderly transactions between market participants. However, the majority of our assets will consist of real estate assets and, as with any real estate valuation protocol, the conclusions reached by our independent valuation expert will be based on a number of judgments, assumptions and opinions about future events that may or may not prove to be correct. The use of different judgments, assumptions or opinions would likely result in a different estimate of the value of our real estate investments. Any resulting potential disparity in our NAV per share for any class may be in favor of either stockholders who redeem their shares, or stockholders who buy new shares, or existing stockholders, depending on the circumstances at the time.

In addition, on any given day, our published NAV per share for each class may not fully reflect certain material events, to the extent that the financial impact of such events on our portfolio is not immediately quantifiable. Between quarterly valuations, our advisor will monitor our real estate investments to determine whether a material event has occurred that our advisor believes may have a material impact on the most recent estimated values provided by our independent valuation expert. If, in the opinion of our independent valuation expert, an event identified by the advisor, or in some circumstances an event that becomes known to the independent valuation expert through other means, is likely to have a material impact on previously provided estimated values of our affected real estate or real estate related assets or liabilities, the independent valuation expert will recommend valuation adjustments that our independent fund accountant will then incorporate into our NAV. Our independent valuation expert will determine the appropriate adjustment to be made to the estimated

value of the property based on the information available. Any such adjustments will be estimates of the market impact of specific events as they occur, based on assumptions and judgments that may or may not prove to be correct, and may also be based on limited information that is readily available at that time. Any potential disparity in our NAV from this estimate or from the independent valuation expert's determination that no adjustment is necessary may be in favor of either stockholders who redeem their shares, or stockholders who buy new shares, or existing stockholders, depending on the circumstances at the time.

Historical NAV Per Share

The table below provides the components of our NAV, as determined by State Street, our independent fund accountant, and the computation of NAV per share for each share class as of June 30, 2015 and March 31, 2015. Our NAV per share for each share class is posted daily on our website at https://www.colecapital.com/cole-income-nav-strategy/daily-nav. Our NAV is not prepared in accordance with GAAP. Investors should refer to our financial statements and accompanying footnotes and disclosure under the heading "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", incorporated by reference into this prospectus, for our net book value on a per share basis in accordance with GAAP, which is our stockholders' equity divided by shares outstanding as of the date of measurement. Our NAV is calculated using a detailed set of valuation methodologies, as described under the heading "*Valuation Policies*."[1] When the fair value of our assets and liabilities is calculated for the purposes of determining our NAV per share for each share class, the calculation is done using the fair value methodologies detailed within the FASB Accounting Standards Codification under Topic 820, *Fair Value Measurements and Disclosures*.[2] Our NAV is not audited or reviewed by our independent registered public accounting firm.

	NAV as of June 30, 2015 (unaudited)			
	W Shares[3]	**A Shares[3]**	**I Shares[3]**	**Consolidated**
Newly Acquired Real Estate Properties[4]	$ 771,258	$ 114,235	$ 49,507	$ 935,000
Operating Real Estate Properties[5]	187,976,645	27,842,126	12,066,229	227,885,000
Total Real Estate Properties[6]	188,747,903	27,956,361	12,115,736	228,820,000
Real Estate Related Securities and Real Estate Related Assets	—	—	—	—
Acquisition Expenses and Deferred Financing Costs	2,518,680	373,054	161,674	3,053,408
Cash, Marketable Securities and Other Assets	16,020,663	2,372,898	1,028,367	19,421,928
Total Assets	207,287,246	30,702,313	13,305,777	251,295,336
Newly Incurred Debt[7]	13,981,632	2,070,887	897,482	16,950,001
Outstanding Debt[8]	76,139,264	11,277,353	4,887,382	92,303,999
Accrued Liabilities	1,625,342	240,737	104,331	1,970,410
Total Liabilities	91,746,238	13,588,977	5,889,195	111,224,410
NAV	$115,541,008	$17,113,336	$ 7,416,582	$140,070,926
Number of Shares of Common Stock Issued and Outstanding	6,355,437	942,426	406,522	
NAV Per Share[9]	$ 18.18	$ 18.16	$ 18.25	

	NAV as of March 31, 2015 (unaudited)			
	W Shares[3]	A Shares[3]	I Shares[3]	Consolidated
Newly Acquired Real Estate Properties[4]	$ 4,165,618	$ 613,734	$ 178,375	$ 4,957,727
Operating Real Estate Properties[5]	201,282,351	29,655,600	8,619,049	239,557,000
Total Real Estate Properties[6]	205,447,969	30,269,334	8,797,424	244,514,727
Real Estate Related Securities and Real Estate Related Assets	—	—	—	—
Acquisition Expenses and Deferred Financing Costs	2,673,578	393,907	114,485	3,181,970
Cash, Marketable Securities and Other Assets	5,778,842	851,416	247,454	6,877,712
Total Assets	213,900,389	31,514,657	9,159,363	254,574,409
Newly Incurred Debt[7]	14,241,854	2,098,300	609,846	16,950,000
Outstanding Debt[8]	88,059,191	12,974,054	3,770,755	104,804,000
Accrued Liabilities	1,360,234	200,408	58,246	1,618,888
Total Liabilities	103,661,279	15,272,762	4,438,847	123,372,888
NAV	$110,239,112	$16,241,896	$4,720,515	$131,201,523
Number of Shares of Common Stock Issued and Outstanding	6,096,400	898,584	260,017	
NAV Per Share[9]	$ 18.08	$ 18.07	$ 18.15	

(1) Our valuation policies, which address specifically each category of our assets and liabilities and are applied separately from the preparation of our financial statements in accordance with GAAP, involve adjustments from historical cost. There are certain factors which cause NAV to be different from net book value on a GAAP basis. For NAV purposes, our real estate properties and real estate-related liabilities are valued by CBRE, our independent valuation expert, on a rolling quarterly basis once the investment or liability has been held for one full calendar quarter. CBRE does not prepare and is not responsible for our NAV or our daily NAV per share for each share class. For GAAP purposes, these assets and liabilities are generally recorded at depreciated or amortized cost. Other factors, including straight-lining of rent for GAAP purposes and the treatment of acquisition related expenses and organization and offering costs, will cause our GAAP net book value to be different from our NAV.

(2) No rule or regulation mandates the manner for calculating NAV. While our NAV calculation methodologies are consistent with standard industry practices for valuing private real estate funds, they involve significant professional judgment in the application of both observable and unobservable attributes, and there is no established practice among publicly-offered REITs, listed or unlisted, for calculating NAV. As a result, our methodologies or assumptions may differ from other REITs' methodologies or assumptions.

(3) For presentation purposes and to demonstrate the calculation of the NAV per share for each class, the combined amount of each category of our assets and liabilities has been allocated to each share class based on the relative NAV of each class, as determined by State Street on June 30, 2015 and March 31, 2015. Additionally, share class specific assets and liabilities have been allocated in full to their applicable share class.

(4) The combined amount represents the estimated value of our newly acquired real estate properties and capital expenditures, which are valued at cost until the investment has been held for one full calendar quarter following the quarter of acquisition, and, thereafter, will be valued by our independent valuation expert.

(5) The combined amount represents the sum of the estimated values of each of our operating real estate properties, excluding newly acquired real estate properties which are valued at cost until the investment has been held for one full calendar quarter following the quarter of acquisition, contained in the individual property appraisal reports provided by CBRE. After a property valuation is performed by CBRE, it provides its appraisal report to us and to State Street, and State Street adds all the property values from all of the appraisal reports it has received from CBRE to arrive at the total estimated value of our operating real estate properties. CBRE does not prepare, and is not responsible for, our daily NAV per share for any share class or for calculating the total estimated value of our operating real estate properties.

(6) The aggregate purchase price of total real estate properties was $217.9 million and $229.8 million, as of June 30, 2015 and March 31, 2015.
(7) The combined amount represents the estimated value of our newly incurred real estate-related liabilities, which are valued at cost until the loan has been outstanding for one full calendar quarter following the quarter we enter into the loan, and thereafter will be valued by CBRE. On February 6, 2015, we entered into the SilverPeak Loan in the principal amount of $17.0 million.
(8) The combined amount represents the estimated value of our commercial real estate-related liabilities contained in the fair value analysis provided by CBRE. After a loan valuation is performed by CBRE, it provides its fair value analysis to us and State Street, which compiles the estimated value of our real estate-related liabilities. CBRE does not prepare, and is not responsible for, our daily NAV per share for any share class or for calculating the total estimated value of our debt.
(9) See "Risk Factors" for the limitations and risks associated with our NAV per share for each share class, including the risk that the components of NAV and the methodologies used by us and State Street in the discharge of our or their respective responsibilities in connection with it may differ from those used by other companies now or in the future.

In the preparation of individual appraisal reports, CBRE primarily applied an income capitalization approach and relied on modeling assumptions to estimate the value of our operating real estate properties. Key assumptions, as of June 30, 2015, which vary from property to property, market to market and period to period, include capitalization rates (ranging from 5.75% to 8.75%), annual market rent growth rates (ranging from 2.00% to 3.00%) and holding periods (ranging from 10.00 to 11.00 years). Changes in these assumptions would impact the calculation of the value of our real estate assets. For example, assuming all other factors remain unchanged, our advisor has calculated that a reduction in the implied capitalization rate of 0.25% would cause the total estimated value of our operating real estate properties to increase by $8.2 million in the aggregate as of June 30, 2015. This is only a mathematical illustration and is not intended to qualify the values reflected above. See "Risk Factors" and "Valuation Policies" for a discussion on the limitations and risks associated with the utilization of judgments and assumptions in valuing our operating real estate properties.

The following table provides our NAV per share for each quarter following the commencement of our operations for each of our classes of common stock:

	NAV Per Share		
Date	**W Shares**	**A Shares**	**I Shares**
12/31/2011	$14.99	*	*
3/31/2012	$15.00	*	*
6/30/2012	$15.75	*	*
9/30/2012	$15.82	*	*
12/31/2012	$16.11	*	*
3/31/2013	$16.31	*	*
6/30/2013	$16.56	*	*
9/30/2013	$16.71	*	*
12/31/2013	$16.84	$16.83	$16.85
3/31/2014	$16.99	$16.97	$17.01
6/30/2014	$17.07	$17.04	$17.10
9/30/2014	$17.10	$17.05	$17.14
12/31/2014	$17.51	$17.45	$17.55
3/31/2015	$18.08	$18.07	$18.15
6/30/2015	$18.18	$18.16	$18.25

* Not available. A Shares and I Shares were not available prior to August 26, 2013, and we had not issued any A Shares or I Shares as of September 30, 2013.

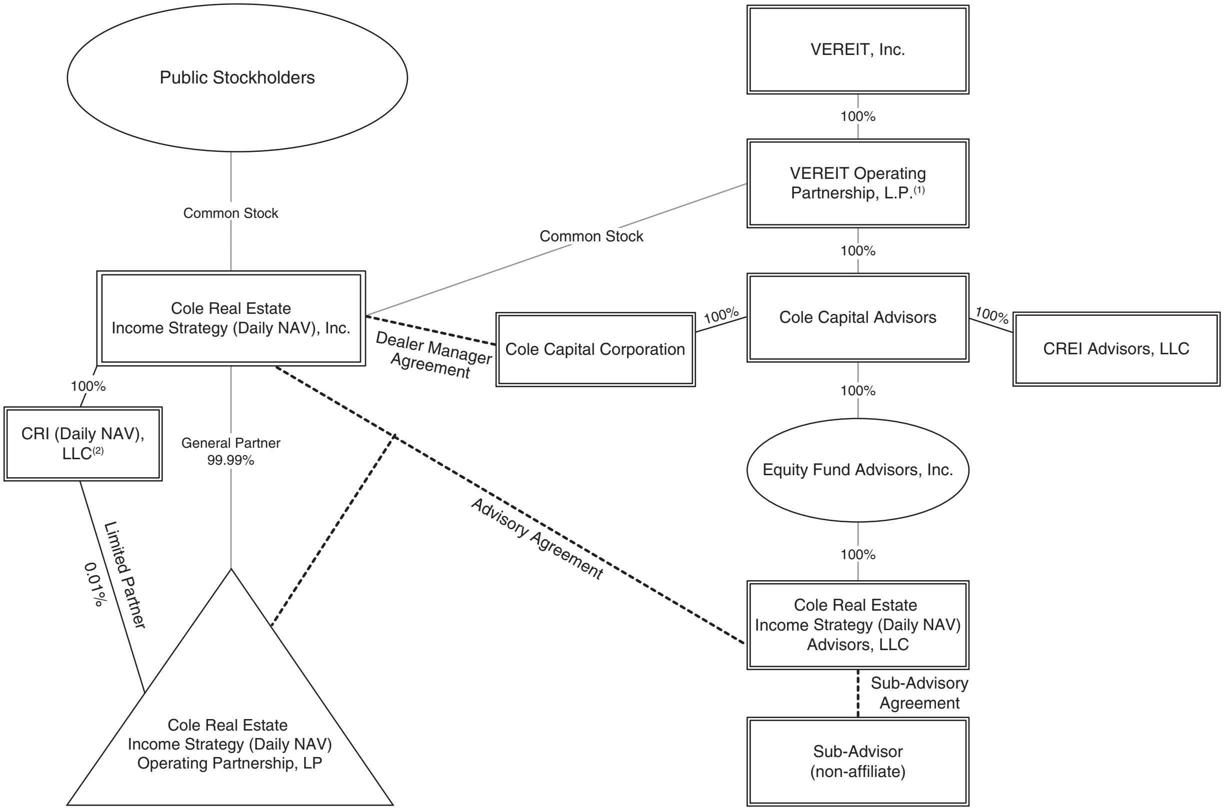
Our Structure and Formation

Cole Real Estate Income Strategy (Daily NAV), Inc. was formed as a Maryland corporation on July 27, 2010. Our operating partnership was formed as a Delaware limited partnership on July 27, 2010.

In order to be organized as an UPREIT, we have contributed, and intend to continue to contribute, the proceeds from this offering to our operating partnership and to hold all or substantially all of our assets and conduct our operations through the operating partnership. UPREIT stands for "Umbrella Partnership Real Estate Investment Trust." An UPREIT is a REIT that holds all or substantially all of its assets through a partnership which the REIT controls as general partner. We have elected to use an UPREIT structure to facilitate real estate property acquisitions and to facilitate investments in us by certain institutional investors. A sale of property directly to a REIT is generally a taxable transaction to the selling property owner. In an UPREIT structure, a seller of appreciated property who desires to defer taxable gain on the transfer of such property may transfer the property to our operating partnership in exchange for limited partnership interests. Such exchange generally could be made on a tax-free basis. Being able to offer a seller the opportunity to defer taxation of gain until the seller redeems its interests in our operating partnership for cash may give us a competitive advantage in acquiring desired properties or investments relative to buyers who cannot offer this opportunity. In addition, investing in our operating partnership, rather than in shares of our common stock, may be more attractive to certain institutional or other investors due to their business or tax structure.

We are the sole general partner of our operating partnership and CRI (Daily NAV), LLC, our wholly-owned subsidiary, is the limited partner. As the sole general partner of our operating partnership, we have the exclusive power under the partnership agreement to manage and conduct its business, subject to certain limited approval and voting rights of the limited partners described more fully in "Operating Partnership Agreement." Pursuant to the terms of our advisory agreement, we will delegate to our advisor authority to make decisions related to our and our operating partnership's day-to-day business, the acquisition, management and disposition of assets and the selection of property managers and other service providers.

The following chart shows the ownership structure and our relationship with our advisor, its sub-advisor and our dealer manager:



(1) As of October 9, 2015, VEREIT OP owned 13,333 of our W Shares, which represented 0.16% of the outstanding shares of common stock as of such date. VEREIT OP is prohibited from selling these shares, which represent its initial investment in us, for so long as Cole Capital remains our sponsor; provided, however, that VEREIT OP may transfer ownership of all or a portion of these 13,333 shares to other affiliates of our sponsor.

(2) As of October 9, 2015, CRI (Daily NAV), LLC owned less than a 0.01% limited partner interest in our operating partnership. As we continue to admit investors in this offering, this percentage will be reduced.

Management

Board of Directors

We operate under the direction of our board of directors, the members of which are accountable to us and our stockholders as fiduciaries. Our board of directors expects to retain Cole Income NAV Strategy Advisors as our advisor to manage our day-to-day affairs and the acquisition and disposition of our investments, subject to our board of directors' supervision. Prior to the effective date of this offering, our charter was reviewed and ratified by our board of directors, including a majority of the independent directors. This ratification by our board of directors is required by the NASAA REIT Guidelines.

Our charter and bylaws provide that the number of directors on our board of directors may be established by a majority of the entire board of directors, but may not be more than 15, nor, upon and after the commencement of this offering, fewer than three; provided, however, that there may be fewer than three directors at any time that we have only one stockholder of record. Our charter provides that, in general, upon and after commencement of this offering, a majority of the directors must be independent directors. An "independent director" is a person who is not, and within the last two years has not been, directly or indirectly associated with us or any of our affiliates or with our sponsor, our advisor or any of their affiliates by virtue of (1) ownership of an interest in our sponsor, our advisor or any of their affiliates, (2) employment by us, our sponsor our advisor or any of our or their affiliates, (3) service as an officer or director of our sponsor, our advisor or any of their affiliates, (4) performance of services, (5) service as a director of more than three REITs organized by our sponsor or advised by our advisor, or (6) maintenance of a material business or professional relationship with our sponsor, our advisor or any of their affiliates. Each director deemed to be independent pursuant to our charter also will be independent in accordance with the NASAA REIT Guidelines. There are no family relationships among any of our directors or officers, or officers of our advisor. Each director who is not an independent director must have at least three years of relevant experience demonstrating the knowledge and experience required to successfully acquire and manage the type of assets being acquired by us. At least one of our independent directors must have at least three years of relevant real estate experience. We have a total of four directors, including a majority of independent directors. Mr. Snell has more than three years of relevant real estate experience.

Each director will serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Although the number of directors may be increased or decreased, provided that a minimum of three directors will serve on the board at all times, a decrease will not have the effect of shortening the term of any incumbent director.

Any director may resign at any time and may be removed with or without cause by the stockholders upon the affirmative vote of at least a majority of all the votes entitled to be cast generally in the election of directors. The notice of any special meeting called to remove a director will indicate that the purpose, or one of the purposes, of the meeting is to determine if the director shall be removed. None of the members of our board of directors, our advisor or any of their affiliates may vote or consent on matters submitted to the stockholders regarding the removal of our advisor or any director or any of their affiliates or any transaction between us and any of them. In determining the requisite percentage in interest required to approve such a matter, shares owned by members of our board of directors and their respective affiliates will not be included.

Any vacancy created by the death, resignation, removal, adjudicated incompetence or other incapacity of a director may be filled only by a vote of a majority of the remaining directors. Any vacancy created by an increase in the number of directors must be filled by an affirmative vote of the board of directors, including a majority of the independent directors. Independent directors shall nominate replacements for vacancies in the independent director positions or to fill newly-created independent director positions. If at any time there are no directors in office, successor directors shall be elected by the stockholders. Each director will be bound by our charter and bylaws.

Our board of directors will not be required to devote all of their time to our business and only are required to devote the time to our affairs as their duties require. Our directors meet quarterly, in person or by teleconference, or more frequently if necessary. Consequently, in the exercise of their responsibilities, the directors will rely heavily on our advisor and on information provided by our advisor. Our directors have a fiduciary duty to our stockholders to supervise the relationship between us and our advisor. Our board of directors is empowered to fix the compensation of all officers that it selects and approve the payment of compensation to directors for services rendered to us.

Our board of directors has adopted written policies on investments and borrowing, the general terms of which are set forth in this prospectus. The directors may revise those policies or establish further written policies on investments and borrowings and monitor our administrative procedures, investment operations and performance to ensure that the policies are fulfilled and are in the best interest of our stockholders. In addition, our board of directors (including the independent directors) has adopted and is responsible for our valuation guidelines for establishing NAV and our valuation guidelines pertaining to the valuation of commercial real estate assets, related liabilities and notes receivable secured by real estate and will periodically review valuation information.

Additionally, our board of directors will be responsible for reviewing our fees and expenses on at least an annual basis and with sufficient frequency to determine that the expenses incurred are in the best interest of the stockholders. In addition, a majority of the directors, including a majority of the independent directors who are not otherwise interested in the transaction, must approve all transactions with our advisor or its affiliates. The independent directors also will be responsible for reviewing the performance of our advisor and determining that the compensation to be paid to our advisor is reasonable in relation to the nature and quality of services to be performed and that the provisions of the advisory agreement are being carried out. The independent directors will consider such factors as they deem relevant, including:

- the amount of the fees paid to our advisor in relation to the size, composition and performance of our investments;
- the success of our advisor in generating appropriate investment opportunities;
- rates charged to other REITs, especially REITs of similar structure, and to investors other than REITs by advisors performing similar services;
- additional revenues realized by our advisor and its affiliates through their relationship with us, whether we pay them or they are paid by others with whom we do business;
- our advisor's performance in selecting, overseeing and managing its sub-advisor;
- the quality and extent of service and advice furnished by our advisor and the performance of our investment portfolio; and
- the quality of our portfolio relative to the investments generated by our advisor or its affiliates for its other clients.

Our board of directors has approved the renewal of our advisory agreement with our advisor for a term expiring on November 30, 2015, and our advisory agreement may be renewed for an unlimited number of successive one-year periods. Either party may terminate the advisory agreement upon 60 days' written notice without cause or penalty. Fees payable to our advisor pursuant to the advisory agreement, including any fees that may be paid upon termination of the advisory agreement, are described below under the caption "— The Advisory Agreement" and the section of this prospectus captioned "Compensation."

Committees of Our Board of Directors

Our board of directors will be responsible for supervising our entire business. However, our bylaws provide that our board of directors may establish such committees as the board of directors believes appropriate and in

our best interests. Our board of directors will appoint the members of the committee in the board of directors' discretion. Our charter and bylaws require that a majority of the members of each committee of our board of directors is comprised of independent directors.

Our board of directors has established an audit committee, which consists of George N. Fugelsang and Roger D. Snell, both of whom are independent directors. Mr. Snell serves as the chairman of our audit committee. The audit committee, by approval of at least a majority of its members, will select the independent registered public accounting firm to audit our annual financial statements, review with the independent registered public accounting firm the plans and results of the audit engagement, approve the audit and non-audit services provided by the independent registered public accounting firm, review the independence of the independent registered public accounting firm, consider the range of audit and non-audit fees and review the adequacy of our internal accounting controls. Our board of directors has adopted a charter for the audit committee that sets forth its specific functions and responsibilities.

In addition, our advisor will establish a valuation committee. The valuation committee will be responsible for determining the value of securities and other assets we hold in circumstances where the current market prices or other valuations are not available from our independent fund accountant, the independent valuation expert or other third party pricing services. The members of the valuation committee will be appointed by our advisor's chief executive officer. Our board of directors has adopted valuation policies that set forth the specific functions and responsibilities of the valuation committee.

Duties of Independent Directors

In accordance with the NASAA REIT Guidelines, a majority of our independent directors generally must approve corporate actions that directly relate to the following:

- any transfer or sale of our sponsor's initial investment in us; provided however, our sponsor may not sell its initial investment while it remains our sponsor, but our sponsor may transfer the shares to an affiliate;
- the duties of our directors, including ratification of our charter, the written policies on investments and borrowing, the monitoring of administrative procedures, investment operations and our performance and the performance of our advisor;
- the advisory agreement;
- liability and indemnification of our directors, advisor and its affiliates;
- fees, compensation and expenses, including organization and offering expense reimbursements, acquisition expenses, total operating expenses (including amounts paid to the transfer agent, independent fund accountant, and the independent valuation expert), real estate commissions on the resale of property, incentive fees, and advisor compensation;
- any change or modification of our statement of objectives;
- real property appraisals;
- our borrowing policies;
- annual and special meetings of stockholders;
- election of our directors; and
- our distribution reinvestment plan.

In addition, our board of directors (including the independent directors) is responsible for our valuation guidelines for establishing NAV and our valuation guidelines pertaining to the valuation of commercial real estate assets, related liabilities and notes receivable secured by real estate to be provided quarterly by our independent valuation expert in separate appraisal reports, and to periodically review such information as it deems necessary to exercise its oversight responsibility.

Compensation of Directors

We pay to each of our independent directors a retainer of $50,000 per year, plus an additional retainer of $7,500 to the chairman of the audit committee and $10,000 to the non-executive chairman of the board of directors. We also pay $2,000 for each meeting of our board of directors or committee thereof the director attends in person ($2,500 for the attendance in person 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 of directors and one or more committees thereof in a single day, the fees paid to each director will be limited to $2,500 per day ($3,000 per day for the chairperson of the audit committee if there is a meeting of such committee). All directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at each meeting of our board of directors. If a director is also an employee of our company or our advisor or their affiliates, we will not pay compensation for services rendered as a director.

Executive Officers and Directors

Glenn J. Rufrano serves as our chief executive officer and president and one of our directors, and Simon J. Misselbrook serves as our chief financial officer and treasurer. We do not directly compensate Messrs. Rufrano or Misselbrook for their services as executive officers of our company, nor do we reimburse our advisor or any affiliate of our advisor for their salaries or benefits. Christine T. Brown serves as our vice president of accounting and principal accounting officer. We do not directly compensate Ms. Brown for her services as a non-executive officer of our company, nor do we reimburse our advisor or any affiliate of our advisor for her salary or benefits. We have provided below certain information about our officers and directors.

Name	Age*	Position(s)
Glenn J. Rufrano	65	Chief executive officer and president and director
Simon J. Misselbrook	37	Chief financial officer and treasurer
Christine T. Brown	33	Vice president of accounting and principal accounting officer**
George N. Fugelsang	75	Independent director and non-executive chairman of the board of directors
Richard J. Lehmann	71	Independent director
Roger D. Snell	59	Independent director

* As of October 9, 2015.

** Non-executive officer.

Glenn J. Rufrano has served as our chief executive officer and president and one of our directors since June 2015. Mr. Rufrano also has served as chief executive officer and president of Cole Income NAV Strategy Advisors, our advisor, since June 2015. In addition, Mr. Rufrano serves in the following positions for certain other programs sponsored by Cole Capital and certain affiliates of Cole Capital:

Entity	Position(s)	Dates
Cole Office and Industrial REIT; Cole Credit Property Trust V	Chief executive officer, president and director	June 2015 — Present
Cole REIT Advisors, LLC (“CCPT I Advisors”); Cole REIT Advisors III, LLC (“CCPT III Advisors”); Cole Corporate Income Advisors, LLC (“CCI Advisors”); Cole Corporate Income Advisors II, LLC (“CCI II Advisors”); Cole REIT Advisors V, LLC (“CCPT V Advisors”); Cole Capital Advisors	Chief executive officer and president	June 2015 — Present

Since April 2015, Mr. Rufrano has served as the chief executive officer and a director of VEREIT, the indirect parent of our sponsor, advisor, dealer manager and property manager. Mr. Rufrano has served and continues to serve as a director of Ventas, Inc., a publicly traded senior housing and healthcare REIT, since June 2010 and of O’Connor Capital Partners, a privately-owned, independent real estate investment, development and

management firm, since October 2013. He served as chairman and chief executive officer of O'Connor Capital Partners from November 2013 through March 2015. He also served as a director for Columbia Property Trust, Inc., a publicly traded commercial real estate REIT, from January 2015 until March 2015. Previously, Mr. Rufrano was president and chief executive officer of Cushman & Wakefield, Inc., a privately-held commercial property and real estate services company, and a member of its board of directors from March 2010 to June 2013. From January 2008 through February 2010, he served as chief executive officer of Centro Properties Group, an Australian-based shopping center company, and, from April 2007 through January 2008, Mr. Rufrano served as chief executive officer of Centro Properties Group U.S. From 2000 until its acquisition by Centro Properties Group in April 2007, he served as chief executive officer and a director of New Plan Excel Realty Trust, a commercial retail REIT. He was also a co-founder of O'Connor Capital Partners. He presently serves on the Board of New York University's Real Estate Institute.

Mr. Rufrano was selected to serve as a director because of his extensive real estate and capital markets experience and investment expertise, in addition to his leadership role at VEREIT, all of which are expected to bring valuable insight to the board of directors.

Simon J. Misselbrook has served as our chief financial officer and treasurer since September 2014 and as chief financial officer and treasurer of Cole Income NAV Strategy Advisors since September 2014. Mr. Misselbrook also served as our senior vice president of accounting and principal accounting officer from March 2012 to March 2015, and as our vice president of accounting and principal accounting officer from November 2011 to March 2012. Mr. Misselbrook also serves or served in the following positions for certain other programs sponsored by Cole Capital and certain affiliates of Cole Capital:

Entity	Position(s)	Dates
Cole Credit Property Trust I	Senior vice president of accounting and principal accounting officer	March 2012 – May 2014
	Vice president of accounting and principal accounting officer	November 2010 – March 2012
Cole Credit Property Trust II	Vice president of accounting and principal accounting officer	November 2010 – March 2012
Cole	Senior vice president of accounting and principal accounting officer	March 2012 – February 2014
	Vice president of accounting and principal accounting officer	November 2010 – March 2012
Cole Credit Property Trust IV	Chief financial officer and treasurer	September 2014 – Present
	Senior vice president of accounting and principal accounting officer	March 2012 – March 2014
	Vice president of accounting and principal accounting officer	May 2011 – March 2012
Cole Credit Property Trust V	Chief financial officer and treasurer	September 2014 – Present
Cole Corporate Income Trust	Chief financial officer and treasurer	November 2014 – January 2015
Cole Office and Industrial REIT	Chief financial officer and treasurer	November 2014 – Present
CCI II Advisors	Chief financial officer and treasurer	November 2014 – Present
Cole REIT Advisors IV, LLC ("CCPT IV Advisors"); CCPT V Advisors	Chief financial officer and treasurer	September 2014 – Present
CCI Advisors	Chief financial officer and treasurer	October 2014 – January 2015
Cole Capital Partners	Chief financial officer and treasurer	December 2014 – Present

Entity	Position(s)	Dates
Cole Capital Advisors	Chief financial officer and treasurer, managed REITs	June 2015 – Present
	Chief financial officer and treasurer	December 2014 – June 2015

Mr. Misselbrook also serves as chief financial officer and treasurer — managed REITs, Cole Capital, at VEREIT. Mr. Misselbrook has worked in the real estate industry for more than 13 years, nine of which were specific to the REIT industry. Prior to joining Cole Capital and its affiliates in April 2007, he held the position of audit manager at Deloitte & Touche LLP ("Deloitte & Touche") in Los Angeles in the real estate group serving multiple clients including the world's largest commercial real estate services firm, where he was the global engagement manager. Mr. Misselbrook earned his bachelor's degree in accounting and tax, as well as a master's degree in accounting science, from the University of South Africa. He is a Certified Public Accountant (licensed in the state of California), a Chartered Accountant (licensed in South Africa) and a member of the American Institute of Certified Public Accountants. He is an active participant in the REIT industry and participates in the Investment Program Association's Non-Traded REIT Financial Standards Sub-Committee.

Christine T. Brown has served as vice president of accounting and principal accounting officer of our company since March 2015 and joined Cole Capital in October 2011. Since March 2015, Ms. Brown has also served as vice president of accounting and principal accounting officer of Cole Office and Industrial REIT, Cole Credit Property Trust IV and Cole Credit Property Trust V, all of which are programs sponsored by Cole Capital. Prior to joining Cole Capital, Ms. Brown worked in the accounting and finance industry for nearly ten years, including working with Deloitte & Touche LLP from September 2004 to August 2006, with Countrywide Bank from August 2006 to August 2008 and with Epps Forensic Consulting PLLC from August 2008 to September 2011. Ms. Brown received a B.A. in Accounting and a B.A. in Marketing from Arizona State University. In addition, she is a Certified Public Accountant, licensed in the state of Arizona, and a Certified Fraud Examiner. She also is a member of the American Institute of Certified Public Accountants and the Association of Certified Fraud Examiners.

Each of our executive and non-executive officers has stated that there is no arrangement or understanding of any kind between him or her and any other person relating to his or her appointment as an executive or non-executive officer.

George N. Fugelsang has served as non-executive chairman of our board of directors since June 2015, and has served as one of our independent directors since September 2011. Mr. Fugelsang served as a member of the board of directors, audit committee and compensation committee of Cole Credit Property Trust II from May 2010, June 2010 and May 2011, respectively, until Cole Credit Property Trust II's merger with Spirit Realty Capital, Inc. in July 2013. From 1994 through 2001, Mr. Fugelsang was chief executive officer of Dresdner Kleinwort Benson North America, the U.S.-based investment banking business of Dresdner Bank AG, where he was responsible for all of Dresdner Bank AG's activities in North America. From 1996 until 2001, Mr. Fugelsang was also chairman of the board of Dresdner Bank Mexico, S.A., chairman of the board of Dresdner Bank Canada and a member of the board of directors of Dresdner RCM Global Investors LLC. Mr. Fugelsang served on the board of managers of Mrs. Fields Famous Brands, LLC from May 2004 until July 2008. Mr. Fugelsang also served on the boards of trustees of the Institute of International Bankers and the Thunderbird School of Global Management, and as a member of the board of directors of Advanced Research Technologies of Montreal, Canada. He was also a member of the board of the New York City Partnership, the German American Chamber of Commerce, Inc., and a director of the Foreign Policy Association in New York. Mr. Fugelsang formerly served on the advisory board of the Monterey Institute of International Studies, an affiliate of Middlebury College. Mr. Fugelsang was selected to serve as a director because of his experience as the chief executive officer of an investment bank, his extensive financing experience and his general business accomplishments, all of which are expected to bring valuable insight to the board of directors.

Richard J. Lehmann has served as one of our independent directors since January 2012. He has served as the founding principal of The Biltmore Bank of Arizona since 2002, and previously served as chairman of Bank Capital Corporation, its former holding company, from 2002 until 2014. In 2014, The Biltmore Bank of Arizona was sold to Grandpoint Capital, Inc., a bank holding company headquartered in California. Mr. Lehmann serves on the board of directors of Grandpoint Capital. Mr. Lehmann began his banking career with Citibank in 1969. When he left Citibank in 1988 he was senior corporate officer for Europe, Middle East and Africa. In 1988, he became chairman and chief executive officer of Valley National Bank of Arizona and served in that capacity until the bank was sold to Banc One Corporation in 1993. Mr. Lehmann remained with the combined company and was appointed president and chief operating officer of Banc One and as a member of its board of directors in 1995. Following the merger of Banc One with First Chicago NBD Corporation to form Bank One Corporation in 1998, Mr. Lehmann served as vice chairman of the combined entity with responsibility for all consumer banking activities until his retirement on December 31, 1999. Mr. Lehmann also serves on the boards of directors and the compensation committee of Knight Transportation, Inc. and as director and chairman of the finance and investments committee of the TGen Foundation. He previously served on the boards of eFunds Corporation, iCrossing, Inc., Moore Corporation, and the Thunderbird School of Global Management. Prior civic activities include board participation with the Phoenix Art Museum, Ohio State University Hospital, Greater Phoenix Leadership, United Way of Greater Phoenix (campaign Chairman), and The Nature Conservancy of Arizona. Mr. Lehmann received an MBA and B.A. from the University of Washington. Mr. Lehmann was selected to serve as a director because of his experience as a financial services industry executive, with strong leadership, finance and global experience, all of which are expected to bring valuable insight to the board of directors.

Roger D. Snell has served as one of our independent directors since September 2011. Mr. Snell has been chief investment officer of Veritas Investments, a multi-family real estate investment firm, since January 2012. From February 2003 until June 2012, Mr. Snell was the managing director of SIP Investment Partners, a commercial real estate investment firm. From February 1997 to June 2002, Mr. Snell was president and chief executive officer of Peregrine Real Estate Investment Trust, a publicly-traded commercial real estate and hotel property REIT that was reorganized into a private company named WinShip Properties. Prior to joining Peregrine, Mr. Snell was managing director of Snell & Co., LLC, an investment advisory firm, in 1996, and president and chief executive officer of Perini Investment Properties, a publicly traded REIT focusing on commercial real estate and hotel properties (later renamed Pacific Gateway Properties), from January 1993 to January 1996. Prior to joining Perini, Mr. Snell held various leadership positions in other commercial real estate investment and development companies. Mr. Snell received an MBA from Harvard Business School and a B.S. degree from the University of California, Berkeley. Mr. Snell was selected to serve as a director because of his experience as a real estate industry executive with executive investment, capital markets and portfolio management expertise, all of which are expected to bring valuable insight to the board of directors.

The Advisor

Our advisor is Cole Income NAV Strategy Advisors, an affiliate of our sponsor, Cole Capital. Our executive officers and one of our directors also are officers, key personnel and/or members of our advisor. As of the date of this prospectus, our advisor has no paid employees; however, our advisor's affiliates have approximately 375 full-time employees, many of whom will serve as dual employees, of our advisor and of affiliates of our advisor, and dedicate a portion of his or her time providing services to our advisor. All of our day-to-day operations will be managed by our advisor.

Our advisor has contractual and fiduciary responsibility to us and our stockholders pursuant to the advisory agreement.

The officers and key personnel of our advisor or certain affiliates are as follows:

Name	Age*	Position(s)
Glenn J. Rufrano	65	Chief Executive Officer and President
Simon J. Misselbrook	37	Chief Financial Officer and Treasurer
Thomas W. Roberts	56	Executive Vice President, Chief Investment Officer
Paul H. McDowell	55	Executive Vice President, Chief Operating Officer
William C. Miller	46	Executive Vice President, Investment Management
Lauren Goldberg	47	Executive Vice President, General Counsel and Secretary
T. Glenn Kindred, Jr.	49	Executive Vice President
Todd J. Weiss	43	General Counsel, Real Estate and Assistant Secretary

* As of October 9, 2015.

The backgrounds of Messrs. Rufrano and Misselbrook are described in the "— Executive Officers and Directors" section above. Below is a brief description of the other officers and key employees of our advisor.

Thomas W. Roberts has served as executive vice president, chief investment officer of our advisor since October 2015 and previously served as executive vice president, real estate of our advisor from June 2015 until October 2015 and as executive vice president and head of real estate investments of our advisor from December 2012 until June 2015. In addition, Mr. Roberts serves or served in the following positions for certain other programs sponsored by Cole Capital and certain affiliates of Cole Capital:

Entity	Position(s)	Dates
Cole Credit Property Trust IV	Chairman of the board of directors, chief executive officer and president	December 2014 – Present
CCPT IV Advisors	Chief executive officer and president	December 2014 – Present
	Executive vice president and head of real estate investments	January 2013 – December 2014
	Executive vice president and managing director of real estate	July 2010 – January 2013
CCPT I Advisors; CCPT III Advisors; Cole Capital Partners; Cole Capital Advisors	Executive vice president, chief investment officer	October 2015 – Present
	Executive vice president, real estate	June 2015 – October 2015
	Executive vice president and head of real estate investments	January 2013 – June 2015
	Executive vice president and managing director of real estate	September 2009 – January 2013
CCI Advisors	Executive vice president, chief investment officer	October 2015 – Present
	Executive vice president, real estate	June 2015 – October 2015
	Executive vice president and head of real estate investments	January 2012 – June 2015
	Executive vice president and managing director of real estate	April 2010 –January 2013
CCPT V Advisors	Executive vice president, chief investment officer	October 2015 – Present
	Executive vice president, real estate	June 2015 – October 2015
	Executive vice president and head of real estate investments	December 2012 –June 2015

Entity	Position(s)	Dates
Cole REIT Advisors II, LLC (“CCPT II Advisors”)	Executive vice president, head of real estate investments	January 2013 – Present
	Executive vice president and managing director of real estate	September 2009 – January 2013
CCI II Advisors	Executive vice president, chief investment officer	October 2015 – Present
	Executive vice president, real estate	June 2015 – October 2015
	Executive vice president and head of real estate investments	February 2013 – June 2015
Cole Realty Advisors, Inc.	Executive vice president and head of real estate investments	June 2013 – December 2013
	President	September 2009 – June 2013

Prior to joining Cole Capital and its affiliates, Mr. Roberts served as president and chief executive officer of Opus West Corporation, a Phoenix-based real estate developer, from March 1993 until May 2009. Mr. Roberts also worked as vice president, real estate development for the Koll Company from 1986 until 1990. In July 2009, Opus West Corporation filed for Chapter 11 bankruptcy protection. Mr. Roberts received a B.S. from Arizona State University. Mr. Roberts has been active in many professional and community organizations including the Greater Phoenix Economic Council, International Council of Shopping Centers, National Association of Industrial and Office Properties, Young Presidents Organization, Urban Land Institute, Phoenix Boys and Girls Club, and Xavier College Preparatory Board of Trustees.

Paul H. McDowell has served as executive vice president, chief operating officer of our advisor since October 2015 and previously served as president — office and industrial of our advisor from March 2014 until October 2015. In addition, Mr. McDowell serves in the following positions for certain other programs sponsored by Cole Capital and certain affiliates of Cole Capital:

Entity	Position(s)	Dates
CCI Advisors; CCI II Advisors	Executive vice president, chief operating officer	October 2015 – Present
	President – Office and Industrial	February 2014 – October 2015
Cole Capital Partners; Cole Capital Advisors; CCPT III Advisors	Executive vice president, chief operating officer	October 2015 – Present
	President – Office and Industrial	June 2015 – October 2015
CCPT IV Advisors; CCPT V Advisors	Executive vice president, chief operating officer	October 2015 – Present

Mr. McDowell served as president of the office and industrial division of ARC Advisory Services, LLC, a subsidiary of AR Capital, LLC (AR Capital), from November 2013 until January 2014, when he joined VEREIT as the president of its office and industrial division. Mr. McDowell was a founder of CapLease, Inc. (“CapLease”), an NYSE-listed REIT that primarily owned and managed a diversified portfolio of single-tenant commercial real estate properties subject to long-term leases to high-credit-quality tenants, prior to its acquisition by VEREIT in November 2013. He had been continuously employed by CapLease or its predecessor companies since 1994, including as chief executive officer from March 2001 until November 2013, and as senior vice president, general counsel and secretary from 1994 until February 2001. He served on CapLease’s board of directors from November 2003 until November 2013 and as chairman of the board from December 2007 until November 2013. He served on the board of directors of CapLease’s predecessor, Capital Lease Funding, LLC, from November 2001 until March 2004. He was also a member of CapLease’s investment committee, a committee that oversaw CapLease’s asset investment and due diligence process. From 1991 until 1994,

Mr. McDowell was corporate counsel for Sumitomo Corporation of America, the principal U.S. subsidiary of one of the world's largest integrated trading companies. As corporate counsel, Mr. McDowell advised on a wide range of domestic and international corporate legal matters, including acquisitions, complex financing transactions, power plant development, shipping, litigation management and real estate. From 1987 to 1990, Mr. McDowell was an associate in the corporate department at the Boston law firm of Nutter, McClennen & Fish. Mr. McDowell served on the board of directors of Feldman Mall Properties, Inc., which was a public company, within the past five years. Mr. McDowell received a J.D. with honors from Boston University School of Law in 1987 and received a B.A. from Tulane University in 1982.

William C. Miller has served as executive vice president, investment management of our advisor since June 2015. In addition, Mr. Miller serves in the following positions for certain other affiliates of Cole Capital:

Entity	Position(s)	Dates
Cole Capital Partners	Chief executive officer and president	June 2015 – Present
Cole Capital Corporation	President and treasurer	June 2015 – Present
CCPT I Advisors; CCI Advisors; CCPT III Advisors; CCPT IV Advisors; CCPT V Advisors; CCI II Advisors; Cole Capital Advisors	Executive vice president, investment management	June 2015 – Present

Mr. Miller has served as chief executive officer and president at Cole Capital, our sponsor, since June 2015. In this role, Mr. Miller provides strategic direction and oversees all aspects of private capital management for Cole Capital, including product development, external and internal sales, marketing, broker/dealer relations, due diligence and securities operations. Mr. Miller previously served as senior vice president and chief sales officer of Cole Capital from March 2015 through June 2015. Mr. Miller has been in the financial services business for more than 20 years and has extensive leadership experience in capital markets, real estate and distribution. Prior to joining Cole Capital, he served as senior vice president and director of national accounts for American Funds, from July 2012 until March 2015, where he was responsible for leading business development, strategy and relationship management efforts for the retail wire/regional broker-dealers, as well as the global banking channel in the United States. In addition to his experience at American Funds, Mr. Miller previously served as executive vice president and managing director of national products for Realty Capital Securities from May 2010 until June 2012, as executive vice president and chief sales officer for AXA Equitable Distributors from 2006 until 2010, and in senior leadership roles for Lincoln Financial Distributors from 2003 until 2006, most recently as senior vice president and channel president. Mr. Miller is a graduate of Hobart College. He holds FINRA Series 7 and 24 licenses.

Lauren Goldberg has served as executive vice president, general counsel and secretary of our advisor since June 2015. In addition, Ms. Goldberg serves in the following positions for certain other affiliates of Cole Capital:

Entity	Position(s)	Dates
CCPT I Advisors; CCPT III Advisors; CCI Advisors; CCPT IV Advisors; CCPT V Advisors; CCI II Advisors; Cole Capital Partners; Cole Capital Advisors	Executive vice president, general counsel and secretary	June 2015 – Present

Ms. Goldberg joined VEREIT in May 2015 as executive vice president, general counsel and secretary. Prior to joining VEREIT, Ms. Goldberg served as executive vice president, general counsel and chief compliance officer for global cosmetics company, Revlon, Inc. from March 2011 through December 2013. In this role, she was responsible for all aspects of Revlon's legal and regulatory affairs, served on the senior operating committee and oversaw Revlon's corporate governance matters. Additionally, Ms. Goldberg served as senior vice president – law for MacAndrews & Forbes Inc. from November 2009 until February 2011, and as an Assistant United States Attorney for the United States Attorney's Office in the Southern District of New York, from October 2000

until October 2009. Prior to her service in the U.S. Attorney's Office, Ms. Goldberg worked as an associate with Stillman & Friedman, P.C. and with Fried, Frank, Harris, Shriver & Jacobson LLP. Ms. Goldberg also has prior accounting experience as an associate at Coopers & Lybrand. She received her law degree from the Columbia Law School and her undergraduate degree in accounting from the Wharton School, University of Pennsylvania.

T. Glenn Kindred, Jr. has served as executive vice president of our advisor since March 2014. In addition, Mr. Kindred serves in the following positions for certain other affiliates of Cole Capital:

Entity	Position(s)	Dates
CCPT I Advisors; CCPT II Advisors; CCPT IV Advisors; CCPT V Advisors; Cole Capital Partners; Cole Capital Advisors	Executive vice president	March 2014 – Present

Mr. Kindred joined VEREIT in November 2013 as executive vice president of VEREIT's restaurant division. Prior to joining VEREIT, Mr. Kindred held the position of managing director at GE Capital from February 2007 through November 2013. Mr. Kindred served as senior vice president of Trustreet Properties, Inc. ("Trustreet"), a publicly traded REIT that specialized in net leased restaurant properties, from its formation in February 2005 until GE Capital acquired Trustreet in February 2007. Mr. Kindred has 15 years' experience in executive roles in the real estate industry.

Todd J. Weiss has served as general counsel, real estate and assistant secretary of our advisor since March 2014. In addition, Mr. Weiss serves in the following positions for certain other affiliates of Cole Capital:

Entity	Position(s)	Dates
CCPT I Advisors; CCPT II Advisors; CCPT III Advisors; CCI Advisors; CCPT IV Advisors; CCPT V Advisors; CCI II Advisors; Cole Capital Partners; Cole Capital Advisors	General counsel, real estate and assistant secretary	March 2014 – Present

Prior to joining Cole Capital and its affiliates in November 2004, Mr. Weiss was an associate general counsel and assistant secretary with GE Capital Franchise Finance Corporation from February 2002 until November 2004. He was in private practice with the law firm of Snell & Wilmer LLP from 1997 to 2002. Mr. Weiss received a B.A. degree in Government from The University of Texas at Austin in 1994 before earning his J.D. and graduating with high honors in 1997 from Chicago-Kent College of Law.

In addition to the officers and key personnel listed above, our advisor employs personnel on a dual basis with the other entities that comprise our sponsor who have extensive experience in selecting, managing and selling commercial properties similar to the properties sought to be acquired by us. As of the date of this prospectus, our wholly-owned subsidiary, CRI (Daily NAV), LLC, is the sole limited partner of our operating partnership.

The Advisory Agreement

Many of the services performed by our advisor in managing our day-to-day activities pursuant to the advisory agreement are summarized below. We believe that our advisor currently has sufficient staff and experience so as to be capable of fulfilling the duties set forth in the advisory agreement. This summary is provided to illustrate the material functions that our advisor performs for us as our advisor, and it is not intended to identify each and every task to be performed by our advisors. Under the terms of the advisory agreement, our advisor will undertake to use its commercially reasonable best efforts to present to us investment opportunities consistent with our investment policies and objectives as adopted by our board of directors. In its performance of this undertaking, our advisor, either directly or indirectly by engaging an affiliate or an unaffiliated third party, shall, among other duties and subject to the supervision of our board of directors:

- find, evaluate, present and recommend to us investment opportunities consistent with our investment policies and objectives;

- participate in formulating our financial valuation and other policies, consistent with achieving our investment objectives;
- monitor the independent valuation expert's valuation process to ensure that it complies with our valuation guidelines and report on such compliance to our board of directors on a quarterly basis;
- serve as our investment and financial advisor and provide research and economic and statistical data in connection with our assets and our investment policies;
- determine the proper allocation of our investments between retail, corporate office and industrial properties and real estate-related assets and cash, cash equivalents and other short-term investments;
- select its sub-advisor, joint venture and strategic partners, and service providers for us such as our transfer agent and independent fund accountant and structure corresponding agreements;
- provide the daily management and perform and supervise the various administrative functions reasonably necessary for our management and operations;
- provide property management and leasing services;
- hire, direct and establish policies for employees who will have direct responsibility for the operations of each property we acquire, which may include, but is not limited to, on-site managers and building and maintenance personnel;
- direct the purchase of equipment and supplies, and supervise all maintenance activity, for our properties;
- investigate, select, and, on our behalf, engage and conduct business with such third parties as our advisor deems necessary to the proper performance of our advisor's obligations under the advisory agreement;
- consult with, and provide information to, our officers and our board of directors and assist our board of directors in formulating and implementing our financial policies;
- structure and negotiate the terms and conditions of our real estate acquisitions, sales or joint ventures;
- review and analyze each property's operating and capital budget;
- acquire properties and make investments on our behalf in compliance with our investment objectives and policies;
- arrange, structure and negotiate financing and refinancing of properties;
- enter into leases of property and service contracts for assets and, to the extent necessary, perform all other operational functions for the maintenance and administration of such assets, including the servicing of mortgages;
- actively manage our real estate portfolio in accordance with our investment objectives, strategies and policies;
- prepare and review on our behalf, with the participation of one designated principal executive officer and principal financial officer, all reports and returns required by the SEC, IRS and other state or federal governmental agencies; and
- dispose of properties on our behalf in compliance with our investment objectives, strategies and policies.

It is the duty of the board of directors to evaluate the capabilities of our advisor before entering into the advisory agreement, and to evaluate the performance of our advisor before renewing the advisory agreement. The criteria used in such evaluation will be reflected in the minutes of the applicable meetings of our board of directors. Our board of directors has approved the renewal of our advisory agreement with our advisor for a term expiring on November 30, 2015, and our advisory agreement may be renewed for an unlimited number of successive one-year periods thereafter. Additionally, either party may terminate the advisory agreement without cause or penalty upon 60 days' written notice. If we elect to terminate the agreement, we must obtain the

approval of a majority of our independent directors. In the event of the termination of our advisory agreement, our advisor is required to cooperate with us and take all reasonable steps requested by us to assist our board of directors in making an orderly transition of the advisory function.

We pay our advisor an advisory fee that will be payable in arrears on a monthly basis and accrue daily in an amount equal to $1/365^{th}$ of 0.90% of the NAV for each class of common stock for each day. Any portion of this fee may be deferred and paid in a subsequent year.

As compensation for services provided pursuant to the advisory agreement, we will also pay our advisor a performance-based fee calculated based on our annual total return to stockholders (defined below), payable annually in arrears. The performance fee will be calculated such that for any calendar year in which the total return per share for a particular class exceeds 6%, which we refer to as the 6% return, our advisor will receive 25% of the excess total return above the 6% return allocable to that class, but in no event will we pay our advisor more than 10% of the aggregate total return for that class for such year. However, in the event the NAV per share of our W Shares, A Shares and I Shares decreases below the Base NAV for the respective share class, the performance–based fee will not be calculated on any increase in NAV up to the Base NAV of that class. In addition, the performance fee will not be paid with respect to any calendar year in which the NAV per share as of the last business day of the calendar year (the "Ending NAV") for the respective share class is less than the Base NAV of that class. The Base NAV of any share class is subject to downward adjustment in the event that our board of directors, including a majority of the independent directors, determines that such an adjustment is necessary to provide an appropriate incentive to our advisor to perform in a manner that seeks to maximize stockholder value and is in the best interests of our stockholders. In the event of any stock dividend, stock split, recapitalization or similar change in our capital structure, the Base NAV for the respective share class shall be ratably adjusted to reflect the effect of any such event. The total return to stockholders is defined for each class of our common stock as the change in NAV per share for such class plus distributions per share for such class. The NAV per share for a class calculated on the last trading day of a calendar year shall be the amount against which changes in NAV per share are measured during the subsequent calendar year. Therefore, for each class of our common stock, payment of the performance-based component of the advisory fee (1) is contingent upon our actual annual total return exceeding the 6% return and the Ending NAV per share for the respective share class being greater than the Base NAV of that class, (2) will vary in amount based on our actual performance, (3) cannot cause our total return as a percentage of stockholders' invested capital for the year to be reduced below 6%, and (4) is payable to our advisor if our total return exceeds the 6% return in a particular calendar year, even if the total return to stockholders (or any particular stockholder) on a cumulative basis over any longer or shorter period has been less than 6% per annum. The advisor will not be obligated to return any portion of advisory fees paid based on our subsequent performance.

Our advisor will calculate our total return for each calendar year as the sum of capital appreciation or depreciation, measured by the change in NAV, and cumulative distributions for such year. Our advisor will begin the calculation with respect to each calendar year for each class by taking the sum of (i) the Ending NAV for such class and (ii) the cumulative distributions per share for such class for the year, and then (iii) subtracting the NAV per share for such class at the beginning of such year (the "Starting NAV"); provided, however, that if the Starting NAV is less than the Base NAV of that class, the Base NAV of that class shall be used as the Starting NAV for purposes of this calculation. Our advisor will then divide the resulting amount by the Starting NAV (or, if the Base NAV of that class is used as the Starting NAV pursuant to the preceding sentence, the Base NAV of that class) to calculate the total return per share, expressed as a percentage. If the total return per share exceeds 6% and the Ending NAV of that class is greater than the Base NAV of that class, then the performance-based fee is calculated by multiplying the excess percentage (the percentage above 6%) by 25%, and then multiplying the resulting amount by the Starting NAV for such class (or if the Base NAV of that class is used as the Starting NAV in the total return calculation, the Base NAV of that class). Finally, that amount is multiplied by the weighted average number of shares of such class outstanding during the year (to reflect share issuances and/or share redemptions during the year) to arrive at the total amount of the performance-based fee payable for such class, subject to the limitation set forth above that in no event will the performance-based fee exceed 10% of the annual total return for the calendar year for which the performance-based fee is being determined. The

performance-based fee will be calculated daily and an estimated accrual will be included in our calculation of NAV based on an estimated annualized distribution rate combined with the year to date capital appreciation or depreciation.

In the event the advisory agreement is terminated on a day other than the last business day of a calendar year, the fee will be calculated on the basis of a prorated 6% priority return and our actual total return to stockholders through the date of termination, and will be paid to our advisor promptly following completion of the necessary calculation.

We will reimburse our advisor for the expenses incurred in connection with its provision of advisory and administrative services including acquisition and financing services, such as the portion of the salaries paid to employees of our sponsor who are dual employees of our advisor (including executive officers and key personnel of our advisor who are not also executive officers of our company) that are attributed to services rendered by our advisor in connection with our operations, including non-offering related legal and accounting services; provided, however, that we will not reimburse our advisor for the salaries and benefits paid to our executive officers.

The NASAA REIT Guidelines require that we include in our charter a provision that requires that any gain from the sale of assets that we may pay our advisor or an entity affiliated with our advisor be reasonable. Such a share in gain from the sale of assets is presumed reasonable if it does not exceed 15% of the balance of the net sale proceeds remaining after payment to common stockholders, in the aggregate, of an amount equal to 100% of the original issue price of the common stock, plus an amount equal to 6% of the original issue price of the common stock per year cumulative. Because we intend to be an investment vehicle of indefinite duration, as opposed to a finite-life vehicle that returns capital to investors following a single liquidation event, such as upon sale of its assets, as contemplated by the NASAA REIT Guidelines, we do not currently intend to pay incentive fees to our advisor in connection with the sale of our assets. Rather, our advisor will be entitled to receive performance compensation, if any, calculated based on the total return to stockholders exceeding an annual rate of 6%, measured over each calendar year during the term of the advisory agreement, the payment of which is not limited to asset disposition transactions.

Our advisor or its affiliates will pay on our behalf all other costs incurred in connection with our organization and the offering of our shares (excluding the dealer manager fee), including (i) our legal, accounting, printing, mailing and filing fees, charges of our escrow agent, and broker-dealer due diligence expenses; (ii) amounts to reimburse our advisor for the portion of the salaries paid to employees of its affiliates that are attributed to services rendered to our advisor in connection with preparing supplemental sales materials for us, holding educational conferences and attending retail seminars conducted by broker-dealers; and (iii) reimbursement for our dealer manager's wholesaling costs, other marketing and organization costs including payments made to participating broker-dealers. Reimbursement payments are typically made in monthly installments, but the aggregate monthly amount reimbursed can never exceed 0.75% of the aggregate gross offering proceeds from this offering, including shares issued in connection with the distribution reinvestment plan, but excluding selling commissions charged on A Shares sold in the primary offering. If the sum of the total unreimbursed amount of such organization and offering costs, plus new costs incurred since the last reimbursement payment, exceeds the reimbursement limit described above for the applicable monthly installment, the excess will be eligible for reimbursement in subsequent months (subject to the 0.75% limit), calculated on an accumulated basis, until our advisor has been reimbursed in full.

Our advisor must reimburse us at least annually for fees paid to the advisor in any year to the extent that such fees to the advisor cause our total operating expenses to exceed the greater of (1) 2% of our average invested assets, or (2) 25% of our net income, which is defined as our total revenues less total expenses for any given period excluding reserves for depreciation and bad debt. "Average invested assets" means the average monthly book value of our assets invested directly or indirectly in equity interests and loans secured by real estate during the 12-month period before deducting depreciation, bad debts or other non-cash reserves. "Total operating expenses" means all expenses paid or incurred by us, as determined under GAAP, that are in any way related to our operation, including advisory fees and any amounts we may pay to intermediaries for record keeping, account maintenance services and other administrative

services provided to our stockholders, but excluding: (a) the expenses of raising capital such as organizational and offering expenses, legal, audit, accounting, underwriting, brokerage, registration and other fees, printing and other such expenses and taxes incurred in connection with the issuance, distribution, transfer and registration of shares of our common stock; (b) interest payments; (c) taxes; (d) non-cash expenditures such as depreciation, amortization and bad debt reserves; (e) reasonable incentive fees; and (f) acquisition expenses (including expenses relating to potential acquisitions that we do not close), real estate commissions on the resale of real property and other expenses connected with the acquisition, disposition, management and ownership of real estate interests, mortgage loans or other real property (including the costs of foreclosure, insurance premiums, legal services, maintenance, repair and improvement of real property).

Notwithstanding the foregoing, to the extent that total operating expenses payable by us exceed these limits and the independent directors determine that the excess expenses were justified based on unusual and nonrecurring factors which they deem sufficient, our advisor may be paid in future periods for the full amount of the excess expenses, or any portion thereof. Within 60 days after the end of any fiscal quarters for which our total operating expenses for the four consecutive fiscal quarters then ended exceed these limits, we will send our stockholders a written disclosure of such fact, together with an explanation of the factors our independent directors considered in arriving at the conclusion that such excess expenses were justified. Our independent directors will review the total fees for operating expenses paid to our advisor to determine if they are reasonable in light of, among other factors, our performance, our net assets and our net income and the fees and expenses of other comparable unaffiliated REITs.

Our independent directors will evaluate at least annually whether the compensation that we contract to pay to our advisor is reasonable in relation to the nature and quality of services performed and that such compensation is within the limits prescribed by our charter. The independent directors will supervise the performance of our advisor and the compensation we pay to it to determine that the provisions of the advisory agreement are being carried out. For a list of the factors our independent directors will consider in evaluating the fees paid to our advisor, see the “Management — Board of Directors” section of this prospectus.

Other than the fees described above, neither our advisor nor its affiliates will be entitled to any additional fees for acquiring our properties, managing our properties, leasing our properties or assisting in the disposition of our properties. Our advisor is permitted to collect from tenants of our properties administrative charges such as credit report fees and charges for non-negotiable checks.

Officers, employees and affiliates of our advisor engage in other business ventures and, as a result, their resources will not be dedicated exclusively to our business. However, pursuant to the advisory agreement, our advisor will be required to devote sufficient resources to our administration to discharge its obligations.

Our advisor may assign the advisory agreement to an affiliate upon approval of a majority of our independent directors. The advisory agreement also provides that our advisor may engage one or more sub-advisors to assist our advisor in providing services. We may assign or transfer the advisory agreement to a successor entity; provided that at least a majority of our independent directors determines that any such successor advisor possesses sufficient qualifications to perform the advisory function and to justify the compensation payable to our advisor. Our independent directors will base their determination on the general facts and circumstances that they deem applicable, including the overall experience and specific industry experience of the successor advisor and its management. Other factors that will be considered are the compensation to be paid to the successor advisor and any potential conflicts of interest that may occur.

Our advisor’s principal assets will be its cash balances and its advisory agreement with the Company, and the revenues associated with such agreement. In addition, our advisor is covered by an errors and omissions insurance policy. If our advisor is held liable for a breach of fiduciary duty, the Company expects that the liability would be paid by our advisor from its cash balances or by the insurance policy.

The fees payable to our advisor under the advisory agreement are described in further detail in the “Compensation” section of this prospectus.

The above summary is provided to illustrate the material functions which our advisor will perform for us as our advisor and it is not intended to include all of the services which may be provided to us by our advisor or third parties. The advisory agreement provides that our advisor may engage one or more sub-advisors to assist our advisor in providing these services.

The Sub-Advisory Agreement

Our advisor has engaged BlackRock Investment Management, LLC, a leading provider of investment advisory solutions, to serve as its sub-advisor and has entered into a sub-advisory agreement with the sub-advisor, pursuant to which the sub-advisor will serve as a fiduciary under the sub-advisory agreement and provide advisory services relating to selection, acquisitions, management and dispositions of our liquid assets (cash, cash equivalents, other short-term investments, U.S. government securities, agency securities, corporate debt, liquid, real estate-related, equity or debt securities and other investments for which there is reasonable liquidity). The sub-advisor will provide services related to the acquisition, management and disposition of our liquid assets and the selection of those assets in accordance with our investment objectives, strategy, guidelines, policies and limitations. The sub-advisory agreement may be terminated by our advisor or by the sub-advisor at any time. The fees paid to the sub-advisor will not be paid by us, but will instead be paid by our advisor out of the management fee that we will pay to our advisor. The sub-advisor will also be reimbursed for expenses incurred on our behalf. In the event the sub-advisory agreement is terminated, the sub-advisor will be paid all accrued and unpaid fees and expense reimbursements. The expense reimbursements that we will pay to our advisor include expenses incurred by the sub-advisor on our behalf that our advisor is required to reimburse to the sub-advisor under the sub-advisory agreement. Notwithstanding the terms of our advisor's engagement of the sub-advisor, our advisor will be ultimately responsible to us for the performance of all of the matters entrusted to it pursuant to the advisory agreement, however, it will not have a fiduciary or contractual relationship with us. If our sub-advisor does not adequately perform its duties or fails to dedicate sufficient time to us our only recourse will be against our advisor.

Investment Decisions

The primary responsibility for the investment decisions of our advisor and its affiliates, the negotiation for the purchase and sale of these investments, and the management of our assets resides with the executive officers and key personnel of our advisor and its affiliates. The backgrounds of the officers of our advisor are described in the "— Executive Officers and Directors" and "— The Advisor" sections above. Our board of directors is responsible for supervising and monitoring the activities of our advisor.

Dealer Manager

Cole Capital Corporation, our dealer manager, is a member firm of FINRA. Cole Capital Corporation was organized in December 1992 for the purpose of participating in and facilitating the distribution of securities of real estate programs sponsored by Cole Capital, its affiliates and its predecessors, all of whom are affiliated with our sponsor.

Cole Capital Corporation will advise us regarding this offering, manage our relationships with participating broker-dealers and financial advisors and provide assistance in connection with compliance matters relating to the offering, including compliance regarding any sales literature that we may prepare. It may also sell a limited number of shares at the retail level. The compensation we pay to Cole Capital Corporation in connection with this offering is described in the section of this prospectus captioned "Compensation." See also "Plan of Distribution — General."

Cole Capital Corporation is wholly-owned by Cole Capital Advisors, which is an indirect wholly-owned subsidiary of VEREIT. Cole Capital Corporation is an affiliate of our advisor. The backgrounds of the officers of Cole Capital Corporation are described in the "— Executive Officers and Directors" and "— The Advisor" sections of this prospectus.

Compensation

We have no paid employees. Our advisor and its affiliates manage our day-to-day affairs. The following table summarizes all of the compensation, fees and reimbursements we will pay to our advisor and its affiliates, including our dealer manager. See the "Plan of Distribution" section of this prospectus. We will not pay our advisor or its affiliates any separate fees for property acquisitions or dispositions, financings, property management or leasing. This table assumes the shares are sold through distribution channels associated with the highest possible dealer manager fee.

Type of Compensation — Recipient [(1)]	Method of Compensation	Estimated Amount
	Organization and Offering Stage	
Upfront Selling Commission [(2)]	We may charge a selling commission on A Shares sold in the primary offering of up to 3.75% of the Offering Price per share for A Shares on the date of purchase, which we will pay to our dealer manager. Our dealer manager will reallow 100% of such selling commissions to participating broker-dealers. Selling commissions may be reduced for volume purchases and we will not charge a selling commission on W Shares, I Shares, or on shares sold pursuant to our distribution reinvestment plan.	The actual amount will depend on the number of shares sold, the Offering Price per share and the type of accounts that purchase shares. Aggregate selling commissions will equal $131,250,000 if we sell the maximum offering, assuming that all shares sold are A Shares, the maximum selling commission is paid for each primary offering share, and no reallocation of shares between our primary offering and our distribution reinvestment plan. In the aggregate, underwriting compensation from all sources, including selling commissions, the dealer manager fee, the distribution fee and other underwriting compensation paid to participating broker-dealers by us or by our advisor and its affiliates, will not exceed 10% of the gross proceeds from our primary offering.
Dealer Manager Fee — *Our Dealer Manager* [(3)]	We will pay our dealer manager an asset-based dealer manager fee that is payable in arrears on a monthly basis and accrues daily in an amount equal to (1) 1/365th of 0.55% of our NAV for W Shares for such day, (2) 1/365th of 0.55% of our NAV for A Shares for such day and (3) 1/365th of 0.25% of our NAV for I Shares for such day. At our dealer manager's discretion it may reallow a portion of the dealer manager fee received on W Shares, A Shares and I Shares to participating broker-dealers. Because the dealer manager fee is calculated based on NAV, it reduces NAV with respect to all shares of our common stock, including shares issued under our distribution reinvestment plan.	Actual amounts depend upon the number of shares of each class purchased, our daily NAV and when shares are purchased, and, therefore, cannot be determined at this time. The dealer manager fee will equal $21,278,125 per annum if we sell the maximum offering, assuming that all shares sold are A Shares and that the NAV per share remains the same as the NAV per share at the commencement of this offering. In the aggregate, underwriting compensation from all sources, including selling commissions, the dealer manager fee, the distribution fee and other underwriting compensation paid to participating broker-dealers by us or by our advisor and its affiliates, will not exceed 10% of the gross proceeds from our primary offering.
Distribution Fee — *Our Dealer Manager*	We will pay our dealer manager an asset-based distribution fee for A Shares that is payable in arrears on a monthly basis and accrues daily in an amount equal to 1/365th of 0.50% of our NAV for A Shares for	Actual amounts depend upon the number of A Shares purchased, our daily NAV and when shares are purchased, and, therefore, cannot be determined at this time. The distribution fee will equal $19,343,750 per annum if we sell the

Type of Compensation — Recipient [1]	Method of Compensation	Estimated Amount
	such day. At our dealer manager's discretion it may reallow a portion of the distribution fee to participating broker-dealers. Because the distribution fee is based on our NAV for A Shares, it reduces NAV with respect to all A Shares, including A shares issued under our distribution reinvestment plan.	maximum offering, assuming that all shares sold are A Shares and that the NAV per A Share remains the same as the NAV per A Share at the commencement of this offering. In the aggregate, underwriting compensation from all sources, including selling commissions, the dealer manager fee, the distribution fee and other underwriting compensation paid to participating broker-dealers by us or by our advisor and its affiliates, will not exceed 10% of the gross proceeds from our primary offering.
Organization and Offering Expense Reimbursement — *Our Advisor* [4]	Our advisor has agreed to fund on our behalf all costs of our organization and offering (other than selling commissions, the distribution fee and the dealer manager fee). Reimbursement payments are made in monthly installments, but the aggregate monthly amount reimbursed can never exceed 0.75% of aggregate gross offering proceeds, including shares issued in connection with the distribution reinvestment plan, but excluding selling commissions charged on A Shares sold in the primary offering. If the sum of the total unreimbursed amount of such organization and offering costs, plus new costs incurred since the last reimbursement payment, exceeds the reimbursement limit described above for the applicable monthly installment, the excess will be eligible for reimbursement in subsequent months (subject to the 0.75% limit) calculated on an accumulated basis, until our advisor has been reimbursed in full.	The timing and amount of reimbursements are dependent on the actual expenses incurred, the gross proceeds of shares sold, and the dates on which the shares are sold. Assuming that (i) one-half of all $4,000,000,000 of shares registered for sale in our primary offering, including shares issued under our distribution reinvestment plan, are sold as of the first day after the commencement of this offering, and the other half are sold one year after the commencement of this offering, and (ii) none of the shares sold are A Shares, the maximum amount of organization and offering expenses that can be reimbursed to our advisor will equal approximately $15,000,000 in year one after the commencement of this offering and $15,000,000 in year two.
	Operational Stage	
Advisory Fee — *Our Advisor* [5]	We will pay our advisor an advisory fee that will be payable in arrears on a monthly basis and accrue daily in an amount equal to 1/365th of 0.90% of the NAV for each class of common stock for each day.	The annualized management fee, and the actual dollar amounts, are dependent upon the monthly average NAV for each class of common stock and, therefore, cannot be determined at the present time. Based on the following assumed levels of the monthly average total NAV for all classes of common stock, our annualized management fee will be as follows:

Monthly Average Total NAV	Total Annualized Advisory Fee ($)
$1 billion	$ 9,000,000
$2 billion	$18,000,000
$4 billion	$36,000,000

Type of Compensation — Recipient [(1)]	Method of Compensation	Estimated Amount
Acquisition Expense Reimbursement — *Our Advisor* [(6)]	We will not pay our advisor any acquisition, financing or other similar fees in connection with making investments. We will reimburse our advisor for out-of-pocket expenses in connection with the acquisition of commercial real estate properties, real estate-related assets and other investments, including reasonable salaries and wages, benefits and overhead of all employees directly involved in the performance of acquisition services to us other than our executive officers.	The actual amount will depend upon actual expenses incurred and, therefore, cannot be determined at this time.
Operating Expense Reimbursement — *Our Advisor* [(7)]	We will reimburse our advisor for out-of-pocket expenses in connection with providing services to us, including reasonable salaries and wages, benefits and overhead of all employees directly involved in the performance of services to us other than our executive officers. The expense reimbursements that we will pay to our advisor include expenses incurred by the sub-advisor on our behalf.	Actual amounts are dependent upon actual expenses incurred and, therefore, cannot be determined at this time.
Performance Fee — *Our Advisor*	We will pay our advisor a performance fee calculated on the basis of our total return to stockholders for each class of common stock, payable annually in arrears, such that for any year in which our total return on stockholders' capital for a class exceeds 6% per annum, on a calendar year basis, our advisor will be entitled to 25% of the excess total return on such class but not to exceed 10% of the aggregate total return on such class for such year. In the event the NAV per share for our W Shares, A Shares and I Shares decreases below Base NAV for the respective share class, the performance–based fee will not be calculated on any increase in NAV up to Base NAV for the respective share class.	The actual amount will depend on our performance, as well as on the number of shares sold, the daily NAV per share for each class of common stock and the period of time that the investor continues to hold the shares and, therefore, can not be determined at this time.

(1) We will pay all fees and expenses in cash, shares of our common stock, a non-interest bearing promissory note or any combination of the foregoing, as may be agreed upon by both parties.

(2) Selling commissions may be reduced or waived in connection with volume or other discounts, other fee arrangements or for sales to certain categories of purchasers. See "Plan of Distribution — Underwriting Compensation — Selling Commissions, Volume Discounts, and Asset-Based Dealer Manager Fee and Distribution Fee."

(3) We will cease paying distribution fees and dealer manager fees at the date at which, in the aggregate, underwriting compensation from all sources, including selling commissions, the distribution fee and the dealer manager fee and other underwriting compensation paid by us and our advisor and its affiliates, equals 10% of the gross proceeds

from our primary offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan). This limitation is intended to ensure that we satisfy the FINRA requirement that total underwriting compensation paid in connection with this offering from any source (including from our advisor and its affiliates), does not exceed 10% of the gross proceeds of our primary offering. Our advisor and its affiliates may pay additional amounts, without reimbursement by us, associated with the sale and distribution of our shares, which may include amounts paid to participating broker-dealers based on among other things, the number of shares that were originally sold with the assistance of the participating broker-dealer or the extent of stockholder record keeping services, account maintenance services and other administrative services provided by the participating broker-dealer. Any such payments would indirectly be recouped by our sponsor, which indirectly wholly-owns our advisor, through the receipt of the dealer-manager fee. Also, such payments will be deemed to be "underwriting compensation" by FINRA and will be subject to the 10% of gross offering proceeds limit on underwriting compensation. Our dealer manager waived its right to receive its dealer manager fee for the period from January 1, 2012 to June 30, 2012. Accordingly, no such fees were accrued during such period.

(4) Our advisor, directly or through an affiliate, has agreed to fund organizational expenses and expenses incurred in connection with the offering, including: (i) our legal, accounting, printing, mailing and filing fees, due diligence expenses that are included in a detailed and itemized invoice (such as expenses related to a review of this offering by one or more independent due diligence reviewers engaged by broker-dealers participating in this offering); (ii) amounts to reimburse our advisor for the portion of the salaries paid to employees of its affiliates that are attributed to services rendered to our advisor in connection with the preparation of supplemental sales materials for us, holding our own educational conferences and attending retail seminars conducted by our participating broker-dealers for performing these services; and (iii) reimbursement of our dealer-manager's wholesaling costs, other marketing and organization costs, including (a) payments made to participating broker-dealers for performing these services, (b) the dealer manager's wholesaling commissions, salaries and expense reimbursement, (c) the dealer manager's due diligence costs and legal fees and (d) costs associated with business entertainment, logoed items and sales incentives. Under no circumstances may the total organization and offering expenses from all sources exceed 15% of the gross proceeds from the primary offering of our shares (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan). Expenses related to educational conferences and retail seminars described in (ii) above, expenses related to our dealer manager's wholesaling costs and payments to participating broker-dealers described in (iii) above, and expenses described in (iii)(b) and (iii)(c) above, will constitute underwriting compensation, subject to the underwriting limit of 10% of gross offering proceeds.

(5) Our advisor waived its right to receive its advisory fee for the period from January 1, 2012 to June 30, 2012. Accordingly, no such fees were accrued during that period.

(6) We will not pay our advisor any acquisition, financing or other similar fees in connection with making investments, though we are not prohibited from doing so in our charter or otherwise. We will pay all expenses incurred in connection with the acquisition of our investments, including legal and accounting fees and expenses, brokerage commissions payable to unaffiliated third parties, travel expenses, costs of appraisals (including independent third party appraisals), nonrefundable option payments on property not acquired, engineering, due diligence, title insurance and other expenses related to the selection and acquisition of investments, whether or not acquired. While most of the acquisition expenses are expected to be paid to third parties, a portion of the out-of-pocket acquisition expenses, such as travel or due diligence expenses, may be reimbursed to our advisor or its affiliates. Acquisition expenses, together with any acquisition fees paid to third parties for a particular real estate-related asset, will in no event exceed 6% of the gross purchase price. In addition, the expenses we pay to our advisor include expenses incurred by its sub-advisor on our behalf that our advisor is required to reimburse to its sub-advisor under the sub-advisory agreement.

(7) Our advisor must reimburse us at least annually for reimbursements paid to our advisor in any year to the extent that such reimbursements to our advisor cause our operating expenses to exceed the greater of (1) 2% of our average invested assets, which generally consists of the average book value of our real properties before reserved for depreciation or bad debts and the average book value of securities or (2) 25% of our net

income, which is defined as our total revenues less total expenses for any given period excluding reserves for depreciation and bad debt, unless the independent directors have determined that such excess expenses were justified based on unusual and non-recurring factors. "Average invested assets" means the average monthly book value of our assets invested directly or indirectly in equity interests and loans secured by real estate during the 12-month period before deducting depreciation, bad debts or other non-cash reserves. "Total operating expenses" means all expenses paid or incurred by us, as determined under GAAP, that are in any way related to our operation, including management fees and any amounts we may pay to intermediaries for expenses related to record keeping, account maintenance services and other administrative services provided to our stockholders, but excluding: (a) the expenses of raising capital such as organizational and offering expenses, legal, audit, accounting, underwriting, brokerage, registration and other fees, printing and other such expenses and taxes incurred in connection with the issuance, distribution, transfer and registration of shares of our common stock; (b) interest payments; (c) taxes; (d) non-cash expenditures such as depreciation, amortization and bad debt reserves; (e) reasonable incentive fees paid in compliance with the NASAA REIT Guidelines; and (f) acquisition fees, acquisition expenses (including expenses relating to potential acquisitions that we do not close), real estate commissions on the resale of real property and other expenses connected with the acquisition, disposition, management and ownership of real estate interests, mortgage loans or other real property (including the costs of foreclosure, insurance premiums, legal services, maintenance, repair and improvement of real property). Our advisor agreed to waive its right to receive its operating expense reimbursements for the period from January 1, 2011 to June 30, 2015. Accordingly, no such expenses have been accrued during such periods. Our advisor implemented an expense cap for the three months ended December 31, 2013, which has been continued for each quarter through the three months ended June 30, 2015 and will be continued for the three months ending September 30, 2015, whereby it will fund all of our general and administrative expenses in excess of an amount calculated by multiplying our average NAV for the respective three month period by an annualized rate of 1.25%.

The following table summarizes the compensation, fees and reimbursements paid or payable to our advisor and its affiliates related to the organization and offering stage during the period indicated (in thousands):

	For the Six Months Ended June 30, 2015	For the Year Ended December 31, 2014
Offering:		
Selling commissions	$ 45	$563
Selling commissions reallowed by Cole Capital Corporation ("CCC")	$ 45	$563
Distribution fees	$ 40	$ 36
Distribution fees reallowed by CCC	$ 34	$ 34
Dealer manager fees	$351	$556
Dealer manager fees reallowed by CCC	$ 49	$ 49
Organization and offering expense reimbursement	$115	$520

As of June 30, 2015, $282,000 had been incurred, but not yet paid, for services provided by Cole Advisors or its affiliates in connection with the offering stage of the Offering and was a liability of the Company. As of December 31, 2014, $1.4 million of the amounts shown above had been paid to our advisor and its affiliates, and $273,000 had been incurred, but not yet paid, for services provided by our advisor or its affiliates in connection with the offering stage and was a liability of ours.

All organization and offering expenses associated with the sale of our common stock (excluding selling commissions, the distribution fee and the dealer manager fee) are paid by our advisor or its affiliates and can be reimbursed by us up to 0.75% of the aggregate gross offering proceeds, excluding selling commissions charged on A Shares sold in the primary offering. As of June 30, 2015 and December 31, 2015, our advisor or its

affiliates had paid certain organization and offering costs in excess of the 0.75% limitation in connection with our offering. These excess costs were not included in our financial statements because such costs were not a liability of ours as they exceeded 0.75% of gross proceeds from our offering. As we raise additional proceeds from our offering, these excess costs may become payable.

The following table summarizes any compensation, fees and reimbursements paid or payable to our advisor and its affiliates related to the operational stage during the period indicated (in thousands):

	For the Six Months Ended June 30, 2015	For the Year Ended December 31, 2014
Acquisitions, Operations and Performance:		
Acquisition expense reimbursement	$ 40	$ 490
Advisory fee	$ 590	$ 926
Operating expense reimbursement	$ —	$ —
Performance fee	$ 403	$1,076

As of June 30, 2015, $753,000 had been incurred, but not yet paid, for services provided by our advisor or its affiliates in connection with the acquisitions and operations stage and is a liability of ours. As of December 31, 2014, $1.6 million of the amounts shown above had been incurred, but not yet paid, for services provided by our advisor or its affiliates in connection with the acquisitions and operations stage and is a liability of ours. In addition, our advisor waived its right to receive operating expense reimbursements for the year ended December 31, 2014; accordingly, we did not reimburse our advisor or its affiliates for any such expenses during the year ended December 31, 2014.

Cap on General and Administrative Expenses

Our advisor implemented an expense cap for the three months ended December 31, 2013, which has been continued for each quarter through the three months ended June 30, 2015 and will be continued for the three months ending September 30, 2015, whereby it will fund all of our general and administrative expenses that are in excess of an amount calculated by multiplying our average NAV for the respective three month period by an annualized rate of 1.25% (the “Excess G&A”). General and administrative expenses, as presented in our financial statements prepared in accordance with GAAP, include, but are not limited to, legal fees, audit fees, board of directors costs, professional fees, escrow and trustee fees, insurance, state franchise and income taxes and fees for unused amounts on our line of credit. At our advisor’s discretion, it may fund the Excess G&A through reimbursement to us or payment to third parties on our behalf, but in no event will we be liable to our advisor in future periods for such amounts paid or reimbursed.

At least a majority of our independent directors must determine, from time to time but at least annually, that our total fees and expenses are reasonable in light of our investment performance, net assets, net income and the fees and expenses of other comparable unaffiliated REITs. Each such determination will be reflected in the minutes of our board of directors. For a list of the factors our independent directors will consider, in evaluating the fees paid to our advisor, see the “Management — Board of Directors” section of this prospectus. Our independent directors shall also supervise the performance of our advisor and the compensation that we pay to it to determine that the provisions of our advisory agreement are being carried out.

Our advisor is obligated to exercise good faith and integrity in all its dealings with respect to our affairs pursuant to the advisory agreement. See the “Management — The Advisory Agreement” section of this prospectus.

Indemnification and Limitation of Liability

We are permitted to limit the liability of our directors and officers, and to indemnify and advance expenses to our directors, officers and other agents, to the extent permitted by Maryland law and the NASAA REIT Guidelines. Subject to the limits described below, our charter contains a provision that eliminates directors' and officers' liability for money damages, requires us to indemnify and, in certain circumstances, advance expenses to our directors, our officers, our advisor and its affiliates and permits us to indemnify our employees and agents. To the extent that our board of directors determines the Maryland General Corporation Law conflicts with the provisions set forth in the NASAA REIT Guidelines, the NASAA REIT Guidelines will control, unless the provisions of the Maryland General Corporation Law are mandatory under Maryland law.

In accordance with Maryland law our charter includes a provision limiting the liability of our directors and officers to our stockholders and us for money damages, except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty established by a final judgment and that is material to the cause of action.

The Maryland General Corporation Law requires us (unless our charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he is made or threatened to be made a party by reason of his service in that capacity. The Maryland General Corporation Law allows directors and officers to be indemnified against judgments, penalties, fines, settlements and expenses actually incurred by them in connection with any proceeding unless it is established that:

- an act or omission of the director or officer was material to the cause of action adjudicated in the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- with respect to any criminal proceeding, the director or officer had reasonable cause to believe his act or omission was unlawful.

A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. The Maryland General Corporation Law permits us to advance reasonable expenses to a director or officer upon receipt of (i) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and (ii) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed if it is ultimately determined that the standard of conduct was not met.

In addition to the above limitations of the Maryland General Corporation Law, and as set forth in the NASAA REIT Guidelines, our charter further limits our ability to indemnify our directors for losses or liability suffered by them or hold harmless our directors for losses or liability suffered by us by requiring that the following additional conditions are met:

- the party seeking indemnification has determined, in good faith, that the course of conduct that caused the loss or liability was in our best interests;
- the party seeking indemnification was acting on our behalf or performing services for us;
- in the case of non-independent directors the liability or loss was not the result of negligence or misconduct by the party seeking indemnification;
- in the case of independent directors, the liability or loss was not the result of gross negligence or willful misconduct by the party seeking indemnification; and
- the indemnification or agreement to hold harmless is recoverable only out of our net assets and not from the stockholders.

We have also agreed to indemnify and hold harmless our advisor, its sub-advisor and its affiliates performing services for us from specific claims and liabilities arising out of the performance of their obligations under the advisory agreement so long as the following conditions are met:

- our advisor, its sub-advisor and its affiliates have determined, in good faith, that the course of conduct that caused the loss or liability was in our best interests;
- our advisor, its sub-advisor and its affiliates were acting on our behalf or performing services for us; and
- the liability or loss was not the result of negligence or misconduct by our advisor and its affiliates.

As a result, our stockholders and we may be entitled to a more limited right of action than they and we would otherwise have if these indemnification rights were not included in the advisory agreement.

The general effect to our stockholders of any arrangement under which we agree to insure or indemnify any persons against liability is a potential reduction in distributions resulting from our payment of premiums associated with insurance or indemnification payments in excess of amounts covered by insurance. In addition, indemnification could reduce the legal remedies available to our stockholders and us against our officers and directors. However, indemnification does not reduce the exposure of directors and officers to liability under federal or state securities laws, nor does it limit the stockholders' ability to obtain injunctive relief or other equitable remedies for a violation of a director's or an officer's duties to us, although the equitable remedies may not be an effective remedy in some circumstances.

The SEC and some state securities commissions take the position that indemnification against liabilities arising under the Securities Act is against public policy and unenforceable.

Under our charter, indemnification of our directors and our advisor or its affiliates will not be allowed for liabilities arising from or out of a violation of state or federal securities laws, unless one or more of the following conditions are met:

- there has been a successful adjudication on the merits in favor of the indemnitee of each count involving alleged securities law violations;
- such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or
- a court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and of the published position of any state securities regulatory authority in which our securities were offered as to indemnification for violations of securities laws.

Our charter provides that the advancement of our funds to our directors, our advisor or our advisor's affiliates for legal expenses and other costs incurred as a result of any legal action for which indemnification is being sought is permissible only if all of the following conditions are satisfied: (i) the legal action relates to acts or omissions with respect to the performance of duties or services on behalf of us; (ii) our directors, our advisor or our advisor's affiliates provide us with written affirmation of their good faith belief that they have met the standard of conduct necessary for indemnification; (iii) the legal action is initiated by a third party who is not a stockholder or, if the legal action is initiated by a stockholder acting in his or her capacity as such, a court of competent jurisdiction approves such advancement; and (iv) our directors, our advisor or our advisor's affiliates agree in writing to repay the advanced funds to us together with the applicable legal rate of interest thereon, in cases in which such persons are found not to be entitled to indemnification.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of September 1, 2015 regarding the beneficial ownership of our common stock by each person known by us to own 5% or more of an outstanding class of shares of common stock, each of our directors, and each named executive officer, and our directors and executive officers as a group. The percentage of beneficial ownership is calculated based on approximately 8.1 million shares of common stock outstanding as of September 1, 2015. To our knowledge, none of the shares in the following table has been pledged as security.

Name of Beneficial Owner [1]	Number of Shares of Common Stock Beneficially Owned [2]	Percentage of Class
Glenn J. Rufrano	—	—
Simon J. Misselbrook	—	—
George N. Fugelsang	—	—
Richard J. Lehmann	—	—
Roger D. Snell	—	—
All officers and directors as a group (6 persons)	—	—
CHC Investments, LLC [3] P.O. Box 27943 Scottsdale, AZ 85255	398,045 Wrap Class Shares	4.9%

* Represents less than 1% of the outstanding common stock.

(1) The address of our executive officers and directors is c/o Cole Real Estate Income Strategy (Daily NAV), Inc., 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016.

(2) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities and shares issuable pursuant to options, warrants and similar rights held by the respective person or group which may be exercised within 60 days following June 1, 2015. Except as otherwise indicated by footnote, and subject to community property laws where applicable, to our knowledge, the persons named in the table above have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

(3) CHC Investments, LLC is wholly-owned by Christopher H. Cole, our former Chief Executive Officer, President and Chairman of our board of directors.

Operating Partnership Agreement

We have summarized the material terms and provisions of the Limited Partnership Agreement of Cole Real Estate Income Strategy (Daily NAV) Operating Partnership, LP, which we refer to as the "partnership agreement." This summary is not complete. For more detail, you should refer to the partnership agreement itself, which is filed as an exhibit to the registration statement of which this prospectus is part. For purposes of this section, references to "we," "our," "us" and "the company" refer to Cole Real Estate Income Strategy (Daily NAV), Inc.

Management of Our Operating Partnership

Cole Real Estate Income Strategy (Daily NAV) Operating Partnership, LP, our operating partnership, was formed on July 27, 2010 to acquire and hold assets on our behalf. As of the date of this prospectus, our operating partnership is a disregarded entity for U.S. federal income tax purposes. As a result, for purposes of satisfying the asset and gross income tests for qualification as a REIT for federal income tax purposes, the assets and income of our operating partnership will be deemed to be assets and income of the company.

We intend to hold substantially all of our assets in our operating partnership or in subsidiary entities in which our operating partnership owns an interest. This is commonly referred to as the "UPREIT" structure, which stands for "Umbrella Partnership Real Estate Investment Trust." We have elected to use an UPREIT structure for a number of reasons, including to facilitate commercial real estate property acquisitions because this structure provides an owner of appreciated property the ability to defer taxable gain on the transfer of such property to us. In order to achieve this benefit, an owner may transfer the property to our operating partnership in exchange for limited partnership interests in the operating partnership. Being able to offer an owner of real estate the opportunity to defer taxation of gain until it redeems its interests in our operating partnership for cash may give us a competitive advantage in acquiring desired properties or investments relative to buyers who cannot offer this opportunity. In addition, investing in our operating partnership, rather than in shares of our common stock, may be more attractive to certain institutional or other investors due to their business or tax structure.

We are the sole general partner of our operating partnership. As the sole general partner of our operating partnership, we will have the exclusive power to manage and conduct the business of our operating partnership. A general partner is accountable to a limited partnership as a fiduciary and consequently must exercise good faith and integrity in handling partnership affairs. Neither our advisor nor any other limited partner of our operating partnership may transact business for our operating partnership, or participate in management activities or decisions, except as provided in the partnership agreement and as required by applicable law. We may not be removed as general partner by the limited partners. Our board of directors will at all times have ultimate oversight and policy-making authority, including responsibility for governance, financial controls, compliance and disclosure with respect to our operating partnership. Pursuant to an advisory agreement, which was effective as of the initial offering date, however, we will delegate to our advisor authority to make decisions related to our and our operating partnership's day-to-day business, the acquisition, management and disposition of assets and the selection of property managers and other service providers, in accordance with our investment objectives, strategy, guidelines, policies and limitations.

Our advisor has expressly acknowledged and any future limited partners of our operating partnership will expressly acknowledge that we, as general partner, are acting for our benefit, and the benefit of the limited partners of our operating partnership and our stockholders collectively. Neither we nor our board of directors is under any obligation to give priority to the separate interests of the limited partners of our operating partnership or our stockholders in deciding whether to cause our operating partnership to take or decline to take any actions. If there is a conflict between the interests of our stockholders on one hand and our operating partnership's limited partners on the other, we will endeavor in good faith to resolve the conflict in a manner not adverse to either our stockholders or our operating partnership's limited partners; provided, however, that for so long as we own a controlling interest in our operating partnership, any conflict that cannot be resolved in a manner not adverse to

either our stockholders or our operating partnership's limited partners will be resolved in favor of our stockholders. We are not liable under the partnership agreement to our operating partnership or to any of its limited partners for monetary damages for losses sustained, liabilities incurred, or benefits not derived by such limited partners in connection with such decisions, provided that we have acted in good faith.

The partnership agreement requires that our operating partnership be operated in a manner that will enable us to: (1) satisfy the requirements for qualification as a REIT for federal income tax purposes, unless we otherwise cease to qualify as a REIT; (2) avoid any federal income or excise tax liability; and (3) ensure that our operating partnership will not be classified as a "publicly traded partnership" that is taxable as a corporation. See "Material U.S. Federal Income Tax Considerations."

Capital Contributions and Distributions

Our operating partnership has classes of OP Units that correspond to our three classes of common stock: Class W OP Units, Class A OP Units and Class I OP Units. As we accept subscriptions for shares of our common stock, we will transfer substantially all of the net offering proceeds to the operating partnership in exchange for OP Units of the same class as the applicable shares with respect to which offering proceeds have been received. We will receive one applicable OP Unit for each share issued. Such OP Units will have economic terms that vary based upon the class of shares issued. However, we will be deemed to have made capital contributions in the amount of the gross offering proceeds received from investors, and the Operating Partnership will be deemed to have simultaneously paid the fees, commissions and other costs associated with the offering.

If our operating partnership requires additional funds at any time in excess of capital contributions made by us, our operating partnership may borrow funds from a financial institution or other lender. In addition, as sole general partner of our operating partnership, we will have the ability to cause our operating partnership to issue additional limited partnership interests, including preferred OP Units. These additional interests may be issued in connection with the admission of additional limited partners upon the transfer to our operating partnership of real estate properties or other assets, if our board of directors concludes in good faith that such admittance and the terms of the partnership interests issued to such additional limited partners are in our best interest.

The partnership agreement generally provides that our operating partnership will, except upon the liquidation of our operating partnership, distribute cash to the partners of our operating partnership in accordance with their relative percentage interests, generally on at least a quarterly basis, in amounts determined by us as general partner, but that we may (and we intend to) cause the distributions to vary by class of OP Units in a manner that matches the way distributions to our stockholders may vary by class of common stock, in order to account for different NAVs per share and class-specific expenses and allocations. In the event that our operating partnership were to liquidate, after payment of debts and obligations, any remaining assets of our operating partnership will be distributed to the partners based on the NAVs per share of our shares that correspond to the class of OP Units held by each partner.

Redemption Rights

Pursuant to the partnership agreement, any future limited partners, other than us, will receive redemption rights, which will enable them to cause the operating partnership to redeem their OP Units in exchange for cash based on the NAV per share of our shares of the corresponding class of our capital stock, assuming redemption of the number of shares that would correspond, on a one-for-one basis, to the partnership interests being redeemed. This one-for-one correspondence may be adjusted upon the occurrence of certain events such as share dividends, share subdivisions or combinations. We expect to fund any cash redemptions out of available cash or borrowings. Requests for redemption of limited partners' OP Units will be subject to the same condition and limitations applicable at the time to requests for redemption of shares of our common stock. See "Share Purchases and Redemptions." Accordingly, under our redemption program, limited partners will be treated as if they had requested redemption of the full number of shares of our common stock on the basis of which the cash

redemption amount for their limited partnership interests is to be calculated and as if they had held such shares from the date their OP Units were issued to them. Notwithstanding the foregoing, a limited partner will not be entitled to exercise its redemption rights if the redemption would cause us to fail to maintain our qualification as a REIT under the Code or would cause our operating partnership to be treated as a publicly traded partnership taxable as a corporation.

Transferability of General Partner Interest

We may not (1) voluntarily withdraw as the general partner of our operating partnership, (2) engage in any merger, consolidation or other business combination or (3) transfer our general partnership interest in our operating partnership (except to a wholly owned subsidiary), unless: (A) the transaction in which such withdrawal, business combination or transfer occurs results in the limited partners receiving or having the right to receive an amount of cash, securities or other property equal in value to the amount they would have received if they held shares of the corresponding class of capital stock; or (B) in the case of a merger or other business combination, the successor entity contributes substantially all of its assets to our operating partnership in return for an interest in our operating partnership and agrees to assume all obligations of the general partner of our operating partnership.

We may also enter into a business combination or we may transfer our general partnership interest upon the receipt of the consent of a majority-in-interest of the limited partners of our operating partnership, other than interests held by us. With certain exceptions, the limited partners may not transfer their OP Units, in whole or in part, without our written consent, as general partner.

Exculpation

We, as general partner, will not be liable to our operating partnership or limited partners for errors in judgment or other acts or omissions not amounting to willful misconduct or gross negligence since provision has been made in the partnership agreement for exculpation of the general partner. Therefore, purchasers of OP Units have a more limited right of action than they would have absent the limitation in the partnership agreement.

Indemnification

The partnership agreement provides for the indemnification of us, as general partner, by our operating partnership for liabilities we incur in dealings with third parties on behalf of our operating partnership. To the extent that the indemnification provisions purport to include indemnification of liabilities arising under the Securities Act, in the opinion of the SEC, such indemnification is contrary to public policy and therefore unenforceable.

Tax Matters

If and when our operating partnership becomes a partnership for U.S. federal income tax purposes, we will be our operating partnership’s tax matters partner and, as such, have the authority to make tax elections under the Code on our operating partnership’s behalf.

Conflicts of Interest

We are subject to various conflicts of interest arising out of our relationship with our advisor, and its affiliates, including conflicts related to the arrangements pursuant to which we will compensate our advisor and its affiliates. While our independent directors must approve the engagement of our advisor, the fees payable to our advisor in connection with the services provided to us, and any subsequent decision to continue such engagement, the ability of our independent directors to negotiate on our behalf may be adversely impacted by the fact that our board of directors recognizes that our stockholders invested with the understanding and expectation that an affiliate of Cole Capital would act as our advisor. See the "Management Compensation" section of this prospectus. Some of the potential conflicts of interest in our transactions with our advisor and its affiliates, and certain conflict resolution procedures that are set forth in our charter, are described below.

Our officers and affiliates of our advisor will try to balance our interests with the interests of VEREIT and other programs sponsored by Cole Capital to whom they owe duties. However, to the extent that these persons take actions that are more favorable to other entities than to us, these actions could have a negative impact on our financial performance and, consequently, on distributions to you and the value of your investment. In addition, our directors, our officers and certain of our stockholders may engage for their own account in business activities of the types conducted or to be conducted by our subsidiaries and us. For a description of some of the risks related to these conflicts of interest, see the "Risk Factors — Risks Related to Our Relationship with Our Advisor and its Affiliates and Certain Conflicts of Interest" section at pages 39 – 45 of this prospectus.

Our independent directors have an obligation to function on our behalf in all situations in which a conflict of interest may arise and are authorized to retain independent legal counsel. Furthermore, all of our directors have a fiduciary obligation to act on behalf of our stockholders.

Interests in Other Real Estate Programs and Other Concurrent Offerings

Affiliates of our advisor act as an advisor to, and our executive officers and one of our directors act as officers and/or directors of, Cole Credit Property Trust IV, Cole Credit Property Trust V and/or Cole Office and Industrial REIT, all of which are REITs offered, distributed and/or managed by affiliates of our advisor. In addition, all of these REITs employ our sponsor's investment strategy, which primarily focuses on single-tenant commercial properties subject to long-term net leases to creditworthy tenants, and have acquired or may acquire assets similar to ours. VEREIT, Cole Credit Property Trust IV and Cole Credit Property Trust V, focus primarily on the retail sector, while Cole Office and Industrial REIT focuses primarily on the office and industrial sector and we focus primarily on commercial properties in the retail, office and industrial sectors. Nevertheless, the common investment strategy used by each REIT would permit them to purchase certain properties that may also be suitable for our portfolio.

On March 17, 2014, Cole Credit Property Trust I entered into an Agreement and Plan of Merger with VEREIT and Desert Acquisition, Inc., a Delaware corporation and wholly-owned subsidiary of VEREIT (Desert Merger Sub). On May 19, 2014, Cole Credit Property Trust I merged with and into Desert Merger Sub, with Desert Merger Sub surviving as a direct wholly-owned subsidiary of VEREIT (the CCPT Merger).

On January 22, 2013, Cole Credit Property Trust II entered into an Agreement and Plan of Merger with Spirit Realty Capital, Inc. (Spirit), a publicly listed REIT (the Spirit Merger). The Spirit Merger was completed on July 17, 2013.

On October 22, 2013, Cole entered into an Agreement and Plan of Merger (the VEREIT Merger Agreement) with VEREIT and Clark Acquisition, LLC (Merger Sub). The VEREIT Merger Agreement provided for the merger of Cole with and into Merger Sub, with Merger Sub surviving the VEREIT Merger as a wholly-owned subsidiary of VEREIT (the VEREIT Merger). The VEREIT Merger was completed on February 7, 2014.

Cole Corporate Income Trust's initial public offering of up to $2.975 billion of shares of common stock was declared effective by the SEC on February 10, 2011. At the completion of its initial public offering, Cole Corporate Income Trust had received gross proceeds of approximately $1.9 billion. Cole Corporate Income Trust ceased issuing shares in its primary offering on November 21, 2013. On August 30, 2014, Cole Corporate Income Trust entered into an Agreement and Plan of Merger (the Cole Corporate Income Trust Merger Agreement) with Select Income REIT, a publicly listed Maryland real estate investment trust (SIR), and SC Merger Sub LLC (SIR Merger Sub). The Cole Corporate Income Trust Merger Agreement provided for the merger of Cole Corporate Income Trust with and into SIR Merger Sub, with SIR Merger Sub surviving as a wholly-owned subsidiary of SIR (the Cole Corporate Income Trust Merger). The Cole Corporate Income Trust Merger was completed January 29, 2015.

Cole Credit Property Trust IV's initial public offering of up to $2.975 billion of shares of common stock was declared effective by the SEC on January 26, 2012. Cole Credit Property Trust IV's initial public offering terminated on April 14, 2014. At the completion of the initial public offering, Cole Credit Property Trust IV had received gross proceeds of $3 billion.

Cole Credit Property Trust V's initial public offering of up to $2.975 billion of shares of common stock was declared effective by the SEC on March 17, 2014. As of October 9, 2015, Cole Credit Property Trust V had received gross proceeds of approximately $213.2 million in its initial public offering and was authorized to raise an additional $2.8 billion in its initial public offering. Cole Office and Industrial REIT's initial public offering of up to $2.975 billion of shares of common stock was declared effective by the SEC on September 17, 2013. As of October 9, 2015, Cole Office and Industrial REIT had received gross proceeds of approximately $351.8 million in its initial public offering and was authorized to raise an additional $2.6 billion in its initial public offering. It is likely that potential acquisitions which may be appropriate for Cole Credit Property Trust IV, Cole Credit Property Trust V and Cole Office and Industrial REIT may also be appropriate for us. These potential acquisitions are expected to be funded by proceeds from the respective offerings, available borrowings and potential property or asset sales. See "— Certain Conflict Resolution Procedures" below.

Due to the merger of Cole Real Estate Investments, Inc. with and into a wholly-owned subsidiary of VEREIT and Glenn J. Rufrano's positions as our chief executive officer and president and as chief executive officer of VEREIT, we are subject to conflicts of interest arising out of our relationship with VEREIT, which also has investment objectives, targeted assets and legal and financial obligations similar to ours. VEREIT and any other real estate program sponsored by Cole Capital, whether or not existing as of the date of this supplement, could compete with us in the sale or operation of our assets. We will seek to achieve any operating efficiencies or similar savings that may result from affiliated management of competitive assets. However, to the extent that such programs own or acquire property that is adjacent, or in close proximity, to a property we own, our property may compete with the other program's property for tenants or purchasers. In addition, Mr. Rufrano will have competing demands on his time and resources and may have conflicts of interest in allocating his time and resources between our business, VEREIT and any real estate program sponsored by Cole Capital.

Although our board of directors has adopted a policy limiting the types of transactions that we may enter into with our advisor, its affiliates and VEREIT and other real estate programs sponsored by Cole Capital, we may enter into certain such transactions, which are subject to an inherent conflict of interest. Similarly, joint ventures involving affiliates of our advisor, VEREIT or other real estate programs sponsored by Cole Capital also give rise to conflicts of interest. In addition, our board of directors 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 our advisor, any of its affiliates or VEREIT or another real estate program sponsored by Cole Capital.

Other Activities of Our Advisor and Its Affiliates

We rely on our advisor for the day-to-day operation of our business. As a result of the interests of members of its management in VEREIT and other real estate programs sponsored by Cole Capital and the fact that they

also are engaged, and will continue to engage, in other business activities, our advisor and its officers, key persons and respective affiliates may have conflicts of interest in allocating their time between us and VEREIT and other programs sponsored by Cole Capital and other activities in which they are involved. However, our advisor believes that it and its affiliates have sufficient personnel to discharge fully their responsibilities to VEREIT and all of the other programs sponsored by Cole Capital and other ventures in which they are involved.

Our president and chief executive officer, Glenn J. Rufrano, is also the chief executive officer of VEREIT and an officer and/or director of Cole Capital, our advisor, other real estate programs sponsored by Cole Capital and one or more entities affiliated with our advisor. In addition, our chief financial officer and treasurer, Simon J. Misselbrook, is also an officer of Cole Capital, our advisor, other real estate programs sponsored by Cole Capital and one or more entities affiliated with our advisor. As a result, each of our executive officers owes duties to these other entities, as applicable, which may conflict with the duties that he owes to us and our stockholders.

Transactions with Our Advisor and Its Affiliates

We rely on our advisor for the day-to-day operation of our business. As a result of the interests of members of its management in other real estate programs sponsored by Cole Capital and the fact that they also are engaged, and will continue to engage, in other business activities, our advisor and its officers, key persons and respective affiliates may have conflicts of interest in allocating their time between us and other real estate programs sponsored by Cole Capital and other activities in which they are involved. However, our advisor believes that it and its affiliates have sufficient personnel to discharge fully their responsibilities to all of the real estate programs sponsored by Cole Capital and other ventures in which they are involved.

In addition, our executive officers also serve as officers and/or directors of our advisor, our dealer manager and/or their affiliates. As a result, each of our executive officers owes fiduciary duties to these other entities, as applicable, which may conflict with the fiduciary duties that he owes to us and our stockholders. If these individuals were to act or fail to act in a manner that was detrimental to our business, or favor one entity over another, they could be subject to liability for breach of their fiduciary duty to us and our stockholders.

From time to time our advisor may direct certain of its affiliates to acquire properties that would be suitable investments for us or may create special purpose entities to acquire properties for the specific purpose of selling the properties to us at a later time. Subsequently, we may acquire such properties from such affiliates, but any and all acquisitions from affiliates of our advisor must be approved by a majority of our directors, including a majority of independent directors, not otherwise interested in such transactions as being fair and reasonable to us. In addition our purchase price in any such transaction will be limited to the cost of the property to the affiliate, including acquisition-related expenses, unless a majority of the independent directors determines that there is substantial justification for any amount that exceeds such cost and that the difference is reasonable. Further, our charter provides that in no event will the purchase price of any asset acquired from an affiliate of our advisor exceed its current appraised value as determined by an independent appraiser.

During the year ended December 31, 2011, we acquired a 100% interest in three single tenant net leased properties, for an aggregate purchase price of $11.1 million, from Series C, an affiliate of our advisor. The acquisitions were funded with proceeds from our ongoing public offering of common stock combined with proceeds from the Credit Facility. A majority of our board of directors (including all of our independent directors) not otherwise interested in the acquisitions, approved the acquisitions as being fair and reasonable to the Company, and determined that the aggregate cost of the properties was equal to the aggregate cost of the properties to Series C (including acquisition related expenses). In addition, the aggregate purchase price of the properties, exclusive of closing costs, was less than the aggregate then-current appraised values of the properties.

From time to time, we may borrow funds from affiliates of our advisor, including our sponsor, as bridge financing to enable us to acquire a property when offering proceeds alone are insufficient to do so and third party financing has not been arranged. Any and all such transactions must be approved by a majority of our directors, including a majority of our independent directors not otherwise interested in such transaction, as fair, competitive and commercially reasonable, and no less favorable to us than comparable loans between unaffiliated parties. Our advisor or its affiliates may pay costs on our behalf, pending our reimbursement, or we may defer payment of fees to our advisor or its affiliates, but neither of these transactions would be considered a loan. By way of example only, the prohibition on loans would not restrict advances of cash for legal expenses or other costs incurred as a result of any legal action for which indemnification is being sought.

Our charter does not prohibit us from entering into transactions other than those described above with our directors, our advisor, our sponsor or any of their affiliates, subject to compliance with the requirements set forth under "— Certain Conflict Resolution Procedures," including approval by a majority of our directors, including a majority of the independent directors, not otherwise interested in such transactions as being fair and reasonable to us and no less favorable to us than comparable terms and conditions available from unaffiliated third parties. Although we do not anticipate entering into any such transactions as of the date of this prospectus, we may sell investments to or acquire investments from affiliates of our advisor, make loans to or borrow from affiliates of our advisor and lease assets to or from affiliates of our advisor. In addition, we would not be precluded from internalizing our advisor if our board of directors were to determine an internalization transaction to be in the best interests of our stockholders.

Competition in Acquiring, Leasing and Reselling of Properties

There is a risk that a potential investment would be suitable for VEREIT or one or more programs sponsored by Cole Capital, in which case the officers of VEREIT, our advisor and the advisors of the other programs will have a conflict of interest allocating the investment opportunity to us, VEREIT or another program. Accordingly, there is a risk that a property will be chosen for us that provides lower returns than a property purchased by VEREIT or another program sponsored by Cole Capital. VEREIT has adopted an asset allocation policy to allocate property acquisitions among VEREIT and the various programs sponsored by Cole Capital. Additionally, for programs sponsored by Cole Capital that commence operations on or after March 5, 2013, VEREIT retains a right of first refusal for all opportunities to acquire real estate and real estate-related assets or portfolios with a purchase price greater than $100 million. This right of first refusal applies to Cole Credit Property Trust V and Cole Office and Industrial REIT, but does not apply to Cole Credit Property Trust IV or us. All transactions with a purchase price at or below $100 million will be allocated among us, VEREIT and the other programs sponsored by Cole Capital by an allocation committee in a manner consistent with the general investment allocation policy adopted by VEREIT, the terms of which are consistent with the policy described below, with oversight by our and their respective boards of directors. See "— Certain Conflict Resolution Procedures" below for details of the factors used to make that determination. Additionally, our advisor may cause a prospective tenant to enter into a lease for property owned by VEREIT or another program sponsored by Cole Capital. In the event that these conflicts arise, our best interests may not be met when persons acting on our behalf and on behalf of VEREIT or other programs sponsored by Cole Capital decide whether to allocate any particular property to us, to VEREIT or to another program sponsored by Cole Capital.

Conflicts of interest will exist to the extent that we may acquire, or seek to acquire, properties in the same geographic areas where properties owned by VEREIT or other programs sponsored by Cole Capital are located. In such a case, a conflict could arise in the acquisition or leasing of properties in the event that we and VEREIT or another program sponsored by Cole Capital were to compete for the same properties or tenants, or a conflict could arise in connection with the resale of properties in the event that we and VEREIT or another program sponsored by Cole Capital were to attempt to sell similar properties at the same time, including, in particular, in the event another program sponsored by Cole Capital liquidates at approximately the same time as us. Conflicts of interest may also exist at such time as we or our affiliates managing property on our behalf seek to employ developers, contractors or building managers, as well as under other circumstances. Our advisor will seek to

reduce conflicts relating to the employment of developers, contractors or building managers by making prospective employees aware of all such properties seeking to employ such persons. In addition, our advisor will seek to reduce conflicts that may arise with respect to properties available for sale or rent by making prospective purchasers or tenants aware of all such properties. However, these conflicts cannot be fully avoided in that there may be established differing compensation arrangements for employees at different properties or differing terms for resales or leasing of the various properties.

Potential Conflicts in Joint Venture and Co-ownership Arrangements with Affiliates of Our Advisor

We may enter into joint ventures or other co-ownership arrangements with VEREIT or other programs sponsored by Cole Capital (as well as other parties) for the acquisition, development or improvement of properties and other real estate-related investments. See the “Investment Objectives and Policies — Acquisition and Investment Policies — Joint Venture Investments” section of this prospectus. Our advisor and its affiliates may have conflicts of interest in determining which of VEREIT or another program sponsored by Cole Capital should enter into any particular joint venture or co-ownership agreement. The co-venturer or co-owner may have economic or business interests or goals which are or which may become inconsistent with our business interests or goals. In addition, should any such joint venture be consummated, our advisor may face a conflict in structuring the terms of the relationship between our interests and the interest of theco-venturer or co-owner, and in managing the joint venture or other co-ownership arrangement. Since our advisor and its affiliates will negotiate the terms of any agreements or transactions between us and VEREIT or any other co-venturer or co-owner sponsored by Cole Capital, we will not have the benefit of arm’s-length negotiation of the type normally conducted between unrelated co-venturers or co-owners. However, in such event, a majority of our board of directors, including a majority of our independent directors, not otherwise interested in the joint venture, must approve the joint venture as being fair and reasonable to us and on substantially the same terms and conditions as those received by the other joint venturers, and the cost of our investment must be supported by a current appraisal of the asset.

See the risk factor captioned “Our participation in a co-ownership arrangement would subject us to risks that otherwise may not be present in other real estate investments, which could result in litigation or other liability that could increase our costs and negatively affect our results of operations” for additional information.

Potential Conflicts Arising From Receipt of Fees and Other Compensation by Our Advisor and Its Affiliates

Our advisor will receive substantial fees from us. These compensation arrangements could influence our advisor’s advice to us, as well as the judgment of the personnel of our advisor who serve as our officers or directors. Among other matters, the compensation arrangements could affect the judgment of our advisor’s personnel with respect to:

- the continuation, renewal or enforcement of our agreements with our advisor and its affiliates, including the advisory agreement and the dealer manager agreement, and the amounts we pay under such agreements;
- the advisory fee and performance fee that we pay to our advisor are based upon our NAV, and our advisor is involved in estimating certain accrued fees and expenses that are part of our NAV;
- our advisor could be motivated to recommend riskier or more speculative investments in order for us to generate the specified levels of performance that would entitle our advisor to incentive compensation; and
- the decision to buy or sell an asset based on whether it will increase or decrease our NAV as opposed to whether it is the most suitable investment for our portfolio.

We will pay advisory fees to our advisor regardless of the quality of the services it provides during the term of the advisory agreement. Our advisor, however, has a fiduciary duty to us. If our advisor fails to act in our best interests, then it will have violated this duty. The advisory agreement may be terminated by us or our advisor on 60 days' notice.

Potential Conflicts of Our Dealer Manager

Since Cole Capital Corporation, our dealer manager, is an affiliate of our advisor, we will not have the benefit of an independent due diligence review and investigation of the type normally performed by an unaffiliated, independent underwriter in connection with the offering of securities. Accordingly, you will have to rely on your own financial intermediary to make an independent review of the terms of this offering. If your financial intermediary conducts an independent review of this offering, and/or engages an independent due diligence reviewer to do so on its behalf, we expect that we will pay or reimburse the expenses associated with such review, which may create conflicts of interest. If your financial intermediary does not conduct such a review, you will not have the benefit of an independent review of the terms of this offering. See the "Plan of Distribution" section of this prospectus.

In addition, the sale of our shares of common stock in this offering will result in distribution fees and dealer manager fees to Cole Capital Corporation, our dealer manager and an affiliate of our advisor. Further, our dealer manager may have a compensation program for its registered employees who market and sell this investment to participating broker-dealers that may be different from the compensation program it has for the marketing and sale of other investments sponsored by Cole Capital. Different compensation programs may result in Cole Capital Corporation's registered employees receiving different compensation for the marketing and sale of our investment than for the marketing and sale of other programs. Such a compensation program may create a conflict of interest by motivating our dealer manager's registered employees to promote this investment over other investments sponsored by Cole Capital, or to promote investments in such other programs over this investment.

Potential Conflicts of Our Property Manager

Our properties are, and we anticipate that properties we acquire in the future will be, managed and leased by our property manager, CREI Advisors, an affiliate of our advisor, pursuant to property management and leasing agreements. We expect CREI Advisors to also serve as property manager for properties owned by other real estate programs sponsored by Cole Capital, some of which may be in competition with our properties.

Certain Conflict Resolution Procedures

In order to reduce or eliminate certain potential conflicts of interest, our charter and investment policies contains a number of restrictions relating to (1) transactions we may enter into with our advisor and its affiliates, (2) certain future offerings, and (3) allocation of investment opportunities among real estate programs sponsored by Cole Capital. These restrictions include, among others, the following:

- We will not purchase or lease properties from our sponsor, our advisor, any of our directors or any of their respective affiliates, unless (1) a majority of the directors, including a majority of the independent directors, not otherwise interested in such transaction determines that such transaction is fair and reasonable to us, and (2) either (A) the purchase price is no greater than the cost of the property to the seller, including acquisition-related expenses, or (B) a majority of the independent directors determines that there is substantial justification for any amount above such cost and that the difference is reasonable. In no event will we acquire any property from an affiliate at an amount in excess of its current appraised value as determined by an independent appraiser.

- We will not sell or lease properties to our sponsor, our advisor, any of our directors or any of their respective affiliates, unless (1) a majority of the directors, including a majority of the independent directors, not otherwise interested in such transaction determines that such transaction is fair and reasonable to us and (2) either (A) the sale is greater than the cost of the property to us, including acquisition-related expenses, or (B) a majority of the independent directors determines that there is substantial justification for any amount below such cost, and that the difference is reasonable. In no event will we sell any property to an affiliate at an amount less than its current appraised value as determined by an independent appraiser.
- Our sponsor, our advisor, any of our directors and any of their respective affiliates will not make loans to us, except that we may borrow funds from affiliates of our advisor, including our sponsor, as bridge financing to enable us to acquire a property when offering proceeds alone are insufficient to do so and third party financing has not been arranged or is insufficient. Any and all such transactions must be approved by a majority of our directors, including a majority of our independent directors, not otherwise interested in such transactions as being fair, competitive and commercially reasonable and no less favorable to us than comparable loans between unaffiliated parties under the same circumstances.

In the event that an investment opportunity becomes available that may be suitable for both us and VEREIT or one or more other program sponsored by Cole Capital, and for which more than one of such entities has sufficient uninvested funds, then our advisor, and the advisors of the other programs, with oversight by their respective boards of directors, will examine the following factors, among others, in determining the entity for which the investment opportunity is most appropriate:

- the investment objective of each entity;
- the anticipated operating cash flows of each entity and the cash requirements of each entity;
- the effect of the acquisition both on diversification of each entity's investments by type of property, geographic area and tenant concentration;
- the amount of funds available to each program and the length of time such funds have been available for investment;
- the policy of each program relating to leverage of properties;
- the income tax effects of the purchase to each entity; and
- the size of the investment.

If, in the judgment of the advisors, the investment opportunity may be equally appropriate for more than one program, then the entity that has had the longest period of time elapse since it was allocated an investment opportunity of a similar size and type (e.g., office, industrial or single-tenant or multi-tenant retail) will first be offered such investment opportunity.

If a subsequent development, such as a delay in the closing of the acquisition or a delay in the construction of a property, causes any such investment, in the opinion of the advisors, to be more appropriate for an entity other than the entity that committed to make the investment, the advisors may determine that VEREIT or another program sponsored by Cole Capital will make the investment. Our board of directors has a duty to ensure that the method used for the allocation of the acquisition of properties by VEREIT or by other programs sponsored by Cole Capital seeking to acquire similar types of properties is applied fairly to us.

VEREIT has adopted an asset allocation policy to allocate property acquisitions among VEREIT and the various programs sponsored by Cole Capital. For programs sponsored by Cole Capital that commence operations on or after March 5, 2013, VEREIT retains a right of first refusal for all opportunities to acquire real estate and real estate-related assets or portfolios with a purchase price greater than $100 million. This right of first refusal applies to Cole Credit Property Trust V and Cole Office and Industrial REIT, but does not apply to us or Cole Credit Property Trust IV. All transactions with a purchase price at or below $100 million will be allocated among

us, VEREIT and the other programs sponsored by Cole Capital by an allocation committee in a manner consistent with the general investment allocation policy adopted by VEREIT the terms of which are consistent with the policy described above.

- We will not enter into any other transaction with our sponsor, our advisor, any of our directors or any of their affiliates, including the acceptance of goods or services from our sponsor, our advisor, any of our directors or any of their affiliates, unless a majority of our directors, including a majority of our independent directors, not otherwise interested in the transaction approve such transaction as fair and reasonable to us and on terms and conditions not less favorable to us than those available from unaffiliated third parties.

Employees

We have no direct employees. The employees of Cole Advisors and its affiliates provide services to us related to acquisition and disposition, property management, asset management, financing, accounting, investor relations and administration. The employees of Cole Capital Corporation, our dealer manager, provide wholesale brokerage services. We are dependent on our advisor and its affiliates for services that are essential to us, including the sale of shares of our common stock, asset acquisition decisions, property management and other general administrative responsibilities. In the event that these companies were unable to provide these services to us, we would be required to obtain such services from other sources. Cole Advisors has waived its right to receive operating expense reimbursements from its inception through June 30, 2015. However, when these reimbursements are no longer waived, we will reimburse Cole Advisors and its affiliates for expenses incurred in connection with its provision of administrative, acquisition, property management, asset management, financing, accounting and investor relation services, including personnel costs, subject to certain limitations.

Prior Performance Summary

Prior Investment Programs

The information presented in this section and in the Prior Performance Tables attached to this prospectus provides relevant summary information on the historical experience of the public real estate programs managed over the last ten years by our sponsor, Cole Capital, including certain officers and directors of our advisor. The prior performance of the public programs previously sponsored by Cole Capital is not necessarily indicative of the results that we will achieve. Therefore, you should not assume that you will experience returns comparable to those experienced by investors in prior public real estate programs sponsored by Cole Capital.

We intend to conduct this offering in conjunction with future offerings by one or more public and private real estate entities sponsored by Cole Capital. To the extent that such entities have the same or similar objectives as ours or involve similar or nearby properties, such entities may be in competition with the properties acquired by us. See the "Conflicts of Interest" section of this prospectus for additional information.

The Prior Performance Tables set forth information as of the dates indicated regarding the prior programs subject to public reporting requirements, including (1) experience in raising and investing funds (Table I); (2) annual operating results of prior real estate programs (Table III); (3) results of completed programs (Table IV); and (4) results of sales or disposals of properties (Table V). The purpose of this prior performance information is to enable you to evaluate accurately the experience of our advisor and its affiliates in sponsoring like public programs. The following discussion is intended to summarize briefly the objectives and performance of the prior public real estate programs and to disclose any material adverse business developments sustained by them. As of December 31, 2014, all of the prior public real estate programs had investment objectives similar to those of this program.

Summary Information

Cole Capital is currently sponsoring or has sponsored eight publicly offered REITs, Cole Credit Property Trust I, Cole Credit Property Trust II, Cole, Cole Corporate Income Trust, Cole Office and Industrial REIT, Cole Income NAV Strategy, Cole Credit Property Trust IV, and Cole Credit Property Trust V, during the period from January 1, 2005 to December 31, 2014. As of December 31, 2014, each of the other publicly offered REITs had similar investment objectives to our program. As of December 31, 2014, these prior programs had raised a total of $13.0 billion from approximately 251,000 investors. For more detailed information about the experience of our sponsor in raising and investing funds and compensation paid to the sponsor of Cole Credit Property Trust II, Cole, Cole Corporate Income Trust and Cole Credit Property Trust IV, see Tables I and IV of the Prior Performance Tables.

During the period from January 1, 2005 to December 31, 2014, the prior public real estate programs purchased 2,880 properties located in 49 states and the U.S. Virgin Islands for an aggregate purchase price of $18.9 billion, excluding any acquisitions by Cole or Cole Credit Property Trust II subsequent to their program completion dates. The table below gives information about these properties by region.

	Properties Purchased	
Location	Number	% of Total Purchase Price
South	1,541	46.9%
Midwest	795	22.4%
West	363	20.4%
Northeast	180	10.3%
U.S. Virgin Islands	1	— %
	2,880	100.0%

Based on the aggregate purchase price of the 2,880 properties, approximately 42.4% were single-tenant retail properties, approximately 23.5% were multi-tenant retail properties, approximately 22.4% were office and/or industrial properties, approximately 11.6% were single-tenant commercial properties, and approximately 0.1% were land parcels.

The following table shows a breakdown of the aggregate amount of the acquisition and development costs of the properties purchased by the prior public real estate programs sponsored by Cole Capital as of December 31, 2014:

Type of Property	New	Used	Construction
Retail/Commercial	14.4%	85.6%	— %
Land	— %	0.1%	99.9%
Office/Industrial	25.7%	74.3%	— %

As of December 31, 2014, three of the prior public programs had sold 56 properties for $742.9 million, and one of the prior public programs had sold a land parcel portion of a property (but retained ownership of the remainder of the property) as of December 31, 2014 for $1.8 million.

Prior Public Programs

Cole Credit Property Trust, Inc. (Cole Credit Property Trust I)

On April 6, 2004, Cole Credit Property Trust I commenced a private placement of shares of its common stock for $10.00 per share, subject to certain volume and other discounts. Cole Credit Property Trust I completed the private placement on September 16, 2005, after having raised aggregate gross proceeds of approximately $100.3 million. On March 17, 2014, Cole Credit Property Trust I entered into an agreement and plan of merger (the CCPT Merger Agreement), among Cole Credit Property Trust I, VEREIT and Desert Acquisition, Inc., a Delaware corporation and direct wholly-owned subsidiary of VEREIT (Desert Merger Sub), pursuant to which, among other things, Desert Merger Sub commenced a cash tender offer (the Offer) to purchase all of Cole Credit Property Trust I's outstanding shares of common stock. On May 19, 2014, the merger contemplated by the CCPT Merger Agreement was completed and Cole Credit Property Trust I merged with and into Desert Merger Sub, with Desert Merger Sub surviving as a wholly-owned subsidiary of VEREIT. As of May 18, 2014, the day prior to the merger, Cole Credit Property Trust I had raised approximately $100.3 million from approximately 1,500 investors, and owned 39 single-tenant retail properties located in 19 states for an aggregate acquisition cost of approximately $164.4 million.

Cole Credit Property Trust II, Inc. (Cole Credit Property Trust II)

On June 27, 2005, Cole Credit Property Trust II commenced an initial public offering of shares of its common stock for $10.00 per share, subject to certain volume and other discounts, in a primary offering, and for $9.50 per share pursuant to a distribution reinvestment plan. Cole Credit Property Trust II terminated its initial public offering on May 22, 2007 and commenced a follow-on public offering on May 23, 2007. Pursuant to the follow-on offering, Cole Credit Property Trust II offered and sold shares of its common stock for $10.00 per share, subject to certain volume and other discounts, in a primary offering, and for $9.50 per share pursuant to its distribution reinvestment plan. Cole Credit Property Trust II terminated its follow-on offering on January 2, 2009, although it continued to offer and sell shares of its common stock to existing Cole Credit Property Trust II stockholders pursuant to its distribution reinvestment plan through December 6, 2012. On January 22, 2013, Cole Credit Property Trust II entered into an agreement and plan of merger with Spirit, a publicly listed REIT. The agreement and plan of merger provided for the merger of Spirit with and into Cole Credit Property Trust II, with Cole Credit Property Trust II continuing as the surviving corporation under the name "Spirit Realty Capital, Inc." On July 17, 2013, the merger and the other transactions contemplated by the agreement and plan of merger were completed. As of July 16, 2013, the day prior to the merger, Cole Credit Property Trust II had raised

approximately $2.3 billion from approximately 41,000 investors and owned 411 single-tenant retail properties, 313 single-tenant commercial properties, and 23 multi-tenant retail properties in 45 states and the U.S. Virgin Islands, or a total of 747 properties, with an aggregate acquisition cost of approximately $3.3 billion.

Cole Real Estate Investments, Inc. (Cole)

On October 1, 2008, Cole commenced an initial public offering of shares of its common stock for $10.00 per share, subject to certain volume and other discounts, in a primary offering, and for $9.50 per share pursuant to a distribution reinvestment plan. Cole terminated its initial public offering on October 1, 2010 and commenced a follow-on public offering on October 1, 2010. Pursuant to the follow-on offering, Cole sold shares of its common stock for $10.00 per share, subject to certain volume and other discounts, in a primary offering, and for $9.50 per share pursuant to its distribution reinvestment plan. Cole ceased issuing shares in its follow-on offering on April 27, 2012, although it continued to offer and sell shares pursuant to its distribution reinvestment plan. On April 5, 2013, Cole completed a transaction whereby Cole Holdings merged with and into CREI, a wholly-owned subsidiary of Cole Credit Property Trust III (the Cole Holdings Merger). Cole Credit Property Trust III changed its name to Cole Real Estate Investments, Inc. and its shares of common stock were listed on the New York Stock Exchange (the NYSE) on June 20, 2013. On October 22, 2013, Cole entered into an agreement and plan of merger with VEREIT (the VEREIT Merger Agreement). The VEREIT Merger Agreement provided for the merger of Cole with and into Merger Sub, with Merger Sub surviving the VEREIT Merger as a wholly-owned subsidiary of VEREIT. On February 7, 2014, the VEREIT Merger and the other transactions contemplated by the VEREIT Merger Agreement were completed. As of June 19, 2013, the date prior to the listing, Cole had raised approximately $5.0 billion from approximately 101,000 investors and owned 801 single-tenant retail properties, 130 single-tenant commercial properties, 73 multi-tenant retail properties, nine office and/or industrial properties and one land parcel in 48 states, or a total of 1,014 properties which includes four consolidated joint ventures, with an aggregate acquisition cost of approximately $8.0 billion. In addition, through seven unconsolidated joint venture arrangements as of June 19, 2013, Cole had interests in 12 properties comprising 2.3 million gross rentable square feet of commercial space.

Cole Corporate Income Trust, Inc. (Cole Corporate Income Trust)

On February 10, 2011, Cole Corporate Income Trust commenced an initial public offering of shares of its common stock for $10.00 per share, subject to certain volume and other discounts, in a primary offering, and for $9.50 per share pursuant to a distribution reinvestment plan. Cole Corporate Income Trust ceased issuing shares in its primary offering on November 21, 2013, although it continued to offer and sell shares of its common stock to existing Cole Corporate Income Trust stockholders pursuant to its distribution reinvestment plan through September 30, 2014. On August 30, 2014, Cole Corporate Income Trust entered into the Cole Corporate Income Trust Merger Agreement with SIR and SIR Merger Sub. The Cole Corporate Income Trust Merger Agreement provided that, subject to satisfaction or waiver of certain conditions, Cole Corporate Income Trust would be merged with and into SIR Merger Sub, with SIR Merger Sub surviving as a wholly-owned subsidiary of SIR. On January 29, 2015, Cole Corporate Income Trust merged with and into SIR Merger Sub. As of December 31, 2014, Cole Corporate Income Trust had raised approximately $2.0 billion from approximately 38,000 investors and owned 87 office and/or industrial properties in 30 states with an aggregate acquisition cost of approximately $2.7 billion, which included one consolidated joint venture.

Cole Credit Property Trust IV, Inc. (Cole Credit Property Trust IV)

On January 26, 2012, Cole Credit Property Trust IV commenced an initial public offering of shares of its common stock for $10.00 per share, subject to certain volume and other discounts, in a primary offering, and for $9.50 per share pursuant to a distribution reinvestment plan. Cole Credit Property Trust IV ceased issuing shares in its primary offering on April 4, 2014, although it continues to sell shares of its common stock pursuant to its distribution reinvestment plan. As of December 31, 2014, Cole Credit Property Trust IV had raised approximately $3.0 billion from approximately 61,000 investors and owned 672 single-tenant retail properties,

77 multi-tenant properties, 10 office and/or industrial properties, or a total of 759 properties, and one land parcel in 45 states with an aggregate acquisition cost of approximately $3.9 billion.

Cole Real Estate Income Strategy (Daily NAV), Inc. (Cole Income NAV Strategy)

On December 6, 2011, Cole Income NAV Strategy commenced an initial public offering of up to $4.0 billion in shares of its common stock at an initial offering price of $15.00 per share. The conditions of the escrow agreement were satisfied on December 7, 2011, and thereafter, the per share purchase price of Cole Income NAV Strategy's common stock varies from day-to-day and, on any given business day, is equal to its net asset value (NAV) divided by the number of shares of its common stock outstanding as of the end of business on such day. The purchase price for shares under Cole Income NAV Strategy's distribution reinvestment plan is equal to the NAV per share on the date that the distribution is payable, after giving effect to the distribution. As of December 31, 2014, Cole Income NAV Strategy had raised approximately $137.2 million from approximately 2,300 investors and owned 56 single-tenant commercial properties, 13 office and/or industrial properties and six multi-tenant retail properties, or a total of 75 properties, in 26 states with an aggregate acquisition cost of approximately $229.7 million.

Cole Office & Industrial REIT (CCIT II), Inc. (Cole Office and Industrial REIT)

On September 17, 2013, Cole Office and Industrial REIT commenced an initial public offering of shares of its common stock for $10.00 per share, subject to certain volume and other discounts, in a primary offering, and for $9.50 per share pursuant to a distribution reinvestment plan. On January 13, 2014, the conditions of the escrow agreement were satisfied, and thereafter Cole Office and Industrial REIT commenced principal operations. As of December 31, 2014, Cole Office and Industrial REIT had raised approximately $244.9 million from approximately 5,700 investors and owned 23 office and/or industrial properties in 15 states, with an aggregate acquisition cost of approximately $650.3 million.

Cole Credit Property Trust V, Inc. (Cole Credit Property Trust V)

On March 17, 2014, Cole Credit Property Trust V commenced an initial public offering of shares of its common stock for $25.00 per share, subject to certain volume and other discounts, in a primary offering, and for $23.75 per share pursuant to a distribution reinvestment plan. On March 18, 2014, the conditions of the escrow agreement were satisfied, and thereafter Cole Credit Property Trust V commenced principal operations. As of December 31, 2014, Cole Credit Property Trust V had raised approximately $173.7 million from approximately 3,700 investors and owned 74 single-tenant retail properties and 5 multi-tenant properties in 26 states, or a total of 79 properties, with an aggregate acquisition cost of approximately $385.2 million.

Any potential investor may obtain, without charge, the most recent annual report on Form 10-K filed with the Securities and Exchange Commission by Cole Credit Property Trust I, Cole Credit Property Trust II, Cole, Cole Credit Property Trust IV, Cole Credit Property Trust V, Cole Corporate Income Trust, Cole Office and Industrial REIT and Cole Income NAV Strategy within the last 24 months at *www.colecapital.com* or *www.sec.gov*. For a reasonable fee, we will provide copies of any exhibits to such Form 10-K.

Liquidity Track Record

Prior Public Programs

Of the eight prior public programs sponsored by Cole Capital discussed above, four programs, Cole Credit Property Trust II, Cole, Cole Credit Property Trust I and Cole Corporate Income Trust, have completed liquidity events.

Cole Credit Property Trust, Inc. (Cole Credit Property Trust I)

As noted above, on May 19, 2014, the merger of Cole Credit Property Trust I with VEREIT and Desert Merger Sub was completed. Pursuant to the CCPT Merger Agreement, VEREIT commenced the Offer to purchase all of the outstanding shares of common stock of Cole Credit Property Trust I (other than shares held by VEREIT, any of its subsidiaries or any wholly-owned subsidiaries of Cole Credit Property Trust I) at a price of $7.25 per share (the Offer Price). As of the expiration of the Offer, a total of 7,735,069 shares of Cole Credit Property Trust I common stock were validly tendered and not withdrawn, representing approximately 77% of the shares of Cole Credit Property Trust I common stock outstanding. Immediately following the Offer, VEREIT exercised its option (the Top-Up Option), granted pursuant to the CCPT Merger Agreement, to purchase, at a price per share equal to the Offer Price, 13,457,874 newly issued shares of Cole Credit Property Trust I common stock (collectively, the Top-Up Shares). The Top-Up Shares, taken together with the shares of Cole Credit Property Trust I common stock owned, directly or indirectly, by VEREIT and its subsidiaries immediately following the acceptance for payment and payment for the shares of Cole Credit Property Trust I common stock that were validly tendered in the Offer, constituted one share more than 90% of the outstanding shares of Cole Credit Property Trust I common stock (after giving effect to the issuance of all shares subject to the Top-Up Option), the applicable threshold required to effect a short-form merger under applicable Maryland law without stockholder approval. Following the consummation of the Offer and the exercise of the Top-Up Option, in accordance with the CCPT Merger Agreement, VEREIT completed its acquisition of Cole Credit Property Trust I by effecting of a short-form merger under Maryland law, pursuant to which Cole Credit Property Trust I was merged with and into Desert Merger Sub, with Desert Merger Sub surviving as a direct wholly-owned subsidiary of VEREIT.

Cole Credit Property Trust II, Inc. (Cole Credit Property Trust II)

As noted above, on July 17, 2013, the merger of Cole Credit Property Trust II with Spirit was completed. Pursuant to the agreement and plan of merger, each Spirit stockholder received 1.9048 shares of Cole Credit Property Trust II common stock for each share of Spirit common stock held immediately prior to the effective time of the merger (which equated to an inverse exchange ratio of 0.525 shares of Spirit common stock for one share of Cole Credit Property Trust II common stock). The shares of the combined company’s common stock traded on July 17, 2013 at $9.27 per share on the NYSE under the symbol “SRC.”

Cole Real Estate Investments, Inc. (Cole)

As noted above, on April 5, 2013, Cole Credit Property Trust III completed a transaction whereby Cole Holdings merged with and into CREI, a wholly-owned subsidiary of Cole Credit Property Trust III. Cole Credit Property Trust III changed its name to Cole Real Estate Investments, Inc. and its shares of common stock were listed on the NYSE on June 20, 2013 at an initial price of $11.50 per share. In connection with the Cole Holdings Merger, the sole stockholder of Cole Holdings and certain of Cole Holdings’ executive officers (collectively, the Holdings Executives) received a total of $21.9 million in cash, which included $1.9 million paid related to an excess working capital adjustment, and approximately 10,700,000 newly-issued shares of common stock of Cole (including approximately 661,000 shares withheld to satisfy applicable tax withholdings, the Upfront Stock Consideration). In addition, as a result of the listing of Cole’s common stock on the NYSE, an aggregate of approximately 2,100,000 shares of Cole’s common stock (including approximately 135,000 shares withheld to satisfy applicable tax withholdings, the Listing Consideration) were issued to the Holdings Executives. In accordance with the merger agreement and as further discussed below, approximately 4,300,000 shares of the Upfront Stock Consideration and the Listing Consideration were placed into escrow (the Escrow Shares) and were scheduled to be released on April 5, 2014, subject to meeting certain requirements. The Upfront Stock Consideration and the Listing Consideration are subject to a three-year lock-up with approximately one-third of the shares released each year following the merger date.

Pursuant to the merger agreement and certain preexisting transaction bonus entitlements, additional shares of Cole’s common stock were potentially payable in 2017 by Cole to the Holdings Executives as an “earn-out”

contingent upon the acquired business' demonstrated financial success during the years ending December 31, 2015 and 2016 (the Earnout Consideration). The Earnout Consideration was subject to a lockup until December 31, 2017. Additionally, the Holdings Executives may have been entitled to additional shares of Cole's common stock (the Incentive Consideration) based on the terms of Cole's advisory agreement with CCPT III Advisors, which was a wholly-owned subsidiary of Cole Holdings, in effect prior to the Cole Holdings Merger. However, the sole stockholder of Cole Holdings agreed as part of the Cole Holdings Merger to reduce the amount that would have been payable by 25%. The Incentive Consideration is based on 11.25% (reduced from 15% in Cole's advisory agreement) of the amount by which the market value of Cole's common stock raised in Cole's initial offering, follow-on offering and distribution reinvestment plan offering (the Capital Raised) plus all distributions paid on such shares through the Incentive Consideration Test Period (as defined below) exceeds the amount of Capital Raised and the amount of distributions necessary to generate an 8% cumulative, non-compounded annual return to investors. The market value of the Capital Raised is based on the average closing price over a period of 30 consecutive trading days (the Incentive Consideration Test Period) beginning 180 days after June 20, 2013, the date Cole's shares of common stock were listed on the NYSE.

On October 22, 2013, Cole entered into the VEREIT Merger Agreement. The VEREIT Merger Agreement provided for the merger of Cole with and into Merger Sub, with Merger Sub surviving the VEREIT Merger as a wholly-owned subsidiary of VEREIT. On February 7, 2014, the VEREIT Merger and the other transactions contemplated by the VEREIT Merger Agreement were completed.

In connection with the execution of the VEREIT Merger Agreement, the Holdings Executives entered into letter agreements with VEREIT (together, the Letter Agreements), pursuant to which, among other arrangements, such persons would receive the Incentive Consideration from Cole in the form of shares of Cole common stock in the event the VEREIT Merger was not consummated before the end of the Incentive Consideration Test Period. The Incentive Consideration Test Period ended January 30, 2014 and, in accordance with the terms of the merger agreement for the Cole Holdings Merger and the Letter Agreements, on January 31, 2014 Cole issued a total of 15,744,370 shares of Cole common stock to the Holdings Executives (before applicable tax withholding).

The Letter Agreements also provide that the shares of VEREIT common stock issued to the Holdings Executives in connection with the VEREIT Merger are generally subject to a three-year lock-up with approximately one-third of the shares released each year following the merger date of the Cole Holdings Merger. The shares of VEREIT common stock issued to the Holdings Executives that were attributable to the Contingent Consideration under the Cole Holdings Merger Agreement will be released from their lock-up (which generally prohibits transfer of such shares until December 31, 2017) on a quarterly basis on the last day of each calendar quarter, beginning with the first full calendar quarter following the consummation of the VEREIT Merger through December 31, 2017.

The Letter Agreements also provided for the conversion of the Escrow Shares into shares of VEREIT common stock or cash, depending on the applicable Holdings Executive's election under the terms of the VEREIT Merger Agreement.

Cole Corporate Income Trust, Inc. (Cole Corporate Income Trust)

As noted above, on January 29, 2015, Cole Corporate Income Trust merged with and into SIR Merger Sub. Pursuant to the Cole Corporate Income Trust Merger Agreement, each share of Cole Corporate Income Trust common stock (Cole Corporate Income Trust Common Stock) issued and outstanding was converted into the right to receive either (i) $10.50 in cash (the Cash Consideration); or (ii) 0.360 of a common share of beneficial interest, par value $0.01, of SIR (SIR Common Shares) (the Share Consideration). The Cash Consideration and the Share Consideration were allocated in accordance with the Cole Corporate Income Trust Merger Agreement so that the aggregate number of shares of Cole Corporate Income Trust Common Stock converted into the right to receive the Cash Consideration did not exceed 60% of the shares of Cole Corporate Income Trust Common Stock issued and outstanding immediately prior to the effective time of the merger. No fractional SIR Common Shares were issued in the merger, and cash was paid in lieu thereof.

Cole Credit Property Trust IV, Inc. (Cole Credit Property Trust IV)

Cole Credit Property Trust IV has not established a targeted date or time frame for pursuing a liquidity event, although it has disclosed in its prospectus that it expects to engage in a strategy to provide its investors with liquidity at a time and in a method determined by its independent directors to be in the best interests of its stockholders. Cole Credit Property Trust IV ceased issuing shares in its primary offering on April 4, 2014, although it continues to sell shares of its common stock pursuant to its distribution reinvestment plan. The timing and method of any liquidity event for Cole Credit Property Trust IV was undetermined as of October 9, 2015.

Cole Real Estate Income Strategy (Daily NAV), Inc. (Cole Income NAV Strategy)

Cole Income NAV Strategy is structured as a perpetual-life, non-exchange traded REIT, which means that, subject to regulatory approval of registrations for additional future offerings, it will be selling shares of its common stock on a continuous basis and for an indefinite period of time.

Cole Office & Industrial REIT (CCIT II), Inc. (Cole Office and Industrial REIT)

Cole Office and Industrial REIT has not established a targeted date or time frame for pursuing a liquidity event, although it has disclosed in its prospectus that it expects to engage in a strategy to provide its investors with liquidity at a time and in a method determined by its independent directors to be in the best interests of its stockholders. The timing and method of any liquidity event for Cole Office and Industrial REIT was undetermined as of September October 9, 2015.

Cole Credit Property Trust V, Inc. (Cole Credit Property Trust V)

Cole Credit Property Trust V has not established a targeted date or time frame for pursuing a liquidity event, although it has disclosed in its prospectus that it expects to engage in a strategy to provide its investors with liquidity at a time and in a method determined by its independent directors to be in the best interests of its stockholders. The timing and method of any liquidity event for Cole Credit Property Trust V was undetermined as of October 9, 2015.

Adverse Business and Other Developments

Adverse changes in general economic conditions have occasionally affected the performance of the prior programs. The following discussion presents a summary of significant adverse business developments or conditions experienced by Cole Capital's prior programs over the past ten years that may be material to investors in this offering.

Share Valuation

Cole Credit Property Trust I stated in its private placement memorandum that after two years from the last offering of its shares of common stock, Cole Credit Property Trust I would provide an estimated value per share for the principal purpose of assisting fiduciaries of plans subject to the annual reporting requirements of ERISA, and IRA trustees or custodians, which prepare reports relating to an investment in Cole Credit Property Trust I's shares of common stock. On January 31, 2014, Cole Credit Property Trust I announced that its board of directors approved an estimated value of Cole Credit Property Trust I's common stock of $6.55 per share as of December 31, 2013. This was a decrease from the previously reported estimated value of Cole Credit Property Trust I's common stock of $7.75 per share as of December 31, 2012; $7.95 per share as of December 31, 2011; and $7.65 per share as of December 31, 2010 and 2009, announced January 15, 2013, January 13, 2012, January 13, 2011 and February 1, 2010, respectively. On March 17, 2014, Cole Credit Property Trust I entered into the Cole Credit Property Trust I Merger Agreement among Cole Credit Property Trust I, VEREIT and Desert Merger Sub pursuant to which, among other things, Desert Merger Sub commenced the Offer to

purchase all of the outstanding shares of Cole Credit Property Trust I's common stock at a price of $7.25 per share in cash. The shares of Cole Credit Property Trust I's common stock were originally sold at a gross offering price of $10.00 per share. The principal reason for the decrease in share value beginning with the December 31, 2009 valuation was a decline in real estate values, despite Cole Credit Property Trust I's properties maintaining a 100% occupancy rate. The decline in values resulted from disruptions in the credit markets and general economic conditions. In addition, in determining the estimated value of Cole Credit Property Trust I's shares of common stock in January 2014, the board of directors of Cole Credit Property Trust I considered the potential impact of transaction costs that may be incurred in liquidating Cole Credit Property Trust I's portfolio on the net proceeds to be received by Cole Credit Property Trust I stockholders in a liquidity transaction. The board of directors of Cole Credit Property Trust I determined that, although transaction costs were not reflected in its previous determinations of Cole Credit Property Trust I's estimated share value, it would be appropriate to reflect the potential impact of such costs in the estimated per share value of Cole Credit Property Trust I's common stock as of December 31, 2013 in light of various factors. In determining an estimated value of Cole Credit Property Trust I's shares of common stock in January 2014, the board of directors of Cole Credit Property Trust I relied upon information provided by an independent global valuation advisory and corporate finance consulting firm that specializes in providing real estate valuation services and information provided by CCPT I Advisors. In determining an estimated value of Cole Credit Property Trust I's shares of common stock in January 2013 and January 2012, the board of directors of Cole Credit Property Trust I relied upon information provided by an independent investment banking firm that specializes in providing real estate financial services and information provided by CCPT I Advisors. In determining an estimated value of Cole Credit Property Trust I's shares of common stock in January 2011 and February 2010, the board of directors of Cole Credit Property Trust I relied on information and analysis provided by an independent consultant that specializes in valuing commercial real estate companies and information provided by CCPT I Advisors.

In February 2009, FINRA informed broker-dealers that sell shares of non-exchange traded REITs that broker-dealers may not report, in a customer account statement, an estimated value per share that is developed from data more than 18 months old. To assist broker-dealers in complying with the FINRA notice, the board of directors of Cole Credit Property Trust II established an estimated value of Cole Credit Property Trust II's common stock of $9.45 per share as of January 23, 2013. This was an increase from the previously reported estimated share values of $9.35 per share and $8.05 per share announced on July 27, 2011 and June 22, 2010, respectively. The shares of Cole Credit Property Trust II's common stock were originally sold at a gross offering price of $10.00 per share. The principal reason for the initial decrease in share value was a decline in real estate values resulting from disruptions in the credit markets and general economic conditions, in addition to a decline in Cole Credit Property Trust II's occupancy rate to 94% as of March 31, 2010. Cole Credit Property Trust II's occupancy rate increased to 96% as of June 30, 2013. In determining an estimated value of Cole Credit Property Trust II's shares of common stock in January 2013, the board of directors of Cole Credit Property Trust II primarily considered the exchange ratio agreed to by the parties to the merger with Spirit as it was the result of arm's length negotiations that occurred over a period of time leading up to the execution of the agreement and plan of merger between Cole Credit Property Trust II and Spirit. In determining an estimated value of Cole Credit Property Trust II's shares of common stock in July 2011, the board of directors of Cole Credit Property Trust II relied upon information provided by an independent investment banking firm that specializes in providing real estate financial services and information provided by Cole Credit Property Trust II Advisors. In determining an estimated value of Cole Credit Property Trust II's shares of common stock in June 2010, the board of directors of Cole Credit Property Trust II relied upon information provided by an independent consultant that specializes in valuing commercial real estate companies and information provided by CCPT II Advisors. On January 22, 2013, Cole Credit Property Trust II entered into an agreement and plan of merger with Spirit, a publicly-listed REIT. The merger with Spirit was completed on July 17, 2013. The shares of the combined company's common stock trade on the NYSE under the symbol "SRC" and traded at $9.27 per share and $11.89 per share as of July 17, 2013 and December 31, 2014, respectively.

The board of directors of CCPT IV, Inc. established an estimated value of CCPT IV's common stock of $9.70 per share as of August 31, 2015. The shares of CCPT IV's common stock were originally sold at a gross offering price of $10.00 per share. This is the first time that the board of directors of CCPT IV have determined

an estimated value per share of CCPT IV's common stock. Going forward, CCPT IV intends to publish an updated estimated value per share on at least an annual basis. In determining an estimated value of CCPT IV's shares of common stock, the board of directors of CCPT IV relied upon information provided by an independent valuation advisory and corporate finance consulting firm that specializes in providing real estate valuation services, information provided by CCPT IV Advisors and an estimated share value recommendation made by CCPT IV's audit committee.

Distributions and Redemptions

Cole Credit Property Trust, Inc. (Cole Credit Property Trust I)

From June 2005 through February 2010, Cole Credit Property Trust I paid a 7.00% annualized distribution rate based upon a purchase price of $10.00 per share. However, beginning in March 2010, Cole Credit Property Trust I reduced its annualized distribution rate to 5.00% based on a purchase price of $10.00 per share, or 7.6% based on the most recent estimated value of $6.55 per share. The principal reasons for the lower distribution rate were the approximately $50.0 million of fixed rate debt that was to mature by year-end 2010 and the prevailing credit markets, which dictated higher interest rates upon refinancing and amortization provisions, requiring Cole Credit Property Trust I to pay down a portion of the principal on a monthly basis over the life of the loan. As of May 18, 2014, the day prior to the merger with VEREIT, Cole Credit Property Trust I had paid approximately $55.7 million in cumulative distributions since inception. These distributions were fully funded by net cash provided by operating activities.

Pursuant to Cole Credit Property Trust I's share redemption program, Cole Credit Property Trust I could use up to 1% of its annual cash flow, including operating cash flow not intended for distributions, borrowings and capital transactions such as sales or refinancings, to satisfy redemption requests. Accordingly, Cole Credit Property Trust I's board of directors determined at the beginning of each fiscal year the maximum amount of shares that Cole Credit Property Trust I could redeem during that year. Cole Credit Property Trust I's board of directors determined that there was an insufficient amount of cash available for redemptions during the six years ended December 31, 2013. Cole Credit Property Trust I's board of directors also determined, prior to the merger with VEREIT, that no amounts were to be made available for redemption during the year ended December 31, 2014.

Cole Credit Property Trust II, Inc. (Cole Credit Property Trust II)

From October 2005 through February 2006, Cole Credit Property Trust II paid a 6.00% annualized distribution rate based upon a purchase price of $10.00 per share; from March 2006 through June 2006, Cole Credit Property Trust II paid a 6.25% annualized distribution rate based upon a purchase price of $10.00 per share; from July 2006 through June 2007, Cole Credit Property Trust II paid a 6.50% annualized distribution rate based upon a purchase price of $10.00 per share; from July 2007 through June 2009, Cole Credit Property Trust II paid a 7.00% annualized distribution rate based upon a purchase price of $10.00 per share; and from July 2009 through June 30, 2013, Cole Credit Property Trust II paid a 6.25% annualized distribution rate based upon a purchase price of $10.00 per share, or a 6.61% annualized distribution rate based on its then most recent estimate of the value of $9.45 per share. The principal reason for the reduction of the distribution rate was the drop in the occupancy rate of the Cole Credit Property Trust II portfolio from 99% on December 31, 2008 to 95% on September 30, 2009, resulting in lower revenue. Cole Credit Property Trust II's occupancy rate as of June 30, 2013 was 96%.

As of June 30, 2013, Cole Credit Property Trust II had paid approximately $732.5 million in cumulative distributions since inception. These distributions were funded by net cash provided by operating activities of approximately $652.2 million (89.0%), net borrowings of approximately $26.7 million (3.6%), net sale proceeds in excess of Cole Credit Property Trust II's investment in marketable securities of approximately $21.5 million (2.9%), principal repayments from mortgage notes receivable and real estate under direct financing leases, including excess amounts from prior years of $15.4 million (2.1%), offering proceeds of approximately $9.9 million (1.4%), net sale proceeds and return of capital in excess of Cole Credit Property Trust II's investment from Cole Credit Property Trust II's interest in joint ventures of approximately $5.9 million (less than 1.0%) and

proceeds from the sale of real estate and condemnations of $909,000 (less than 1.0%). As of December 31, 2013, Cole Credit Property Trust II had expensed approximately $9.9 million in cumulative real estate acquisition expenses, which reduced operating cash flows. Cole Credit Property Trust II treated its real estate acquisition expenses as funded by offering proceeds. Therefore, for consistency, real estate acquisition expenses were treated in the same manner in describing the sources of distributions, to the extent that distributions paid exceeded net cash provided by operating activities.

Pursuant to Cole Credit Property Trust II's share redemption program in effect during 2009, redemptions were limited to 3% of the weighted average number of shares outstanding during the prior calendar year, other than for redemptions requested upon the death of a stockholder. During 2009, Cole Credit Property Trust II funded redemptions up to this limit. On November 10, 2009, Cole Credit Property Trust II's board of directors voted to temporarily suspend Cole Credit Property Trust II's share redemption program other than for requests made upon the death of a stockholder. The Cole Credit Property Trust II board of directors considered many factors in making this decision, including the expected announcement of an estimated value of Cole Credit Property Trust II's common stock in June 2010 and continued uncertainty in the economic environment and credit markets. On June 22, 2010, Cole Credit Property Trust II's board of directors reinstated the share redemption program, with certain amendments, effective August 1, 2010. Under the terms of the revised share redemption program, during any calendar year, Cole Credit Property Trust II would redeem shares on a quarterly basis, up to one-fourth of 3% of the weighted average number of shares outstanding during the prior calendar year (including shares requested for redemption upon the death of a stockholder). In addition, funding for redemptions for each quarter would be limited to the net proceeds received from the sale of shares, in the respective quarter, under Cole Credit Property Trust II's distribution reinvestment plan. On December 6, 2012, Cole Credit Property Trust II suspended its share redemption program in anticipation of a potential liquidity event. As a result of the suspension of the share redemption program, all redemption requests received from stockholders during the fourth quarter of 2012 on or before December 6, 2012 and that were determined to be in good order on or before December 12, 2012 were honored in accordance with the terms, conditions and limitations of the share redemption program. Cole Credit Property Trust II did not process or accept any requests for redemption received after December 6, 2012. As of June 30, 2013, Cole Credit Property Trust II had redeemed approximately 13,000 shares for $121,000 pursuant to redemption requests received on or before December 6, 2012.

Cole Real Estate Investments, Inc. (Cole)

Cole's board of directors began authorizing distributions in January 2009, after Cole commenced business operations. Cole paid a 6.50% annualized distribution rate based upon a $10.00 per share purchase price for the period commencing on January 6, 2009 through March 31, 2009. During the period commencing on April 1, 2009 and ending on March 31, 2010, Cole paid a 6.75% annualized distribution rate based upon a $10.00 per share purchase price. Cole paid a 7.00% annualized distribution rate based upon a $10.00 per share purchase price for the period commencing on April 1, 2010 and ending on December 31, 2010. Cole paid a 6.50% annualized distribution rate based upon a $10.00 per share purchase price for the period commencing January 1, 2011 through April 4, 2013. The principal reason for the reduction of the distribution rate was to align more closely the distribution rate with Cole's then-current operating income. On April 5, 2013, Cole's annualized distribution rate increased to 7.00% based upon an assumed $10.00 per share purchase price.

As of June 30, 2013, Cole had paid approximately $785.6 million in cumulative distributions since inception. These distributions were funded by net cash provided by operating activities of approximately $570.8 million (72.6%), offering proceeds of approximately $173.3 million (22.1%), net borrowings of $32.8 million (4.2%) and distributions received in excess of income from unconsolidated joint ventures of approximately $8.7 million (1.1%). As of June 30, 2013, Cole had expensed approximately $230.3 million in cumulative real estate acquisition expenses, which reduced operating cash flows. Cole treated its real estate acquisition expenses as funded by offering proceeds. Therefore, for consistency, real estate acquisition expenses were treated in the same manner in describing the sources of distributions, to the extent that distributions paid exceeded net cash provided by operating activities.

Cole's share redemption program provided, in general, that the number of shares Cole may redeem was limited to 5% of the weighted average number of shares outstanding during the trailing 12-month period prior to the end of the fiscal quarter for which redemptions are paid. In addition, the cash available for redemption was limited to the proceeds from the sale of shares pursuant to Cole's distribution reinvestment plan. As of June 20, 2013, Cole had redeemed in full all valid redemption requests received in good order. A valid redemption request was one that complied with the applicable requirements and guidelines of Cole's share redemption program. On April 12, 2013, Cole announced that its board of directors had voted to suspend Cole's share redemption program in anticipation of the listing of its shares on the NYSE. As a result of the suspension of the share redemption program, all redemption requests received from stockholders during the second quarter of 2013 and determined by Cole to be in good order on or before April 22, 2013 were honored in accordance with the terms, conditions and limitations of the share redemption program. Cole's share redemption program was terminated effective June 20, 2013, the date on which its common stock was listed on the NYSE.

Cole Corporate Income Trust, Inc. (Cole Corporate Income Trust)

Cole Corporate Income Trust's board of directors began authorizing distributions in June 2011, after the company commenced business operations. Cole Corporate Income Trust paid a 6.50% annualized distribution rate based on a purchase price of $10.00 per share for the period commencing on June 29, 2011 through January 28, 2015. As of December 31, 2014, Cole Corporate Income Trust had paid approximately $181.4 million in cumulative distributions since inception. The distributions were funded by offering proceeds of approximately $68.6 million (37.8%), net cash provided by operating activities of approximately $106.7 million (58.8%), and proceeds from the issuance of debt of approximately $6.1 million (3.4%). As of December 31, 2014, Cole Corporate Income Trust had expensed approximately $68.6 million in cumulative real estate acquisition expenses, which reduced operating cash flows. Cole Corporate Income Trust treats its real estate acquisition expenses as funded by offering proceeds. Therefore, for consistency, real estate acquisition expenses are treated in the same manner in describing the sources of distributions, to the extent that distributions paid exceed net cash provided by operating activities.

Pursuant to Cole Corporate Income Trust's share redemption program, Cole Corporate Income Trust could redeem up to 5.0% of the weighted average number of shares outstanding during the trailing 12 months prior to the end of the fiscal quarter for which the redemption was being paid. Additionally, funding for the redemption of shares was limited to the net proceeds received from the sale of shares under the distribution reinvestment plan. On August 20, 2014, Cole Corporate Income Trust suspended its share redemption program in anticipation of a potential liquidity event. As a result of the suspension of the share redemption program, all redemption requests received from stockholders during the second quarter of 2014 and that were determined to be in good order on or before September 30, 2014 were honored in accordance with the terms, conditions and limitations of the share redemption program. Cole Corporate Income Trust did not process or accept any requests for redemption received after the second quarter of 2014. As of December 31, 2014, Cole Corporate Income Trust had redeemed approximately 806,000 shares for $7.9 million pursuant to redemption requests received on or before the suspension of the share redemption program.

Cole Credit Property Trust IV, Inc. (Cole Credit Property Trust IV)

Cole Credit Property Trust IV's board of directors began authorizing distributions in April 2012, after Cole Credit Property Trust IV commenced business operations. Cole Credit Property Trust IV has paid and will pay a 6.25% annualized distribution rate based upon an original offering price of $10.00 per share, and an annualized distribution rate of 6.44% based on the CCPT IV board of directors' September 27, 2015 estimate of the value of its shares of $9.70 per share, for the period commencing on April 14, 2012 through December 31, 2015. As of December 31, 2014, Cole Credit Property Trust IV had paid approximately $228.4 million in cumulative distributions since inception. These distributions were funded by offering proceeds of approximately $131.7 million (57.7%) and net cash provided by operating activities of approximately $96.7 million (42.3%). As of December 31, 2014, Cole Credit Property Trust IV had expensed approximately $114.4 million in cumulative real estate acquisition expenses, which reduced operating cash flows. Cole Credit Property Trust IV treats its real

estate acquisition expenses as funded by offering proceeds. Therefore, for consistency, proceeds from the issuance of common stock used as a source of distributions includes the amount by which real estate acquisition related expenses reduced net cash provided by operating activities.

Pursuant to Cole Credit Property Trust IV's share redemption program, Cole Credit Property Trust IV may redeem up to 5.0% of the weighted average number of shares outstanding during the trailing 12 months prior to the end of the fiscal quarter for which the redemption is being paid. Additionally, funding for the redemption of shares is limited to the net proceeds received from the sale of shares under the distribution reinvestment plan. As of December 31, 2014, Cole Credit Property Trust IV had redeemed approximately 1.3 million shares for $13.0 million pursuant to redemption requests received on or before December 31, 2014.

Cole Office & Industrial REIT (CCIT II), Inc. (Cole Office and Industrial REIT)

Cole Office and Industrial REIT's board of directors began authorizing distributions in January 2014, after the company commenced business operations. Cole Office and Industrial REIT paid a 6.00% annualized distribution rate based on a purchase price of $10.00 per share for the period commencing on January 14, 2014 and ending on March 31, 2014 and has paid and will pay a 6.30% annualized distribution rate based on a purchase price of $10.00 per share for the period commencing on April 1, 2014 through December 31, 2015. As of December 31, 2014, Cole Office and Industrial REIT had paid approximately $5.1 million in cumulative distributions since inception. The distributions were fully funded by offering proceeds of approximately $5.1 million. As of December 31, 2014, Cole Office and Industrial REIT had expensed approximately $14.7 million in cumulative real estate acquisition expenses, which reduced operating cash flows. Cole Office and Industrial REIT treats its real estate acquisition expenses as funded by offering proceeds. Therefore, for consistency, real estate acquisition expenses are treated in the same manner in describing the sources of distributions, to the extent that distributions paid exceed net cash provided by operating activities.

Pursuant to Cole Office and Industrial REIT's share redemption program, Cole Office and Industrial REIT may redeem up to 5.0% of the weighted average number of shares outstanding during the trailing 12 months prior to the end of the fiscal quarter for which the redemption is being paid. Additionally, funding for the redemption of shares is limited to the net proceeds received from the sale of shares under the distribution reinvestment plan. As of December 31, 2014, Cole Office and Industrial REIT had redeemed approximately 1,700 shares for $17,000 pursuant to redemption requests received on or before December 31, 2014.

Cole Credit Property Trust V, Inc. (Cole Credit Property Trust V)

Cole Credit Property Trust V's board of directors began authorizing distributions in March 2014, after the company commenced business operations. Cole Credit Property Trust V has paid and will pay a 6.30% annualized distribution rate based on a purchase price of $25.00 per share for the period commencing on March 18, 2014 through December 31, 2015. As of December 31, 2014, Cole Credit Property Trust V had paid approximately $2.7 million in cumulative distributions since inception. The distributions were fully funded by offering proceeds of approximately $2.7 million. As of December 31, 2014, Cole Credit Property Trust V had expensed approximately $12.0 million in cumulative real estate acquisition expenses, which reduced operating cash flows. Cole Credit Property Trust V treats its real estate acquisition expenses as funded by offering proceeds. Therefore, for consistency, real estate acquisition expenses are treated in the same manner in describing the sources of distributions, to the extent that distributions paid exceed net cash provided by operating activities.

Pursuant to Cole Credit Property Trust V's share redemption program, Cole Credit Property Trust V may redeem up to 5.0% of the weighted average number of shares outstanding during the trailing 12 months prior to the end of the fiscal quarter for which the redemption is being paid. Additionally, funding for the redemption of shares is limited to the net proceeds received from the sale of shares under the distribution reinvestment plan. As of December 31, 2014, Cole Credit Property Trust V had not redeemed any shares under its share redemption program.

Description of Capital Stock

The following summary of the material terms of our capital stock does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and our charter. Our charter provides that we may issue up to 500.0 million shares of capital stock, $.01 par value per share. Of the total number of shares of capital stock authorized (a) 490.0 million shares are designated as common stock, 164.0 million of which are classified as W Shares, 163.0 million of which are classified as A Shares, and 163.0 million of which are classified as I Shares, and (b) 10.0 million shares are designated as preferred stock. Our charter authorizes our board of directors to amend our charter from time to time to increase or decrease the aggregate number of authorized shares or the number of authorized shares of any class or series without stockholder approval. As of October 9, 2015, approximately 6.8 million W Shares of our common stock, approximately 1.0 million A shares of our common stock and approximately 545,000 I shares of our common stock were issued and outstanding, and no shares of our preferred stock were issued and outstanding.

On September 20, 2011, our sole stockholder approved an amendment to our charter to authorize a reverse stock split of our common stock at a ratio of two-for-three, and our board authorized the implementation of the reverse stock split on September 20, 2011. Effective on September 21, 2011, every three shares of the Company issued and outstanding common stock were combined into two shares of common stock.

Common Stock

The holders of shares of our common stock are entitled to one vote per share on all matters voted on by stockholders, including the election of our directors. Our charter does not provide for cumulative voting in the election of directors. Therefore, the holders of a majority of the outstanding shares of our common stock can elect our entire board of directors. Subject to any preferential rights of any outstanding series of preferred stock, and the provisions of our charter regarding restrictions on ownership and transfer of our stock, the holders of shares of our common stock are entitled to such distributions as may be authorized from time to time by our board of directors out of legally available funds and declared by us and, in the event that we were ever liquidated, would be entitled to receive all assets available for distribution to stockholders. All shares of our common stock issued in the offering will be fully paid and non-assessable shares of common stock. Holders of shares of our common stock will not have preemptive rights, which means that you will not have an automatic option to purchase any new shares of common stock that we issue, or preference, conversion, exchange, sinking fund or redemption rights. Holders of shares of our common stock will not have appraisal rights, unless our board of directors determines that appraisal rights apply, with respect to all or any classes or series of our common stock, to one or more transactions occurring after the date of such determination in connection with which stockholders would otherwise be entitled to exercise such rights. Stockholders are not liable for our acts or obligations. In the future, our board of directors may authorize a separate class of common stock with different fees and expenses than our current class of common stock.

We will not issue certificates for shares of our common stock. Shares of our common stock will be held in "uncertificated" form which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable share certificates and eliminate the need to return a duly executed share certificate to effect a transfer. DST Systems, Inc. acts as our registrar and as the transfer agent for shares of our common stock, while State Street will act as our custodian. Transfers can be effected simply by mailing a transfer and assignment form, which we will provide to you at no charge, to:

DST Systems, Inc.
P.O. Box 219312
Kansas City, MO 64121-9312

W Shares

Each share issued and outstanding prior to the commencement of this offering is referred to herein as a W Share. W Shares will also be issued in this offering. W Shares are available to all investors who meet our suitability requirements. We expect that W Shares will be made available primarily through registered investment advisors and broker-dealers that charge their clients a fee for their services (typically referred to as wrap or fee-based accounts).

A Shares

Each A Share issued in the primary offering will be subject to a selling commission of up to 3.75% of the Offering Price per share for A Shares on the date of purchase, which we will pay to our dealer manager. In addition, we will pay the dealer manager (i) a dealer manager fee that accrues daily in an amount equal to $1/365^{th}$ of 0.55% of the amount of our NAV per share for the A Shares for such day, and (ii) a distribution fee that accrues daily in an amount equal to $1/365^{th}$ of 0.50% of our NAV per share for the A Shares for such day, in each case, on a continuous basis from year to year, subject to certain limitations. Our dealer manager will reallow 100% of selling commissions and at its discretion it may reallow a portion of the dealer manager fee received on A Shares, and (ii) a portion of the distribution fee received on A Shares, to participating broker-dealers. A Shares are available to all investors who meet our suitability requirements. We expect that A Shares will be made available primarily through registered representatives of broker-dealers.

I Shares

No selling commissions or distribution fee will be paid for sales of any I Shares. We will pay the dealer manager a dealer manager fee that accrues daily in an amount equal to $1/365^{th}$ of 0.25% of our NAV per share for the I Shares for such day on a continuous basis from year to year, subject to certain limitations. At our dealer manager's discretion it may reallow a portion of the dealer manager fee received on I Shares to participating broker-dealers. I Shares are available for purchase in this offering only for investors making an initial investment of $2.0 million or more.

Rights Upon Liquidation

In the event of any voluntary or involuntary liquidation, dissolution or winding up of us, or any liquidating distribution of our assets, then such assets, or the proceeds therefrom, will be distributed among the holders of W Shares, A Shares and I Shares ratably in proportion to the respective NAV for each class in accordance with applicable law. Each holder of shares of a particular class of common stock will be entitled to receive, ratably with each other holder of shares of such class, that portion of such aggregate assets available for distribution as the number of outstanding shares of such class held by such holder bears to the total number of outstanding shares of such class then outstanding.

Preferred Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of our common stock and preferred stock into other classes or series of stock without stockholder approval. Prior to issuance of shares of each class or series, our board of directors is required by the Maryland General Corporation Law and by our charter to set, subject to our charter restrictions on transfer of our stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption for each class or series. Thus, our board of directors could authorize the issuance of shares of common stock or preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. Our board of directors has no present plans to issue preferred stock, but may do so at any time in the future without stockholder approval. Our board of directors may also set the terms of shares of preferred stock that rank senior to shares of our common stock as to

dividends, in liquidation and/or with respect to other rights. Preferred stock may be issued without stockholder approval in unlimited amounts and we may issue preferred stock in the future to raise additional equity capital. However, the issuance of preferred stock must be approved by a majority of our independent directors not otherwise interested in the transaction, who will have access, at our expense, to our legal counsel or to independent legal counsel.

Meetings, Special Voting Requirements and Access to Records

An annual meeting of the stockholders is held each year at our principal executive office or such other location convenient to stockholders upon reasonable notice and on a specific date which will be at least 30 days after delivery of our annual report. The board of directors, including the independent directors, shall be required to take reasonable steps to insure that this requirement is met. Special meetings of stockholders may be called only upon the request of a majority of the directors, a majority of the independent directors, the chairman or the president and must be called by our secretary upon the written request of stockholders entitled to cast at least 10% of the votes entitled to be cast at the meeting on any matter that may property be considered at a meeting of stockholders. Upon receipt of a written request, either in person or by mail, stating the purposes of the special meeting, our sponsor shall provide all stockholders, within 10 days after receipt of said request, written notice, either in person or by mail, of a special meeting and the purposes of such meeting to be held on a date not less than 15 or more than 60 days after the distribution of such notice, at a time and place specified in the request, or if none is specified, a time and place convenient to stockholders. The presence either in person or by proxy of stockholders entitled to cast at least 50% of the votes entitled to be cast at the meeting on any matter will constitute a quorum. Generally, the affirmative vote of a majority of all votes cast is necessary to take stockholder action, except that the affirmative vote of a majority of the shares entitled to vote and represented in person or by proxy at a meeting at which a quorum is present is required to elect a director.

Under the Maryland General Corporation Law and our charter, stockholders are generally entitled to vote at a duly held meeting at which a quorum is present on (1) the amendment of our charter, (2) our dissolution or (3) our merger or consolidation or the sale or other disposition of all or substantially all of our assets. Under our charter these matters require the affirmative vote of stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter.

The advisory agreement and the sub-advisory agreement are approved annually by our directors including a majority of the independent directors. While the stockholders do not have the ability to vote to replace our advisor or its sub-advisor or to select its replacements, stockholders do have the ability, by the affirmative vote of a majority of the votes entitled to be cast generally in the election of directors, to remove a director from our board of directors.

Any stockholder will be permitted access to our corporate records at all reasonable times and may inspect and copy any of them for a reasonable charge. Inspection of our records by the office or agency administering the securities laws of a jurisdiction will be provided upon reasonable notice and during normal business hours. An alphabetical list of the names, addresses and telephone numbers of our stockholders, along with the number of shares of our stock held by each of them, will be maintained as part of our books and records and will be available for inspection by any stockholder or the stockholder's designated agent at our office. The stockholder list will be updated at least quarterly to reflect changes in the information contained therein. A copy of the list will be mailed to any stockholder who requests the list within 10 days of the receipt of the request. A stockholder may request a copy of the stockholder list in connection with matters relating to voting rights and the exercise of stockholder rights under federal proxy laws. A stockholder requesting a list will be required to pay reasonable costs of postage and duplication. We have the right to request that a requesting stockholder represent to us that the list will not be used to pursue commercial interests. In addition to the foregoing, stockholders have rights under Rule 14a-7 under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), which provides that, upon the request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to stockholders in the context of the solicitation of proxies for voting on matters

presented to stockholders or, at our option, provide requesting stockholders with a copy of the list of stockholders so that the requesting stockholders may make the distribution of proxies themselves. If a proper request for the stockholder list is not honored, then the requesting stockholder will be entitled to recover certain costs incurred in compelling the production of the list as well as actual damages suffered by reason of the refusal or failure to produce the list.

Restriction on Ownership of Shares of Capital Stock

For us to continue to qualify as a REIT, no more than 50% in value of the outstanding shares of our stock may be owned, directly or indirectly through the application of certain attribution rules under the Code by any five or fewer individuals, as defined in the Code to include specified entities, during the last half of any taxable year. In addition, the outstanding shares of our stock must be owned by 100 or more persons during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year. These ownership tests did not apply to our first taxable year in which we qualified as a REIT. In addition, we must meet requirements regarding the nature of our gross income to continue to qualify as a REIT. One of these requirements is that at least 75% of our gross income for each calendar year must consist of specified types of income, such as rents from real property and certain income from other real property investments. The rents received by our operating partnership from any tenant will not qualify as rents from real property, which could result in our loss of REIT status, if we own, actually or constructively within the meaning of certain provisions of the Code, 10% or more of the ownership interests in that tenant. To assist us in preserving our status as a REIT, among other purposes, our charter contains limitations on the ownership and transfer of shares of our stock which prohibit: (1) any person or entity from owning or acquiring, directly or indirectly, more than 9.8% of the value or number of shares, whichever is more restrictive, of our then outstanding capital stock or more than 9.8% of the value or number of shares, whichever is more restrictive, of our then outstanding common stock; and (2) any transfer of or other event or transaction with respect to shares of capital stock that would result in the beneficial ownership of our outstanding shares of capital stock by fewer than 100 persons. Our charter also prohibits any transfer of, or other event with respect to, shares of our capital stock that (a) would result in us being “closely held” within the meaning of Section 856(h) of the Code, (b) would cause any of our income that would otherwise qualify as “rents from real property” for purposes of Section 856(d) of the Code to fail to so qualify or (c) would otherwise cause us to fail to continue to qualify as a REIT.

Our charter provides that the shares of our capital stock that, if transferred, would violate any of the foregoing limitations, will be transferred automatically to a trust effective on the day before the purported transfer of such shares of our capital stock. We will designate a trustee of the share trust. We will also name a charitable organization as beneficiary of the share trust. The trustee will receive all distributions on the shares of our capital stock in the share trust and will hold such distributions or distributions in trust for the benefit of the beneficiary. The trustee also will vote the shares of capital stock in the share trust and, subject to Maryland law, will have the authority (1) to rescind as void any vote cast by the intended transferee prior to our discovery that the shares have been transferred to the share trust and (2) to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. The intended transferee will acquire no rights in such shares of capital stock, unless, in the case of a transfer that would cause a violation of the 9.8% ownership limit, the transfer is exempted (prospectively or retroactively) by our board of directors from the ownership limit based upon receipt of information (including certain representations and undertakings from the intended transferee) that such transfer would not result in our failing to continue to qualify as a REIT. In addition, our charter provides that any transfer of shares of our capital stock that would result in shares of our capital stock being owned by fewer than 100 persons will be null and void and the intended transferee will acquire no rights in such shares of our capital stock.

The trustee will transfer the shares of our capital stock to a person whose ownership of shares of our capital stock will not violate the ownership limits. The transfer will be made no earlier than 20 days after the later of our receipt of notice that shares of our capital stock have been transferred to the share trust or the date we determine that a purported transfer of shares of stock has occurred. During this 20-day period, we will have the option of

repurchasing such shares of our capital stock. Upon any such transfer or repurchase, the purported transferee or holder will receive a per share price equal to the lesser of (1) the price per share in the transaction that resulted in the transfer of such shares to the, share trust (or, in the case of a gift, devise or other transaction, the NAV per share on the date of the gift, devise or other transaction) or (2) the NAV per share on the date we accept the offer to repurchase, in the case of a purchase by us, or the price received by the trustee net of any expenses, in the case of a sale by the trustee. The charitable beneficiary will receive any excess amounts. In the case of a liquidation, holders of such shares will receive a ratable amount of our remaining assets available for distribution to shares of the applicable class or series taking into account all shares of such class or series. The trustee will distribute to the purported transferee or holder an amount equal to the lesser of the amounts received with respect to such shares or the price per share in the transaction that resulted in the transfer of such shares to the share trust (or, in the case of a gift, devise or other transaction, the NAV per share at the time of the gift, devise or other transaction) and will distribute any remaining amounts to the charitable beneficiary.

Any person who acquires or attempts to acquire shares of our capital stock in violation of the foregoing restrictions or who owns shares of our capital stock that were transferred to any such share trust is required to give immediate written notice to us of such event, and any person who purports to transfer or receive shares of our capital stock subject to such limitations is required to give us 15 days written notice prior to such purported transaction. In both cases, such persons must provide to us such other information as we may request to determine the effect, if any, of such event on our status as a REIT. The foregoing restrictions will continue to apply until our board of directors determines it is no longer in our best interest to continue to qualify as a REIT or that compliance is no longer required for REIT qualification.

The ownership limits do not apply to a person or persons that our board of directors exempts from the ownership limit upon appropriate assurances that our qualification as a REIT is not jeopardized. Any person who owns 5% or more (or such lower percentage applicable under Treasury Regulations) of the outstanding shares of our capital stock during any taxable year will be asked to deliver a statement or affidavit setting forth the number of shares of our capital stock beneficially owned.

Distributions

We pay distributions monthly in arrears and have daily record dates. Therefore, new investors are entitled to distributions immediately upon the purchase of their shares. We also expect that the board of directors will set the rate of distributions at a level that will be reasonably consistent and sustainable over time. Stockholders will be entitled to declared distributions on each of their shares from the time the shares are issued to the stockholder until the time we pay redemption proceeds to redeem the shares.

Distributions will be made on all classes of our common stock at the same time. The per share amount of distributions on W Shares, A Shares and I Shares will likely differ over time because of different allocations of class-specific expenses. The per share amount of distributions on W Shares, A Shares and I Shares shall be determined based on the relative net asset value of each class.

We are required to make distributions sufficient to satisfy the requirements for qualification as a REIT for federal income tax purposes. Generally, income distributed will not be taxable to us under the Code if we distribute at least 90% of our REIT taxable income each year (computed without regard to the dividends paid deduction and our net capital gain). Distributions are authorized at the discretion of our board of directors, in accordance with our earnings, present and reasonably projected future cash flows and general financial condition. Our board of directors' discretion is directed, in substantial part, by its obligation to cause us to comply with the REIT requirements.

Our board of directors authorized the following daily distribution amounts per share for the periods indicated below:

Period Commencing	Period Ending	Daily Distribution Amount
December 8, 2011	December 31, 2011	$0.002260274
January 1, 2012	September 30, 2012	$0.002254099
October 1, 2012	December 31, 2012	$0.002383836
January 1, 2013	September 30, 2013	$0.002429042
October 1, 2013	March 31, 2014	$0.002563727
April 1, 2014	September 30, 2015	$0.002678083

The daily distribution amount shown above for each class of outstanding common stock is adjusted based on the relative net asset value of the various classes each day so that, from day to day, distributions constitute a uniform percentage of the net asset value per share of all classes. As a result, from day to day, the per share daily distribution for each outstanding class of common stock may be higher or lower than the amount shown above based on the relative net asset value of each class of common stock on that day. During the applicable distribution period, the distributions were or will be payable to stockholders of record as of the close of business on each day of the period and were or will be paid monthly in arrears.

As of June 30, 2015, cumulative since inception, we have declared $12.3 million of distributions and we have paid $11.7 million, of which $7.2 million was paid in cash and $4.5 million was reinvested in shares of our common stock pursuant to the distribution reinvestment plan. Our net income was $5.7 million as of June 30, 2015, cumulative since inception, and our net income was $251,000 and $6.5 million for the year ended December 31, 2014 and the six months ended June 30, 2015, respectively. The following table presents distributions and the source of distributions for the periods indicated below (dollars in thousands):

	Cumulative Paid Since Inception		Year Ended December 31, 2014		Six Months Ended June 30, 2015	
	Amount	Percent	Amount	Percent	Amount	Percent
Distributions paid in cash	$ 7,224	62%	$3,245	58%	$2,020	57%
Distributions reinvested	4,477	38%	2,318	42%	1,517	43%
Total distributions	$11,701	100%	$5,563	100%	$3,537	100%
Source of distributions:						
Net cash provided by operating activities	$11,701	100%	$5,563	100%	$3,537[(1)]	100%
Total sources	$11,701	100%	$5,563	100%	$3,537	100%

(1) Distributions were funded by net cash provided by operating activities from the current period as well as the prior year.

Net cash provided by operating activities as of June 30, 2015, cumulative since inception, was $12.4 million and reflects a reduction for real estate acquisition-related expenses incurred of $2.9 million, in accordance with GAAP. As of June 30, 2015, cumulative since inception, our distributions were funded by net cash provided by operating activities of $11.7 million. The payment of distributions from sources other than cash provided by operating activities may reduce the amount of proceeds available for investment and operations or cause us to incur additional interest expense as a result of borrowed funds, and may cause subsequent investors to experience dilution. This may negatively impact the value of your investment.

We are not prohibited from distributing our own securities in lieu of making cash distributions to stockholders, provided that the securities distributed to stockholders are readily marketable. The receipt of marketable securities in lieu of cash distributions may cause stockholders to incur transaction expenses in liquidating the securities. We do not have any current intention to list the shares of our common stock on a national securities exchange, nor is it expected that a public market for the shares of common stock will develop.

Although we intend to fund the payment of distributions solely from cash flow from operations, we may pay distributions from other sources, including the sale of assets, the proceeds from this offering, borrowings and the issuance of additional securities, and we have no limit on the amounts we may pay from such other sources. If we fund distributions from financings or the net proceeds from this offering, we will have less funds available for investment in real estate properties, real estate-related assets and other investments, and this may cause subsequent investors to experience dilution. We expect that our cash flow from operations available for distribution will be lower in the initial stages of this offering until we have raised significant capital and made substantial investments. Further, because we may receive income at various times during our fiscal year and because we may need cash flow from operations during a particular period to fund expenses, we may declare distributions in anticipation of cash flow that we expect to receive during a later period and these distributions would be paid in advance of our actual receipt of these funds. In these instances, we expect to look to third party borrowings, our offering proceeds or other sources to fund our distributions. Additionally, we will make certain payments to our advisor and dealer manager for services provided to us. See "Compensation." Such payments will reduce the amount of cash available for distributions. Finally, payments to fulfill redemption requests under our redemption plan will also reduce funds available for distribution to remaining stockholders.

Our distributions may constitute a return of capital to the extent that they exceed our current and accumulated earnings and profits as determined for tax purposes. However, unlike shares of a traditional non-exchange traded REIT which are typically sold and, on a limited basis, redeemed at a fixed price, each class of our common stock will be sold and redeemed on any business day at NAV. As a result, any return of capital will be reflected in our daily NAV unlike the offer and redemption price of a typical non-exchange traded REIT which may not reflect a significant return of capital until the non-exchange traded REIT performs a valuation of the REIT or liquidates.

Distribution Reinvestment Plan

We have adopted an amended and restated distribution reinvestment plan, effective concurrently with this offering, whereby stockholders will be able to elect to have their cash distributions attributable to the class of shares owned automatically reinvested in additional shares of the same class. All such distributions will be immediately reinvested in our shares on behalf of the participants on the business day such distribution would have been paid to such stockholder.

The per share purchase price for shares purchased pursuant to the distribution reinvestment plan will be equal to the NAV per share applicable to the class of shares purchased, calculated on the distribution date. No selling commissions will be payable with respect to shares purchased pursuant to the distribution reinvestment plan. Because the dealer manager fee and the distribution fee are calculated based on NAV, they reduce NAV and/or distributions with respect to W Shares, A Shares and I Shares, including shares issued under the distribution reinvestment plan with respect to such share classes. Shares acquired under the distribution reinvestment plan will entitle the participant to the same rights and be treated in the same manner as shares of that class purchased in this offering.

We reserve the right to amend any aspect of our distribution reinvestment plan without the consent of our stockholders, provided that notice of any material amendment is provided to participants at least ten days prior to the effective date of that amendment. In addition, we may terminate the distribution reinvestment plan for any reason at any time upon ten days' prior written notice to participants. A stockholder's participation in the plan will be terminated to the extent that a reinvestment of such stockholder's distributions in our shares would cause the percentage ownership or other limitations contained in our charter to be violated. Participants may terminate their participation in the distribution reinvestment plan with ten days' prior written notice to us and we will provide participants with the opportunity to withdraw from the distribution reinvestment plan at least annually.

Account Statements

Within 90 days after the end of each fiscal year, we will mail to each participant a statement of account describing, as to such participant: (1) the distributions reinvested during the year; (2) the number of shares purchased during the year; (3) the per share purchase price for such shares; (4) the total number of shares purchased on behalf of the participant under the plan; and (5) tax information with respect to income earned on shares under the plan for the calendar year will be sent to each applicable participant. The statement will also advise the participant that the participant is required to notify the administrator of the plan in the event that there is any material change in the participant's financial condition or if any representation made by the participant under the subscription agreement for the participant's initial purchase of shares becomes inaccurate.

Tax Consequences of Participation

If a stockholder elects to participate in the distribution reinvestment plan and is subject to federal income taxation, the stockholder will be treated as if he or she has received the distribution from us in cash and then applied such distribution to the purchase of the same class of common stock on which the distribution was made. The stockholder will be taxed on the amount of such distribution as ordinary income to the extent such distribution is from current or accumulated earnings and profits, unless we have designated all or a portion of the distribution as a capital gain dividend in which event the distribution will be treated as long-term capital gain. See "Material U.S. Federal Income Tax Considerations."

Certain Provisions of Maryland Law and of Our Charter and Bylaws

The following summary of certain provisions of Maryland law and of our charter and bylaws does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and our amended and restated charter and bylaws, forms of which are filed as exhibits to the registration statement of which this prospectus is a part. See "Where You Can Find More Information."

Changes to Our Investment Objectives

Our charter lists the following as our primary investment objectives:

- to acquire commercial properties, leased under long-term net leases to creditworthy tenants, which provide current operating cash flow;
- to maintain a level of liquid assets as a source of funds to meet redemption requests;
- to provide reasonably stable, current income for you through the payment of cash distributions; and
- to provide the opportunity to participate in capital appreciation in the value of our investments.

These investment objectives may not be changed without our stockholders consenting to amend our charter as described in "Description of Capital Stock — Meetings, Special Voting Requirements and Access to Records."

Business Combinations

Under the Maryland General Corporation Law, business combinations between a Maryland corporation and an interested stockholder or the interested stockholder's affiliate are prohibited for five years after the most recent date on which the stockholder becomes an interested stockholder. For this purpose, the term "business combinations" includes mergers, consolidations, share exchanges or, in circumstances specified in the Maryland General Corporation Law, asset transfers and certain issuances or reclassifications of equity securities. An "interested stockholder" is defined for this purpose as: (1) any person who beneficially owns 10% or more of the voting power of the corporation's outstanding voting stock; or (2) an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding stock of the corporation. A person is not an interested stockholder under the Maryland General Corporation Law if the board of directors approved in advance the transaction by which he otherwise would become an interested stockholder. However, in approving the transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board of directors.

After the five-year prohibition, any business combination between the corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least: (1) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation, voting together as a single voting group; and (2) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares of stock held by the interested stockholder or its affiliate with whom the business combination is to be effected, or held by an affiliate or associate of the interested stockholder, voting together as a single voting group.

These super majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under the Maryland General Corporation Law, for their shares of common stock in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares of common stock.

None of these provisions of the Maryland General Corporation Law will apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the

interested stockholder becomes an interested stockholder. Pursuant to the business combination statute, our board of directors has exempted any business combination involving us and any person. Consequently, the five-year prohibition and the super majority vote requirements will not apply to business combinations between us and any person. As a result, any person may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super majority vote requirements and other provisions of the statute.

Should our board of directors opt into the business combination statute, it may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Control Share Acquisitions

The Maryland General Corporation Law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by the affirmative vote of stockholders entitled to cast two-thirds of the votes entitled to be cast on the matter. Shares of common stock owned by the acquiror, by officers or by employees who are directors of the corporation are not entitled to vote on the matter. “Control shares” are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or with respect to which the acquiror has the right to vote or to direct the voting of, other than solely by virtue of revocable proxy, would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting powers:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares of stock the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. Except as otherwise specified in the statute, a “control share acquisition” means the acquisition of issued and outstanding control shares. Once a person who has made or proposes to make a control share acquisition has undertaken to pay expenses and has satisfied other required conditions, the person may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares of stock. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting. If voting rights are not approved for the control shares at the meeting or if the acquiring person does not deliver an “acquiring person statement” for the control shares as required by the statute, the corporation may redeem any or all of the control shares for their fair value, except for control shares for which voting rights have previously been approved. Fair value is to be determined for this purpose without regard to the absence of voting rights for the control shares, and is to be determined as of the date of the last control share acquisition or of any meeting of stockholders at which the voting rights for control shares are considered and not approved.

If voting rights for control shares are approved at a stockholders’ meeting and the acquiror becomes entitled to vote a majority of the shares of stock entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares of stock as determined for purposes of these appraisal rights may not be less than the highest price per share paid in the control share acquisition. Some of the limitations and restrictions otherwise applicable to the exercise of dissenters’ rights do not apply in the context of a control share acquisition.

The control share acquisition statute does not apply to shares of stock acquired in a merger or consolidation or on a stock exchange if the corporation is a party to the transaction or to acquisitions approved or exempted by the charter or bylaws of the corporation. As permitted by the Maryland General Corporation Law, we have provided in our bylaws that the control share provisions of the Maryland General Corporation Law will not apply to any acquisition by any person of shares of our stock, but the board of directors retains the discretion to change this provision in the future.

Unsolicited Takeover Statutes

Subtitle 8 of Title 3 of the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, without a stockholder vote, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- maintaining a classified board of directors;
- requiring two-thirds stockholder vote for removing a director;
- requiring that the number of directors be fixed only by vote of the board of directors;
- requiring that a vacancy on the board of directors be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a request by a majority of stockholders for the calling of a special meeting of stockholders.

Pursuant to Subtitle 8, we have elected to provide that vacancies on our board of directors be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we vest in the board of directors the exclusive power to fix the number of directors, provided that the number is not less than three.

Amendment to Our Charter and Bylaws

The amendment of our charter generally requires the affirmative vote of the holders of a majority of shares of our stock then outstanding and entitled to vote thereon. Our board of directors may not amend our charter (without the concurrence by our stockholders) except (1) to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue and (2) to change our corporate name or the designation or par value of any class or series of our shares. Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws or to make new bylaws.

Voting with Respect to Certain Matters

The classes of common stock shall vote together as a single class on all actions to be taken by our stockholders; provided, however, the affirmative vote of a majority of the then outstanding shares of the W Shares, the A Shares, and the I Shares, as the case may be, with no other class of common stock voting except the applicable class of common stock voting as a separate class, shall be required (i) to amend our charter if such amendment would materially and adversely affect the rights, preferences and privileges of such class of common stock; (ii) on any matter submitted to our stockholders that relates solely to such class of common stock; and (iii) on any matter submitted to our stockholders in which the interests of such class of common stock differ from the interests of any other class of common stock.

With respect to shares of common stock owned by our advisor, our directors or any of their respective affiliates, none of our advisor, its sub-advisor, our directors, nor any of their respective affiliates may vote or consent on matters submitted to the stockholders regarding the removal of our advisor, directors or any of their respective affiliates or any transaction between us and any of them. In determining the requisite percentage in interest of shares of our common stock necessary to approve a matter on which our advisor, directors or any affiliate may not vote or consent, any shares owned by any of them will not be included.

Multiple Class Plan

The charter requires our board of directors to adopt a Multiple Class Plan to establish certain features of the W Shares, the A Shares and the I Shares. The purpose of the Multiple Class Plan is to establish (a) the commissions and fees payable to our dealer manager in regards to each class of common stock that we have

registered in the offering pursuant to a registration statement filed under the Securities Act and (b) the expenses allocable to each class of common stock that we have registered in the offering pursuant to a registration statement filed under the Securities Act. Our board, including a majority of the independent directors, will amend the Multiple Class Plan to add additional classes of common stock, if any, that we register in the offering pursuant to a registration statement filed under the Securities Act.

Advance Notice of Director Nominations and New Business

Our bylaws provide that, with respect to an annual meeting of stockholders, nominations of individuals for election to our board of directors and the proposal of business to be considered by stockholders may be made at an annual meeting of stockholders at which directors are to be elected only (1) pursuant to our notice of the meeting, (2) by or at the direction of our board of directors or (3) by a stockholder who was a stockholder of record both at the time of provision of notice and at the time of the meeting, is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws.

With respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting. Nominations of individuals for election to our board of directors may be made at a special meeting of stockholders at which directors are to be elected only (1) by or at the direction of our board of directors or (2) provided that our board of directors has determined that directors will be elected at such meeting, by a stockholder who was a stockholder of record both at the time of provision of notice and at the time of the meeting, is entitled to vote at the meeting in the election of each individual so nominated and has complied with the advance notice provisions set forth in our bylaws. For more information on our board of directors, including their term and the filling of board vacancies, see the "Management — General" section of this prospectus.

Anti-Takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws

Our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change of control or other transaction that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders, including the power of our board of directors to issue additional shares of our common stock, the restrictions on ownership and transfer of our shares and advance notice requirements for director nominations and stockholder proposals. Likewise, if we opted into the business combination provisions of the Maryland General Corporation Law or the provision in the bylaws opting out of the control share acquisition provisions of the Maryland General Corporation Law were rescinded, these provisions of the Maryland General Corporation Law could have similar anti-takeover effects. See "Risk Factors — Risks Related to Our Corporate Structure — Our Charter limits the number of shares a person may own, which may discourage a takeover that could otherwise result in a premium price to our stockholders" and "Certain provisions of Maryland law could inhibit transactions or changes of control under circumstances that could otherwise provide stockholders with the opportunity to realize a premium."

Indemnification and Limitation of Directors', Officers' and Others' Liability

Our organizational documents limit the personal liability of our stockholders, directors and officers for monetary damages to the extent permitted under current provisions of Maryland law in effect from time to time and the limitations of the NASAA REIT Guidelines. In addition, our directors and officers are covered by a liability insurance policy. See "Indemnification and Limitation of Liability" for a more detailed discussion regarding indemnification of our directors, officers and others under Maryland law and the NASAA REIT Guidelines.

Extraordinary Transactions

Under Maryland law, a Maryland corporation generally cannot amend its charter or merge unless such is approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the

matter) is set forth in the company's charter. Our charter provides that such actions must be approved by a majority of all of the votes entitled to be cast on the matter. Similarly, our charter requires the affirmative vote of a majority of the votes entitled to be cast to approve a dissolution or sale of all or substantially all of our assets. Because operating assets may be held by a company's subsidiaries, as in our situation, this may mean that a subsidiary of a company can transfer all of its assets without any vote of the company's stockholders.

REIT Qualification

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interests to qualify, or to attempt to qualify, as a REIT. Our board of directors may revoke our REIT election for any number of reasons, including if it determines that we need to retain cash in order to satisfy certain business objectives and commitments, including but not limited to, the repayment of debts. The retention of such funds would preclude us from satisfying the requirement that we distribute at least 90% of our REIT taxable income annually. In addition, our board of directors could determine that certain other REIT requirements, including but not limited to, the income or asset tests and ownership limitations prohibit certain business opportunities that would be in our and our stockholders' best interests to pursue.

Restrictions on Roll-Up Transactions

In accordance with our charter, in connection with any proposed transaction considered a "roll-up transaction" (as defined below) involving us and the issuance of securities of an entity that would be created or would survive after the successful completion of the roll-up transaction, an appraisal of all of our assets shall be obtained from a competent independent appraiser. The assets shall be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall indicate the value of the assets as of a date immediately prior to the announcement of the proposed roll-up transaction. The appraisal shall assume an orderly liquidation of the assets over a 12-month period. The terms of the engagement of the independent appraiser shall clearly state that the engagement is for our benefit and the benefit of our stockholders. A summary of the appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report to stockholders in connection with any proposed roll-up transaction. If the appraisal will be included in a prospectus used to offer the securities of a roll-up entity, the appraisal shall be filed with the SEC and the states.

A "roll-up transaction" is a transaction involving the acquisition, merger, conversion or consolidation, directly or indirectly, of us and the issuance of securities of another entity, or a roll-up entity, that would be created or would survive after the successful completion of such transaction. The term roll-up transaction does not include:

- a transaction involving securities of a corporation that have been for at least 12 months listed on a national securities exchange; or
- a transaction involving our conversion to a corporate, company, or association form if, as a consequence of the transaction, there will be no significant adverse change in any of the following: stockholder voting rights; the term of our existence; compensation to our advisor; or our investment objectives.

In connection with a proposed roll-up transaction, the person sponsoring the roll-up transaction must offer to common stockholders who vote "no" on the proposal the choice of:

(1) accepting the securities of a roll-up entity offered in the proposed roll-up transaction; or

(2) one of the following:

    (a) remaining as holders of shares of our common stock and preserving their interests therein on the same terms and conditions as existed previously; or

    (b) receiving cash in an amount equal to the stockholder's pro rata share of the appraised value of our net assets.

We are prohibited from participating in any proposed roll-up transaction:

- that would result in the stockholders having voting rights in a roll-up entity that are less than those provided in our charter, including rights with respect to the election and removal of directors, annual reports, annual and special meetings, amendment of our charter, and our dissolution;
- that includes provisions that would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the roll-up entity, except to the minimum extent necessary to preserve the tax status of the roll-up entity, or which would limit the ability of an investor to exercise the voting rights of its securities of the roll-up entity on the basis of the number of shares held by that investor;
- in which investor's rights to access of records of the roll-up entity will be less than those provided in the section of this prospectus entitled "Description of Capital Stock — Meetings, Special Voting Requirements and Access to Records;" or
- in which any of the costs of the roll-up transaction would be borne by us if the roll-up transaction is rejected by the stockholders.

Tender Offers by Stockholders

Our charter provides that any tender offer, including any "mini-tender" offer, must comply with Regulation 14D of the Exchange Act, including the notice and disclosure requirements. The offering person must provide our company notice of such tender offer at least ten business days before initiating the tender offer. If the offering person does not comply with the provisions set forth above, our company will have the right to redeem that person's shares and any shares acquired in such tender offer. In addition, the non-complying person will be responsible for all of our company's expenses in connection with that person's noncompliance.

Material U.S. Federal Income Tax Considerations

The following summary addresses U.S. federal income tax considerations related to our election to be subject to tax as a REIT that we anticipate to be material to holders of our common stock. This summary does not address any foreign, state, or local tax consequences of holding, selling or redeeming our common stock. The provisions of the Code concerning the U.S. federal income tax treatment of a REIT are highly technical and complex; the following discussion sets forth only certain aspects of those provisions. This summary is intended to provide you with general information only and is not intended as a substitute for careful tax planning.

This summary is based on provisions of the Code, applicable final and temporary Treasury Regulations, judicial decisions, and administrative rulings and practice, all in effect as of the date of this prospectus, and should not be construed as legal or tax advice. No assurance can be given that future legislative or administrative changes or judicial decisions will not affect the accuracy of the descriptions or conclusions contained in this summary. In addition, any such changes may be retroactive and apply to transactions entered into prior to the date of their enactment, promulgation or release. Except as provided below with respect to the private letter ruling on our multi-class structure, we do not expect to seek a ruling from the IRS regarding any of the U.S. federal income tax issues discussed in this prospectus, and no assurance can be given that the IRS will not challenge any of the positions we take and that such a challenge will not succeed. This discussion is for your general information only and is not tax advice. It does not purport to address all aspects of federal income taxation that may be relevant to you in light of your particular investment circumstances, or if you are a type of investor subject to special tax rules. ***Prospective purchasers of our common stock are urged to consult their tax advisors prior to any investment in our common stock concerning the potential U.S. federal, state, local, and foreign tax consequences of the investment with specific reference to their own tax situations.***

Except as otherwise noted, references in this discussion of "Material U.S. Federal Income Tax Considerations" to "we," "our," "us" and "our company" refer only to Cole Real Estate Income Strategy (Daily NAV), Inc. and not to its subsidiaries or other lower-tier entities, except as otherwise indicated.

Taxation of Our Company

We received an opinion of Goodwin Procter LLP, dated August 16, 2013, to the effect that we are organized in conformity with the requirements for qualification and taxation as a REIT under the Code and that, as of the date of the opinion, our prior, current and proposed ownership, organization and method of operations, as represented by us to Goodwin Procter LLP, has allowed and will allow us to satisfy the requirements for qualification and taxation as a REIT under the Code, commencing with our taxable year ended December 31, 2012. The opinion of Goodwin Procter LLP was based on various assumptions and on our representations to Goodwin Procter LLP as of the date of the opinion concerning our prior, current and continuing organization, ownership and operations, and other matters relating to our ability to continue to qualify as a REIT. The opinion was expressly conditioned upon the accuracy of such assumptions and representations, which Goodwin Procter LLP has not verified and will not verify, including an assumption to the effect that we are successfully avoiding "dividend equivalent" redemptions, as discussed below in "— Taxation of U.S. Stockholders — Redemptions of Common Stock." The opinion also relies on the private letter ruling issued to us by the IRS regarding our multiple class fee structure and our continued compliance with the representations we made to the IRS in requesting such ruling. Moreover, our continued qualification and taxation as a REIT will depend upon our ability to meet, through actual annual operating results, distribution requirements, diversity of share ownership, and the various and complex REIT qualification tests imposed under the Code, the results of which have not been and will not be reviewed or verified by Goodwin Procter LLP. See "— Qualification as a REIT" below. Accordingly, no assurance can be given that we have or will in fact satisfy such requirements. The opinion of Goodwin Procter LLP was based upon the law as of the date of the opinion, which is subject to change either prospectively or retroactively. Opinions of counsel impose no obligation on counsel to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. Changes in applicable law could modify the conclusions expressed in the opinion. Unlike a ruling from the IRS, an opinion of Goodwin Procter LLP is not binding on the IRS, and no assurance can be given that the IRS could not successfully challenge our qualification as a REIT.

Because we issued shares to persons other than Cole Holdings, our initial stockholder, in 2012, our first REIT taxable year was our taxable year ended December 31, 2012. We elected to be taxed as a REIT beginning with our taxable year ended December 31, 2012. We believe that we are, have been, and expect to be organized, and operated, in such a manner to qualify for taxation as a REIT. From the date of our formation and until the day following the date on which we issued shares to stockholders other than Cole Holdings, we were a qualified subchapter S subsidiary of Cole Holdings, and therefore were disregarded as an entity separate from Cole Holdings for U.S. federal income tax purposes.

Because we qualify as a REIT, we generally will be allowed to deduct dividends paid to our stockholders, and, as a result, we generally will not be subject to U.S. federal income tax on that portion of our ordinary income and net capital gain that we currently distribute to our stockholders. We expect to make distributions to our stockholders on a regular basis as necessary to avoid material U.S. federal income tax and to comply with the REIT requirements. See "— Qualification as a REIT — Annual Distribution Requirements" below.

Notwithstanding the foregoing, even if we continue to qualify for taxation as a REIT, we nonetheless may be subject to U.S. federal income tax in certain circumstances, including the following:

- We will be required to pay U.S. federal income tax on our undistributed REIT taxable income, including net capital gain;
- We may be subject to the "alternative minimum tax";
- We may be subject to tax at the highest corporate rate on certain income from "foreclosure property" (generally, property acquired by reason of default on a lease or indebtedness held by us);
- We will be subject to a 100% U.S. federal income tax on net income from "prohibited transactions" (generally, certain sales or other dispositions of property, sometimes referred to as "dealer property," held primarily for sale to customers in the ordinary course of business) unless the gain is realized in a "taxable REIT subsidiary," or TRS, or such property has been held by us for at least two years and certain other requirements are satisfied;
- If we fail to satisfy the 75% gross income test or the 95% gross income test (discussed below), but nonetheless maintain our qualification as a REIT pursuant to certain relief provisions, we will be subject to a 100% U.S. federal income tax on the greater of (i) the amount by which we fail the 75% gross income test or (ii) the amount by which we fail the 95% gross income test, in either case, multiplied by a fraction intended to reflect our profitability;
- If we fail to satisfy any of the asset tests, other than a failure of the 5% or the 10% asset tests that qualifies under the De Minimis Exception, and the failure qualifies under the General Exception, as described below under "— Qualification as a REIT — Asset Tests," then we will have to pay an excise tax equal to the greater of (i) $50,000 and (ii) an amount determined by multiplying the net income generated during a specified period by the assets that caused the failure by the highest U.S. federal income tax applicable to corporations;
- If we fail to satisfy any REIT requirements other than the income test or asset test requirements, described below under "— Qualification as a REIT — Income Tests" and "— Qualification as a REIT — Asset Tests," respectively, and we qualify for a reasonable cause exception, then we will have to pay a penalty equal to $50,000 for each such failure;
- We will be subject to a 4% nondeductible excise tax if certain distribution requirements are not satisfied;
- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's stockholders, as described below in "— Recordkeeping Requirements";
- If we dispose of an asset acquired by us from a C corporation in a transaction in which we took the C corporation's tax basis in the asset, we may be subject to tax at the highest regular corporate rate on the appreciation inherent in such asset as of the date of acquisition by us;

- We will be required to pay a 100% tax on any redetermined rents, redetermined deductions, and excess interest. In general, redetermined rents are rents from real property that are overstated as a result of services furnished to any of our non-TRS tenants by one of our TRSs. Redetermined deductions and excess interest generally represent amounts that are deducted by a TRS for amounts paid to us that are in excess of the amounts that would have been deducted based on arm's-length negotiations; and
- Income earned by our TRSs or any other subsidiaries that are C corporations (and are not a "qualified REIT Subsidiary") will be subject to tax at regular corporate rates.

No assurance can be given that the amount of any such U.S. federal income taxes will not be substantial. In addition, we and our subsidiaries may be subject to a variety of taxes, including payroll taxes and state, local and foreign income, property and other taxes on assets and operations. We could also be subject to tax in situations and on transactions not presently contemplated.

Qualification as a REIT

In General

The REIT provisions of the Code apply to a domestic corporation, trust, or association (i) that is managed by one or more trustees or directors, (ii) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest, (iii) that properly elects to be taxed as a REIT and such election has not been terminated or revoked, (iv) that is neither a financial institution nor an insurance company, (v) that uses a calendar year for U.S. federal income tax purposes, (vi) that would be taxable as a domestic corporation but for the special Code provisions applicable to REITs and (vii) that meets the additional requirements discussed below.

Ownership Tests

Commencing with our second REIT taxable year, (i) the beneficial ownership of our common stock must be held by 100 or more persons during at least 335 days of a 12-month taxable year (or during a proportionate part of a taxable year of less than 12 months) for each of our taxable years and (ii) during the last half of each taxable year, no more than 50% in value of our shares may be owned, directly or indirectly, by or for five or fewer individuals (the "5/50 Test"). Share ownership for purposes of the 5/50 Test is determined by applying the constructive ownership provisions of Section 544(a) of the Code, subject to certain modifications. The term "individual" for purposes of the 5/50 Test includes a private foundation, a trust providing for the payment of supplemental unemployment compensation benefits, and a portion of a trust permanently set aside or to be used exclusively for charitable purposes. A "qualified trust" described in Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code generally is not treated as an individual for purposes of the 5/50 Test; rather, shares held by it are treated as owned proportionately by its beneficiaries.

We believe that we satisfy the above ownership requirements. Further, our charter restricts ownership and transfers of our shares that would violate these requirements, although these restrictions may not be effective in all circumstances to prevent a violation. We will be deemed to have satisfied the 5/50 Test for a particular taxable year if we have complied with all the requirements for ascertaining the ownership of our outstanding shares in that taxable year and have no reason to know that we have violated the 5/50 Test.

Income Tests

In order to maintain qualification as a REIT, we must annually satisfy two gross income requirements:

(1) First, at least 75% of our gross income (excluding gross income from prohibited transactions and certain other income and gains as described below) for each taxable year must be derived, directly or indirectly, from investments relating to real property or mortgages on real property or from certain types of

temporary investments (or any combination thereof). Qualifying income for the purposes of this 75% gross income test generally includes: (a) rents from real property, (b) interest on debt secured by mortgages on real property or on interests in real property, (c) dividends or other distributions on, and gain from the sale of, shares in other REITs, (d) gain from the sale of real estate assets (other than gain from prohibited transactions), (e) income and gain derived from foreclosure property, and (f) income from certain types of temporary investments; and

(2) Second, in general, at least 95% of our gross income (excluding gross income from prohibited transactions and certain other income and gains as described below) for each taxable year must be derived from the real property investments described above and from other types of dividends and interest, gain from the sale or disposition of shares or securities that are not dealer property, or any combination of the above.

Rents we receive will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents received from a "related party tenant" will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a TRS and either (i) at least 90% of the property is leased to unrelated tenants and the rent paid by the TRS is substantially comparable to the rent paid by the unrelated tenants for comparable space, or (ii) the property leased is a "qualified lodging facility," as defined in Section 856(d)(9)(D) of the Code, or a "qualified health care property," as defined in Section 856(e)(6)(D)(i), and certain other conditions are satisfied. A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant. Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property.

Generally, for rents to qualify as rents from real property for the purpose of satisfying the gross income tests, we may provide directly only an insignificant amount of services, unless those services are "usually or customarily rendered" in connection with the rental of real property and not otherwise considered "rendered to the occupant" under the applicable tax rules. Accordingly, we may not provide "impermissible services" to tenants (except through an independent contractor from whom we derive no revenue and that meets other requirements or through a TRS) without giving rise to "impermissible tenant service income." Impermissible tenant service income is deemed to be at least 150% of the direct cost to us of providing the service. If the impermissible tenant service income exceeds 1% of our total income from a property, then all of the income from that property will fail to qualify as rents from real property. If the total amount of impermissible tenant service income from a property does not exceed 1% of our total income from the property, the services will not disqualify any other income from the property that qualifies as rents from real property, but the impermissible tenant service income will not qualify as rents from real property.

We do not intend to charge rent that is based in whole or in part on the income or profits of any person or to derive rent from related party tenants, or rent attributable to personal property leased in connection with real property that exceeds 15% of the total rents from the real property if the treatment of any such amounts as non-qualified rent would jeopardize our status as a REIT. We also do not expect to derive impermissible tenant service income that exceeds 1% of our total income from any property if the treatment of the rents from such property as nonqualified rents could cause us to fail to maintain our qualification as a REIT.

Our advisor must reimburse us (or our operating partnership) for fees we or our operating partnership pay to it in any year to the extent that such fees cause our total operating expenses to exceed certain amounts. Any such reimbursements potentially could be treated as nonqualifying income for purposes of the 75% and 95% gross income tests. However, we do not expect to receive reimbursements of sufficient magnitude to jeopardize our status as a REIT even if such reimbursements are treated as nonqualifying income.

If we fail to satisfy one or both of the 75% or the 95% gross income tests, we may nevertheless continue to qualify as a REIT for a particular year if we are entitled to relief under certain provisions of the Code. Those relief provisions generally will be available if our failure to meet such tests is due to reasonable cause and not due to willful neglect and we file a schedule describing each item of our gross income for such year(s) in accordance with the applicable Treasury Regulations. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. As discussed above in "— Taxation of Our Company," even if these relief provisions were to apply, we would be subject to U.S. federal income tax to the extent we fail to meet the 75% or 95% gross income tests or otherwise fail to distribute 100% of our net capital gain and taxable income.

Asset Tests

At the close of each quarter of our taxable year, we must also satisfy four tests relating to the nature of our assets. First, real estate assets, cash and cash items, and government securities must represent at least 75% of the value of our total assets. Second, not more than 25% of our total assets may be represented by securities other than those in the 75% asset class. Third, of the investments that are not included in the 75% asset class and that are not securities of our TRSs, (i) the value of any one issuer's securities owned by us may not exceed 5% of the value of our total assets and (ii) we may not own more than 10% by vote or by value of any one issuer's outstanding securities. For purposes of the 10% value test, debt instruments issued by a partnership are not classified as "securities" to the extent of our interest as a partner in such partnership (based on our proportionate share of the partnership's equity interests and certain debt securities) or if at least 75% of the partnership's gross income, excluding income from prohibited transactions, is qualifying income for purposes of the 75% gross income test. For purposes of the 10% value test, the term "securities" also does not include debt securities issued by another REIT, certain "straight debt" securities (for example, qualifying debt securities of a corporation of which we own no more than a de minimis amount of equity interest), loans to individuals or estates, and accrued obligations to pay rent. Fourth, securities of our TRSs cannot represent more than 25% of our total assets. Real estate assets for purposes of the REIT rules includes stock in other REITs, but does not include stock in non-REIT companies, which may limit our ability to invest our liquid assets in stock of non-REIT real estate companies.

We will monitor the status of our assets for purposes of the various asset tests and will endeavor to manage our portfolio in order to comply at all times with such tests. If we fail to satisfy the asset tests at the end of a calendar quarter, other than the first calendar quarter, we will not lose our REIT status if one of the following exceptions applies:

- We satisfied the asset tests at the end of the preceding calendar quarter, and the discrepancy between the value of our assets and the asset test requirements arose from changes in the market values of our assets and was not wholly or partly caused by the acquisition of one or more non-qualifying assets; or
- We eliminate any discrepancy within 30 days after the close of the calendar quarter in which it arose.

Moreover, if we fail to satisfy the asset tests at the end of a calendar quarter during a taxable year, we will not lose our REIT status if one of the following additional exceptions applies:

- *De Minimis Exception:* The failure is due to a violation of the 5% or 10% asset tests referenced above and is "de minimis" (meaning that the failure is one that arises from our ownership of assets the total value of which does not exceed the lesser of 1% of the total value of our assets at the end of the quarter in which the failure occurred and $10 million), and we either dispose of the assets that caused the failure or otherwise satisfy the asset tests within six months after the last day of the quarter in which our identification of the failure occurred; or
- *General Exception:* All of the following requirements are satisfied: (i) the failure is not due to a "de minimis" violation of the 5% or 10% asset tests (as defined above), (ii) the failure is due to reasonable cause and not willful neglect, (iii) we file a schedule in accordance with Treasury Regulations providing a description of each asset that caused the failure, (iv) we either dispose of the assets that

caused the failure or otherwise satisfy the asset tests within six months after the last day of the quarter in which our identification of the failure occurred, and (v) we pay an excise tax as described above in "— Taxation of Our Company."

Foreclosure property

Foreclosure property is real property (including interests in real property) and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid in the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (2) for which the related loan or lease was made, entered into or acquired by the REIT at a time when default was not imminent or anticipated, and (3) for which such REIT makes an election to treat the property as foreclosure property. Income and gain derived from foreclosure property is treated as qualifying income for both the 95% and 75% income tests. REITs generally are subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property is held primarily for sale to customers in the ordinary course of a trade or business.

Debt Instruments

We may acquire mortgage, mezzanine, bridge loans and other debt investments. Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test (as described above) to the extent that the obligation upon which such interest is paid is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we acquired or originated the mortgage loan, the interest income will be apportioned between the real property and the other collateral, and our income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property. Loans that are modified generally will have to be retested using the fair market value of the collateral real property securing the loan as of the date of the modification, unless the modification does not result in a deemed exchange of the unmodified note for the modified note for tax purposes, or the mortgage loan was in default or is reasonably likely to default and the modified loan substantially reduces the risk of default, in which case no retesting in connection with the loan modification is necessary. Under IRS guidance, a loan may be treated as a qualifying real estate asset in an amount equal to the lesser of the fair market value of the loan or the fair market value of the real property securing the loan on the date the REIT acquired the loan. Although the recent guidance is not entirely clear, it appears that the non-qualifying portion of the mortgage loan will be equal to the portion of the loan's fair market value that exceeds the value on the date of acquisition of the associated real property that is security for that loan.

The application of the REIT provisions of the Code to certain mezzanine loans, which are loans secured by equity interests in an entity that directly or indirectly owns real property rather than by a direct mortgage of the real property, is not entirely clear. A safe harbor in Revenue Procedure 2003-65 provides that if a mezzanine loan meets certain requirements then (i) the mezzanine loan will be treated as a qualifying real estate asset for purposes of the REIT asset tests and (ii) interest in respect of such mezzanine loan will be treated as qualifying mortgage interest for purposes of the 75% income test. To the extent we acquire mezzanine loans that do not comply with this safe harbor, all or a portion of such mezzanine loans may not qualify as real estate assets or generate qualifying income and REIT status may be adversely affected. As such, the REIT provisions of the Code may limit our ability to acquire mezzanine loans that we might otherwise desire to acquire.

Interests in a real estate mortgage investment conduit ("REMIC") generally will be treated as real estate assets for purposes of the asset tests, and income derived from REMIC interests generally will be treated as qualifying income for purposes of the 75% and 95% gross income tests, except that if less than 95% of the assets

of the REMIC are real estate assets, then we will be treated as owning and receiving its proportionate share of the assets and income of the REMIC, with the result that only a proportionate part of our interest in the REMIC and income derived from the interest will qualify for purposes of the assets and the 75% gross income test.

Even if a loan is not secured by real property, or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% gross income test.

To the extent that a REIT derives interest income from a mortgage loan where all or a portion of the amount of interest payable is contingent, such income generally will qualify for purposes of the gross income tests only if it is based upon the gross receipts or sales, and not the net income or profits, of the borrower. This limitation does not apply, however, (i) where the borrower leases substantially all of its interest in the property to tenants or subtenants, to the extent that the rental income derived by the borrower would qualify as rents from real property had the REIT earned the income directly, or (ii) if contingent interest is payable pursuant to a "shared appreciation mortgage" provision. A shared appreciation mortgage provision is any provision which is in connection with an obligation held by a REIT that is secured by an interest in real property, which entitles the REIT to a portion of the gain or appreciation in value of the collateral real property at a specified time. Any contingent interest earned pursuant to a shared appreciation mortgage provision shall be treated as gain from the sale of the underlying real property collateral for purposes of the REIT income tests.

Hedging Transactions

We may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swaps or cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent as may be provided by future Treasury Regulations, any income from a hedging transaction which is clearly identified as such before the close of the day on which it was acquired, originated or entered into, including gain from the disposition or termination of such a transaction, will not constitute gross income for purposes of the 95% and 75% gross income tests, provided that the hedging transaction is entered into (i) in the normal course of our business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to indebtedness incurred or to be incurred by us to acquire or carry real estate assets or (ii) primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests (or any property which generates such income or gain). To the extent we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of the 75% gross income test and may be treated as non-qualifying income for purposes of the 95% gross income test. We intend to structure any hedging transactions in a manner that does not jeopardize our ability to continue to qualify as a REIT.

Sale-Leaseback Transactions

We may enter into sale-leaseback transactions. It is possible that the IRS could take the position that specific sale-leaseback transactions (or certain other leases) we treat as true leases are not true leases for U.S. federal income tax purposes but are, instead, financing arrangements or loans. Successful recharacterization of a sale-leaseback transaction (or any other lease) as a financing arrangement or loan could jeopardize our REIT status.

Foreign Investments

To the extent that we hold or acquire any investments and, accordingly, pay taxes in other countries, taxes paid by us in non-U.S. jurisdictions may not be passed through to, or used by, our stockholders as a foreign tax credit or otherwise. In addition, certain passive income earned by a non-U.S. taxable REIT subsidiary must be taken in account by us currently (whether or not distributed by the taxable REIT subsidiary) and may not be qualifying income under the 95% and 75% gross income tests.

Qualified Temporary Investment Income

Income derived from certain types of temporary shares and debt investments made with the proceeds of sales of our stock and certain debt offerings, not otherwise treated as qualifying income for the 75% gross

income test, generally will nonetheless constitute qualifying income for purposes of the 75% gross income test for the year following the sale of such stock. More specifically, qualifying income for purposes of the 75% gross income test includes "qualified temporary investment income," which generally means any income that is attributable to shares of stock or a debt instrument, is attributable to the temporary investment of new equity capital and certain debt capital, and is received or accrued during the one-year period beginning on the date on which the REIT receives such new capital. After such one year period, income from investments of the proceeds attributable to that new capital will be qualifying income for purposes of the 75% income test only if derived from one of the other qualifying sources enumerated above.

Annual Distribution Requirements

In order to continue to qualify as a REIT, we must distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to (A) the sum of (i) 90% of our REIT taxable income, determined without regard to the dividends paid deduction and by excluding any net capital gain, and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income. We generally must pay such distributions in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for such year and if paid on or before the first regular dividend payment after such declaration.

To the extent that we do not distribute all of our net capital gain and taxable income, we will be subject to U.S. federal, state and local tax on the undistributed amount at regular corporate income tax rates. Furthermore, if we should fail to distribute during each calendar year at least the sum of (i) 85% of our REIT taxable income (subject to certain adjustments) for such year, (ii) 95% of our capital gain net income for such year, and (iii) 100% of any corresponding undistributed amounts from prior periods, we will be subject to a 4% nondeductible excise tax on the excess of such required distribution over the amounts actually distributed.

Under certain circumstances, we may be able to rectify a failure to meet the distribution requirement for a year by paying "deficiency dividends" to our stockholders in a later year that may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends; however, we will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

In addition, dividends we pay must not be preferential. If a dividend is preferential, it will not qualify for the dividends paid deduction. To avoid paying preferential dividends, we must treat every stockholder of the class of shares with respect to which we make a distribution the same as every other stockholder of that class, and we must not treat any class of shares other than according to its dividend rights as a class. In that regard, we have received a private letter ruling from the IRS to the effect that our issuances of W Shares, A Shares and I Shares with differing fee structures as described herein will not cause dividends paid out in respect of such shares to be preferential dividends. Under certain technical rules governing deficiency dividends, we could lose our ability to cure an under-distribution in a year with a subsequent year deficiency dividend if we pay preferential dividends. Preferential dividends potentially include "dividend equivalent redemptions." Accordingly, we intend to pay dividends pro rata within each class, and to abide by the rights and preferences of each class of our shares, and will seek to avoid dividend equivalent redemptions. (See "— Taxation of U.S. Stockholders — Redemptions of Common Stock" below for a discussion of when redemptions are dividend equivalent and measures we intend to take to avoid them.) Under IRS rulings, we could be deemed to pay preferential dividends if we permitted stockholders to purchase shares under our distribution reinvestment plan at a price of less than 95% of the then fair market value of our stock. Because the purchase price for shares purchased pursuant to the distribution reinvestment plan will be equal to the NAV per share for the applicable class on the applicable distribution date, with no discount, we do not believe our distribution reinvestment plan could give rise to preferential dividends.

However, if the IRS successfully challenged our valuations, so that we were deemed to have offered a discount in excess of five percent, all or a portion of our dividends in the relevant years could be deemed preferential.

We may retain and pay income tax on net long-term capital gains we received during the tax year. To the extent we so elect, (i) each stockholder must include in its income (as long-term capital gain) its proportionate share of our undistributed long-term capital gains, (ii) each stockholder is deemed to have paid, and receives a credit for, its proportionate share of the tax paid by us on the undistributed long-term capital gains, and (iii) each stockholder's basis in its shares of our common stock is increased by the included amount of the undistributed long-term capital gains less their share of the tax paid by us.

To continue to qualify as a REIT, we may not have, at the end of any taxable year, any undistributed earnings and profits accumulated in any non-REIT taxable year. In the event we accumulate any non-REIT earnings and profits, we intend to distribute such non-REIT earnings and profits before the end of the applicable REIT taxable year to comply with this requirement.

Failure to Qualify

If we fail to continue to qualify as a REIT and such failure is not an asset test or income test failure subject to the cure provisions described above, or the result of preferential dividends, we generally will be eligible for a relief provision if the failure is due to reasonable cause and not willful neglect and we pay a penalty of $50,000 with respect to such failure.

If we fail to qualify for taxation as a REIT in any taxable year and no relief provisions apply, we generally will be subject to tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Distributions to our stockholders in any year in which we fail to continue to qualify as a REIT will not be deductible by us nor will they be required to be made. In such event, to the extent of our current or accumulated earnings and profits, all distributions to our stockholders will be taxable as dividend income. Subject to certain limitations in the Code, corporate stockholders may be eligible for the dividends received deduction, and individual, trust and estate stockholders may be eligible to treat the dividends received from us as qualified dividend income taxable as net capital gains, under the provisions of Section 1(h)(11) of the Code. Unless entitled to relief under specific statutory provisions, we also will be ineligible to elect to be taxed as a REIT again prior to the fifth taxable year following the first year in which we failed to qualify as a REIT under the Code.

Our qualification as a REIT for U.S. federal income tax purposes will depend on our continuing to meet the various requirements summarized above governing the ownership of our outstanding shares, the nature of our assets, the sources of our income, and the amount of our distributions to our stockholders. Although we intend to operate in a manner that will enable us to comply with such requirements, there can be no certainty that such intention will be realized. In addition, because the relevant laws may change, compliance with one or more of the REIT requirements may become impossible or impracticable for us.

Prohibited Transactions Tax

Any gain realized by us on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business, including our share of any such gain realized by our operating partnership and taking into account any related foreign currency gains or losses, will be treated as income from a "prohibited transaction" that is subject to a 100% penalty tax. Whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business depends upon all the facts and circumstances with respect to the particular transaction. However, the Code provides a safe harbor pursuant to which sales of properties held for at least two years and meeting certain other requirements will not give rise to prohibited transaction income.

We currently intend to hold properties for investment and to make sales of properties consistent with our investment objectives. However, we may make sales that do not satisfy the "safe harbor" requirements described above and there can be no assurance that the IRS will not contend that one or more of these sales are subject to the 100% penalty tax. The 100% tax will not apply to gains from the sale of property realized through a TRS or other taxable corporation, although such income will be subject to tax at regular corporate income tax rates.

Recordkeeping Requirements

To avoid a monetary penalty, we must request on an annual basis information from our stockholders designed to disclose the actual ownership of our outstanding shares. We intend to comply with these requirements.

Qualified REIT Subsidiaries and Disregarded Entities

If we own a corporate subsidiary that is a "qualified REIT subsidiary," or QRS, or if we own 100% of the membership interests in a limited liability company or other unincorporated entity that does not elect to be treated as a corporation for U.S. federal income tax purposes, the separate existence of the QRS, limited liability company or other unincorporated entity generally will be disregarded for federal income tax purposes. Generally, a QRS is a corporation, other than a TRS, all of the shares of which is owned by a REIT or by other disregarded subsidiaries of the REIT. A limited liability company or other unincorporated entity 100% owned by a single member that does not elect to be treated as a corporation for U.S. federal income tax purposes (or, in the case of certain foreign entities, such an entity that affirmatively elects not to be treated as a corporation) generally is disregarded as an entity separate from its owner for federal income tax purposes. All assets, liabilities, and items of income, deduction, and credit of the QRS or disregarded entity will be treated as assets, liabilities, and items of income, deduction, and credit of its owner. If we own a QRS or a disregarded entity, neither will be subject to U.S. federal corporate income taxation, although such entities may be subject to state and local taxation in some states or foreign taxes if they do business or own property outside the United States. As of the date of this prospectus, our operating partnership is a disregarded entity and will remain so unless and until it issues interests to a person other than the Company or an entity disregarded from the Company.

Investments in TRSs

We may form one or more subsidiaries intended to be treated as TRSs for federal income tax purposes. A TRS of ours is a corporation in which we directly or indirectly own shares and that jointly elects with us to be treated as a TRS under Section 856(l) of the Code. In addition, if one of our TRSs owns, directly or indirectly, securities representing 35% or more of the vote or value of a subsidiary corporation, that subsidiary will also be treated as a TRS of ours. A domestic TRS pays U.S. federal, state, and local income taxes at the full applicable corporate rates on its taxable income prior to payment of any dividends. A non-U.S. TRS with income from a U.S. trade or business or certain U.S. sourced income also may be subject to U.S. income taxes. A TRS owning property outside of the U.S. may pay foreign taxes. The taxes owed by a TRS could be substantial. To the extent that our TRSs are required to pay U.S. federal, state, local, or foreign taxes, the cash available for distribution by us will be reduced accordingly.

A TRS is permitted to engage in certain kinds of activities that cannot be performed directly by us without jeopardizing our qualification as a REIT. Certain payments made by any of our TRSs to us may not be deductible by the TRS (which could materially increase the TRS's taxable income), and certain direct or indirect payments made by any of our TRSs to us may be subject to prohibited transaction taxes. In addition, we will be subject to a 100% tax on the amounts of any rents from real property, deductions, or excess interest received from a TRS that would be reduced through reapportionment under Section 482 of the Code in order to more clearly reflect the income of the TRS.

Distributions that we receive from a domestic TRS will be classified as dividend income to the extent of the current or accumulated earnings and profits of the TRS. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not under the 75% gross income test unless attributable to investments of certain new capital during the one-year period beginning on the date of receipt of the new capital.

Taxation of the Operating Partnership and Subsidiary Partnerships

We expect to hold investments through entities that will be classified as disregarded entities of us or through entities classified as partnerships for U.S. federal income tax purposes. As of the date of this prospectus, our

operating partnership is currently disregarded from us for U.S. federal income tax purposes. As a result, its income and assets are treated as our income and assets for purposes of the REIT qualification tests. If an interest in our operating partnership were issued to a person other than us or our disregarded entities, our operating partnership would generally become a partnership for U.S. federal income tax purposes. Under the Code, a partnership is not subject to U.S. federal income tax, but is required to file a partnership tax return each year. In general, the character of each partner's share of each item of income, gain, loss, deduction, credit, and tax preference is determined at the partnership level. Each partner is then allocated a distributive share of such items in accordance with the partnership agreement and is required to take such items into account in determining the partner's income. Each partner includes such amount in income for any taxable year of the partnership ending within or with the taxable year of the partner, without regard to whether the partner has received or will receive any cash distributions from the partnership. Cash distributions, if any, from a partnership to a partner generally are not taxable unless and to the extent they exceed the partner's basis in its partnership interest immediately before the distribution. Any amounts in excess of such tax basis will generally be treated as a sale of such partner's interest in the partnership.

A REIT that is a partner in a partnership will be deemed to own its proportionate share of the assets of the partnership (other than for purposes of the 10% value test, for which the determination of our interest in partnership assets will be based on our proportionate interest in any securities issued by the partnership excluding, for these purposes, certain excluded securities as described in the Code) and will be deemed to earn its proportionate share of the partnership's income. The assets and gross income of the partnership retain the same character in the hands of the REIT for purposes of the gross income and asset tests applicable to REITs. Thus, Cole Real Estate Income Strategy (Daily NAV), Inc.'s proportionate share of the assets and items of income of the operating partnership, including the operating partnership's share of the assets and liabilities and items of income with respect to any partnership in which it holds an interest, will generally be treated as Cole Real Estate Income Strategy (Daily NAV), Inc.'s assets and liabilities and its items of income for purposes of applying the REIT asset and income tests if and when the operating partnership becomes a partnership for tax purposes. We control, and intend to continue to control, our operating partnership and intend to operate it consistently with the requirements for our qualification as a REIT whether our operating partnership is a disregarded entity or a partnership for tax purposes.

The partnership agreement of our operating partnership generally provides that, if and when the operating partnership becomes a partnership for tax purposes, items of operating income and loss will be allocated to the holders of operating partnership units in proportion to how the associated cash would be distributed to the units (or in the case of a loss, how the reduction in future distributions would be borne by the units). If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder after the time, if ever, at which the operating partnership becomes a partnership for tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Our operating partnership's allocations of income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder at such time, if ever, that the operating partnership becomes a partnership for tax purposes.

Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for tax purposes in a manner such that the contributing partner is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value, or book value, of the contributed property and the adjusted tax basis of such property at the time of the contribution. Such allocations are solely for U.S. federal income tax purposes and do not affect partnership capital accounts or other economic or legal arrangements among the partners. To the extent that any of our subsidiary partnerships, including our operating partnership, acquires appreciated (or depreciated) properties by way of capital

contributions from its partners, allocations would need to be made in a manner consistent with these requirements. Similar rules apply to unrealized gain and loss in our operating partnership's assets when the operating partnership issues new interests or redeems interests, so that the tax items attributable to such unrealized gain or loss are shared based on the partners' percentage interests in the operating partnership prior to the issuance or redemption of the partnership interests.

We may use our operating partnership to acquire properties in exchange for operating partnership units after the offering in order to permit the sellers of such properties to defer recognition of their tax gain. In such a transaction, our initial tax basis in the properties acquired generally will be less than the purchase price of the properties. Consequently, our depreciation deductions for such properties may be less, and our tax gain on a sale of such properties may be more, than the deductions or gain, respectively, that we would have if we acquired these properties in taxable transactions.

Any gain realized by the operating partnership on the sale of property held by it for more than one year generally will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture.

The discussion above assumes that our operating partnership, once it has two or more "regarded" owners for tax purposes, and any other subsidiary partnerships will be treated as "partnerships" for U.S. federal income tax purposes. Generally, a domestic unincorporated entity such as our operating partnership with two or more partners is treated as a partnership for U.S. federal income tax purposes unless it affirmatively elects to be treated as a corporation. However, certain "publicly traded partnerships" are treated as corporations for U.S. federal income tax purposes. Pursuant to Section 7704 of the Code, a partnership that does not elect to be treated as a corporation nevertheless will be treated as a corporation for U.S. federal income tax purposes if it is a "publicly traded partnership" and it does not derive at least 90% of its gross income from certain specified sources of "qualifying income" within the meaning of that provision. A "publicly traded partnership" is any partnership (i) the interests in which are traded on an established securities market or (ii) the interests in which are readily tradable on a "secondary market or the substantial equivalent thereof." Although operating partnership units will not be traded on an established securities market, the ability to redeem partnership interests on a daily basis could give rise to a secondary market for this purpose. However, under the relevant Treasury Regulations, interests in a partnership will not be considered readily tradable on a secondary market or on the substantial equivalent of a secondary market if the partnership qualifies for specified "safe harbors," which are based on the specific facts and circumstances relating to the partnership. For example, interests in a partnership are not readily tradable on a secondary market or the substantial equivalent thereof if (i) all interests in the partnership were issued in a transaction (or transactions) that was not required to be registered under the Securities Act, and (ii) the partnership does not have more than 100 partners at any time during the taxable year of the partnership. If our operating partnership or another subsidiary partnership were a publicly traded partnership, it would be taxed as a corporation unless at least 90% of its gross income consists of "qualifying income" under Section 7704 of the Code generally for each taxable year. Qualifying income is generally real property rents and other types of passive income, and the income requirements applicable to us to continue to qualify as a REIT under the Code and the definition of qualifying income under the publicly traded partnership rules are very similar (but not identical). We expect that our operating partnership (if and when it becomes a partnership for U.S. federal income tax purposes) and any other subsidiary partnership will satisfy at least one of the above-mentioned safe harbors, and/or comply with the qualifying income exception, so as to avoid being taxed as a corporation under these rules. However, treatment of the operating partnership or other subsidiary partnership as a corporation could prevent us from qualifying as a REIT.

Taxable Income from Debt Instruments without Cash Payments

Investments in debt instruments may require recognition of taxable income prior to receipt of cash from our investments and may cause portions of gain to be treated as ordinary income. For example, we may purchase debt instruments at a discount from face value. To the extent we purchase any instruments at a discount in

connection with their original issuances, the discount will be "original issue discount" if it exceeds certain de minimis amounts, which must be accrued on a constant yield method even though we may not receive the corresponding cash payment until maturity. To the extent debt instruments are purchased by us at a discount after their original issuances, the discount may represent "market discount." Unlike original issue discount, market discount is not required to be included in income on a constant yield method. However, if we sell a debt instrument with market discount, we will be required to treat gain up to an amount equal to the market discount that has accrued while we held the debt instrument as ordinary income. Additionally, any principal payments we receive in respect of our debt instruments must be treated as ordinary income to the extent of any accrued market discount. If we ultimately collect less on a debt instrument than our purchase price and any original issue discount or accrued market discount that we have included in income, there may be limitations on our ability to use any losses resulting from that debt instrument. We may acquire distressed debt instruments that are subsequently modified by agreement with the borrower. Under applicable Treasury Regulations, these modifications may be treated as a taxable event in which we exchange the old debt instrument for a new debt instrument, the value of which may be treated as equal to the face amount of the new debt instrument. Because distressed debt instruments are typically acquired at a substantial discount from face value, the difference between our amount realized and our tax basis in the old note may be significant, resulting in significant income without any corresponding receipt of cash. Such a modification also may require us to retest the status of the modified loan for purposes of determining whether the loan is properly treated as debt for U.S. federal income tax purposes. Similarly, if we acquire a distressed debt instrument and subsequently foreclose, we could have taxable income to the extent that the fair market value of the property we receive exceeds our tax basis in the debt instrument. Such a scenario could also result in significant taxable income without any receipt of cash. In the event that any debt instruments acquired by us are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular debt instrument are not made when due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income.

Taxation of U.S. Stockholders

The term "U.S. stockholder" means an investor that, for U.S. federal income tax purposes, is (i) a citizen or resident of the United States, (ii) a corporation or other entity treated as a corporation that is created or organized in or under the laws of the United States, any of its states or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust, (a) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) that has a valid election in effect under the applicable Treasury Regulations to be treated as a U.S. person under the Code.

In addition, as used herein, the term U.S. stockholder does not include any entity that is subject to special treatment under the Code, such as (i) insurance companies; (ii) tax-exempt organizations (except to the limited extent discussed below); (iii) financial institutions or broker-dealers; (iv) non-U.S. individuals and foreign corporations (except to the limited extent discussed below); (v) U.S. expatriates; (vi) persons who mark-to-market our shares; (vii) subchapter S corporations; (viii) U.S. stockholders whose functional currency is not the U.S. dollar; (ix) regulated investment companies; (x) holders who receive our common stock through the exercise of employee share options or otherwise as compensation; (xi) persons holding shares of our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment; (xii) persons subject to the alternative minimum tax provisions of the Code; (xiii) persons holding our common stock through a partnership or similar pass-through entity; and (xiv) persons holding a 10% or more (by vote or value) beneficial interest in our common stock. If a partnership, entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our common stock, you are urged to consult your tax advisor regarding the consequences of the ownership and disposition of shares of our common stock by the partnership. This summary assumes that stockholders hold our common stock as capital assets for U.S. federal income tax purposes, which generally means property held for investment.

Distributions

Distributions by us, other than capital gain dividends, will constitute ordinary dividends to the extent of our current and accumulated earnings and profits as determined for U.S. federal income tax purposes. In general, these dividends will be taxable as ordinary income and will not be eligible for the dividends-received deduction for corporate stockholders. Our ordinary dividends generally will not qualify as “qualified dividend income” taxed as net capital gain for U.S. stockholders that are individuals, trusts, or estates. However, distributions to U.S. stockholders that are individuals, trusts, or estates generally will constitute qualified dividend income taxed as net capital gains to the extent the U.S. stockholder satisfies certain holding period requirements and to the extent the dividends are attributable to (i) qualified dividend income we receive from other corporations, including our TRSs, and (ii) dividends paid from our undistributed earnings or from built-in gains taxed at the corporate level during the immediately preceding year and provided we properly designate the distributions as such. We do not anticipate distributing a significant amount of qualified dividend income.

To the extent that we make a distribution in excess of our current and accumulated earnings and profits (a “return of capital distribution”), the distribution will be treated first as a tax-free return of capital, reducing the tax basis in a U.S. stockholder’s shares. To the extent a return of capital distribution exceeds a U.S. stockholder’s tax basis in its shares, the distribution will be taxable as capital gain realized from the sale of such shares.

Dividends declared by us in October, November or December and payable to a stockholder of record on a specified date in any such month shall be treated both as paid by us and as received by the stockholder on December 31 of the year, provided that the dividend is actually paid by us during January of the following calendar year.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution up to the amount required to be distributed in order to avoid imposition of the 4% excise tax generally applicable to REITs if certain distribution requirements are not met. Moreover, any deficiency dividend will be treated as an ordinary or a capital gain dividend, as the case may be, regardless of our earnings and profits. As a result, stockholders may be required to treat certain distributions as taxable dividends that would otherwise result in a tax-free return of capital.

Distributions that are properly designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed our actual net capital gain for the taxable year) without regard to the period for which the stockholder has held its shares. However, corporate stockholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. In addition, U.S. stockholders may be required to treat a portion of any capital gain dividend as “unrecaptured Section 1250 gain,” taxable at a maximum rate of 25%, if we incur such gain. Capital gain dividends are not eligible for the dividends-received deduction for corporations.

The REIT provisions of the Code do not require us to distribute our long-term capital gain, and we may elect to retain and pay income tax on our net long-term capital gains received during the taxable year. If we so elect for a taxable year, our stockholders would include in income as long-term capital gains their proportionate share of retained net long-term capital gains for the taxable year as we may designate. A U.S. stockholder would be deemed to have paid its share of the tax paid by us on such undistributed capital gains, which would be credited or refunded to the stockholder. The U.S. stockholder’s basis in its shares would be increased by the amount of undistributed long-term capital gains (less the capital gains tax paid by us) included in the U.S. stockholder’s long-term capital gains.

We are not precluded from making taxable stock distributions. Any such distribution would be taxed in the same manner as a distribution of cash equal to the fair market value of the stock distributed. As a result, U.S. stockholders would be required to satisfy any tax liability attributable to such stock distributions from other sources.

Because distributions in respect of our different classes of stock will be made in proportion to the relative aggregate NAVs of each class, classes of our shares that bear higher fees could receive distributions that, as an

economic matter, represent a return of the stockholder's capital, but for tax purposes could be treated as taxable dividends. U.S. stockholders should consult with their advisors regarding the foregoing consequences of distributions in proportion to relative NAVs.

Passive Activity Loss and Investment Interest Limitations

Our distributions and gain from the disposition of our shares will not be treated as passive activity income and, therefore, U.S. stockholders will not be able to apply any "passive losses" against such income. With respect to non-corporate U.S. stockholders, our dividends (to the extent they do not constitute a return of capital) that are taxed at ordinary income rates will generally be treated as investment income for purposes of the investment interest limitation; however, net capital gain from the disposition of our shares (or distributions treated as such), capital gain dividends, and dividends taxed at net capital gains rates generally will be excluded from investment income except to the extent the U.S. stockholder elects to treat such amounts as ordinary income for U.S. federal income tax purposes. U.S. stockholders may not include in their own U.S. federal income tax returns any of our net operating or net capital losses.

Sale or Disposition of Common Stock

In general, any gain or loss realized upon a taxable disposition of shares of our common stock by a stockholder that is not a dealer in securities will be a long-term capital gain or loss if the shares have been held for more than one year and otherwise as a short-term capital gain or loss. However, any loss upon a sale or exchange of the shares by a U.S. stockholder who has held such shares for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss to the extent of undistributed capital gains or our distributions received by the U.S. stockholder from the Company, each as required to be treated by such stockholder as long-term capital gain. All or a portion of any loss realized upon a taxable disposition of shares of our common stock may be disallowed if other shares of our common stock are purchased within 30 days before or after the disposition.

Redemptions of Common Stock

A redemption of shares will be treated under Section 302 of the Code as a taxable distribution unless the redemption satisfies one of the tests set forth in Section 302(b) of the Code enabling the redemption to be treated as a sale or exchange of the redeemed shares. A redemption that is not treated as a sale or exchange will be taxed in the same manner as regular distributions (e.g., ordinary dividend income to the extent paid out of earnings and profits unless properly designated as a capital gain dividend), and a redemption treated as a sale or exchange will be taxed in the same manner as other taxable sales discussed above.

The redemption will be treated as a sale or exchange if it (i) is "substantially disproportionate" with respect to the stockholder, (ii) results in a "complete termination" of the stockholder's stock interest in the Company, or (iii) is "not essentially equivalent to a dividend" with respect to the stockholder, all within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, shares considered to be owned by the stockholder by reason of certain constructive ownership rules set forth in the Code, as well as shares actually owned, must generally be taken into account. Because the determination as to whether any of the alternative tests of Section 302(b) of the Code is satisfied with respect to any particular redemption will depend upon the facts and circumstances as of the time the determination is made, prospective stockholders are advised to consult their own tax advisors to determine such tax treatment.

If a redemption of shares is treated as a distribution that is taxable as a dividend, the amount of the distribution would be measured by the amount of cash and the fair market value of the property received by the redeeming stockholder. In addition, although guidance is sparse, the IRS could take the position that stockholders who do not participate in any redemption treated as a dividend should be treated as receiving a constructive stock distribution taxable as a dividend in the amount of the increased percentage ownership in the Company as a result

of the redemption, even though such stockholder did not actually receive cash or other property as a result of such redemption. The amount of any such constructive dividend would be added to the nonredeeming stockholder's basis in his shares. It also is possible that under certain technical rules relating to the deduction for dividends paid, the IRS could take the position that redemptions taxed as dividends impair the Company's ability to satisfy its distribution requirements under the Code. To avoid certain issues related to our ability to comply with the REIT distribution requirements (see "— Qualification as a REIT — Annual Distribution Requirements"), we have implemented procedures designed to track our stockholders' percentage interests in our common stock and identify any such dividend equivalent redemptions, and we will decline to effect a redemption to the extent that we believe that it would constitute a dividend equivalent redemption. However, we cannot assure you that we will be successful in preventing all dividend equivalent redemptions.

Medicare Tax on Unearned Income

A U.S. stockholder that is an individual is subject to a 3.8% tax on the lesser of (1) the U.S. stockholder's "net investment income" for the relevant taxable year and (2) the excess of the U.S. stockholder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A U.S. stockholder that is an estate or trust that does not fall into a special class of trusts that is exempt from such tax is subject to the same 3.8% tax on the lesser of its undistributed net investment income and the excess of its adjusted gross income over a certain threshold. A U.S. stockholder's net investment income will include, among other things, dividends on and capital gains from the sale or other disposition of our shares. Prospective U.S. stockholders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this Medicare tax on their ownership and disposition of our common stock.

Taxation of U.S. Tax-Exempt Stockholders

In General

In general, a tax-exempt organization is exempt from U.S. federal income tax on its income, except to the extent of its "unrelated business taxable income" or UBTI, which is defined by the Code as the gross income derived from any trade or business which is regularly carried on by a tax-exempt entity and unrelated to its exempt purposes, less any directly connected deductions and subject to certain modifications. For this purpose, the Code generally excludes from UBTI any gain or loss from the sale or other disposition of property (other than stock in trade or property held primarily for sale in the ordinary course of a trade or business), dividends, interest, rents from real property, and certain other items. However, a portion of any such gains, dividends, interest, rents, and other items generally is UBTI to the extent derived from debt-financed property, based on the amount of "acquisition indebtedness" with respect to such debt-financed property.

Distributions we make to a tax-exempt employee pension trust or other domestic tax-exempt stockholder or gains from the disposition of our shares held as capital assets generally will not constitute UBTI unless the exempt organization's shares are debt-financed property (e.g., the stockholder has borrowed to acquire or carry its shares). However, if we are a "pension-held REIT," this general rule will not apply to distributions to certain pension trusts that hold more than 10% (by value) of our shares. We will be treated as a "pension-held REIT" if (i) treating certain pension trusts as individuals would cause us to fail the 5/50 Test (as defined above) and (ii) we are "predominantly held" by certain pension trusts. We will be "predominantly held" if either (i) a single such pension trust holds more than 25% by value of our shares or (ii) one or more such pension trusts, each owning more than 10% by value of our shares, hold in the aggregate more than 50% by value of our shares. In the event we are a pension-held REIT, the percentage of any dividend received from us treated as UBTI would be equal to the ratio of (a) the gross UBTI (less certain associated expenses) earned by us (treating us as if we were a pension trust and, therefore, subject to tax on UBTI) to (b) our total gross income (less certain associated expenses). A de minimis exception applies where the ratio set forth in the preceding sentence is less than 5% for any year; in that case, no dividends are treated as UBTI. We cannot assure you that we will not be treated as a pension-held REIT.

Social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under paragraphs (7), (9), (17), and (20), respectively, of Section 501(c) of the Code are subject to different UBTI rules, which generally will require them to characterize distributions from us as UBTI.

Before making an investment in shares of our common stock, a tax-exempt stockholder should consult its tax advisors with regard to UBTI and the suitability of the investment in our shares.

Taxation of Non-U.S. Stockholders

The following is a summary of certain federal income tax consequences of the acquisition, ownership and disposition of our common stock applicable to non-U.S. stockholders. For purposes of this summary, a non-U.S. stockholder is a beneficial owner of our common stock that is not a U.S. stockholder, is not subject to special treatment under the Code and is either a foreign corporation or a nonresident alien individual for federal income tax purposes. The discussion is based on current law and is for general information only. It addresses only selective and not all aspects of U.S. federal income taxation that may be relevant to a non-U.S. stockholder.

Ordinary Dividends. The portion of dividends received by non-U.S. stockholders payable out of our earnings and profits that are not attributable to gains from sales or exchanges of U.S. real property interests and which are not effectively connected with a U.S. trade or business of the non-U.S. stockholder generally will be subject to withholding tax at the rate of 30%, unless reduced or eliminated by an applicable income tax treaty. Under some treaties, lower withholding rates do not apply to dividends from REITs.

In cases where the dividend income from a non-U.S. stockholder's investment in our common stock is, or is treated as, effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business, the non-U.S. stockholder generally will be subject to federal income tax at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such dividends, and may also be subject to the 30% branch profits tax (or a lower rate of tax under the applicable income tax treaty) on the income after the application of the income tax in the case of a non-U.S. stockholder that is a corporation. We plan to withhold U.S. income tax at the rate of 30% on the gross amount of any distribution paid to a non-U.S. stockholder (including any portion of any dividend that is payable in our stock) that is neither a capital gain dividend nor a distribution that is attributable to gain from the sale or exchange of "United States real property interests" under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, rules described below under "— Dispositions and Redemptions of Common Stock" unless either (i) a lower treaty rate applies and the non-U.S. stockholder files with us any required IRS Form W-8 (for example, an IRS Form W-8BEN-E) evidencing eligibility for that reduced rate or (ii) the non-U.S. stockholder files with us an IRS Form W-8ECI claiming that the distribution is effectively connected income. The balance of this discussion assumes that dividends that we distribute to non-U.S. stockholders and gains non-U.S. stockholders recognize with respect to our shares are not effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business unless deemed to be effectively connected under FIRPTA as described below under "— Dispositions and Redemptions of Common Stock."

Because distributions in respect of our different classes of stock will be made in proportion to the relative aggregate NAVs of each class, classes of our shares that bear high fees could receive distributions, that, as an economic matter, represent a return of the stockholder's capital, but for tax purposes could be treated as taxable dividends. Non-U.S. stockholders should consult with their advisors regarding the foregoing consequences of distributions in proportion to relative NAVs.

Non-Dividend Distributions. Distributions by us to non-U.S. stockholders that are not attributable to gains from sales or exchanges of U.S. real property interests and that exceed our earnings and profits will be a non-taxable return of the non-U.S. stockholder's basis in its shares and, to the extent in excess of the non-U.S. stockholder's basis, gain from the disposition of such shares, the tax treatment of which is described below. We

are required to withhold tax at a 10% rate from distributions to non-U.S. stockholders that are not out of our earnings and profits. If we cannot determine at the time a distribution is made whether or not the distribution will exceed current and accumulated earnings and profits, we will withhold at the rate applicable to dividends. A non-U.S. stockholder, however, may seek a refund from the IRS of any amounts withheld that exceed the non-U.S. stockholder's substantive federal income tax liability.

Capital Gain Dividends. Under FIRPTA, a distribution made by us to a non-U.S. stockholder, to the extent attributable to gains from dispositions of U.S. real property interests held by us directly or through pass-through subsidiaries, must be reported in U.S. federal income tax returns filed by, and are treated as effectively connected with a U.S. trade or business of, the non-U.S. stockholder. Such gains are subject to federal income tax at the rates applicable to U.S. stockholders and, in the case of a non-U.S. corporate stockholder, a 30% branch profits tax (or a lower rate of tax under the applicable income tax treaty). We are required to withhold tax at a 35% rate from distributions that are attributable to gains from the sale or exchange of U.S. real property interests.

If any class of our shares were to become regularly traded on an established securities market located in the U.S., capital gain dividends distributed to a non-U.S. stockholder who did not own more than 5% of such class of shares at any time during the one-year period ending on the date of the distribution would be recharacterized as ordinary dividends subject to the rules discussed above under "— Ordinary Dividends." Non-U.S. stockholders should be aware that we do not expect our common stock to be regularly traded on an established securities market at any time.

Capital gain dividends that are not attributable to sales or exchanges of U.S. real property interests (e.g., that are attributable to sales of mortgages, other than shared appreciation mortgage loans), generally are not subject to federal income tax unless (i) such distribution is effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if certain treaties apply, is attributable to a U.S. permanent establishment of the non-U.S. stockholder, in which case the non-U.S. stockholder will be subject to net-basis U.S. federal income tax on the dividend as if the non-U.S. stockholder were a U.S. stockholder, or (ii) such non-U.S. stockholder was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the U.S. in which case a 30% withholding tax would apply to the dividend.

However, notwithstanding that such dividends should only be subject to U.S. federal income taxation in those two instances, existing Treasury Regulations might be construed to require us to withhold on such dividends in the same manner as capital gain dividends that are attributable to gain from the disposition of U.S. real property interests, generally at the rate of 35% of the dividend (although any amounts we withhold would be creditable against the non-U.S. stockholder's U.S. federal income tax liability).

Dispositions and Redemptions of Common Stock. Unless shares of our common stock constitute a U.S. real property interest or the distribution is attributable to gain from our sale of a U.S. real property interest (as discussed below), a sale of the shares or a redemption of the shares that is treated as a sale or exchange by a non-U.S. stockholder generally will not be subject to federal income taxation under FIRPTA. A redemption that is not treated as a sale or exchange will be taxed in the same manner as distributions under the rules described above. As discussed above, we have implemented procedures designed to identify redemptions that are treated as distributions and we intend to prevent such redemptions from occurring. See "— Taxation of U.S. Stockholders — Redemptions of Common Stock" for a discussion of when a redemption will be treated as a sale or exchange and related matters.

Our common stock will not constitute a U.S. real property interest if we are a "domestically controlled qualified investment entity." A domestically controlled qualified investment entity includes a REIT in which, at all times during a specified testing period, less than 50% in value of its outstanding shares are held directly or indirectly by non-U.S. stockholders. Because our shares may be purchased or redeemed on any business day, no assurance can be given that we are, and have been during the applicable testing period, a domestically controlled qualified investment entity.

In the event that we do not constitute a domestically controlled qualified investment entity, a non-U.S. stockholder's sale of our common stock nonetheless will generally not be subject to tax under FIRPTA as a sale of a U.S. real property interest, provided that (1) shares of our common stock are "regularly traded," as defined by applicable Treasury Regulations, on an established securities market and (2) the selling non-U.S. stockholder owned, actually or constructively, 5% or less of our outstanding common stock at all times during a specified testing period. As previously noted, however, we do not expect any of our shares to be regularly traded on an established securities market. Because we do not expect to be publicly traded and because we cannot guarantee we are domestically controlled, we reserve the right to withhold 10% of any redemption proceeds payable to non-U.S. stockholders (subject to possible increased withholding at 35% rates as discussed below).

In addition, even if we are a domestically controlled qualified investment entity, upon disposition of our shares, a non-U.S. stockholder may be treated as having gain from the sale or exchange of a U.S. real property interest if the non-U.S. stockholder (1) disposes of an interest in our shares during the 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been treated as gain from sale or exchange of a U.S. real property interest and (2) acquires, enters into a contract or option to acquire, or is deemed to acquire, other shares of our common stock within 30 days after such ex-dividend date. The foregoing rules do not apply to a transaction if the 5% regularly traded test described above is satisfied with respect to the non-U.S. stockholder. As previously noted, however, we do not expect shares of our common stock to be regularly traded on an established securities market at any time and, therefore, we do not expect the exception for non-U.S. stockholders that satisfy the 5% regularly traded test to apply.

A redemption of shares generally will be taxable under FIRPTA to the extent the distribution in the redemption of the shares is attributable to gains from our dispositions of U.S. real property interests. To the extent the distribution is not attributable to gains from our dispositions of U.S. real property interests, the excess of the amount of money and fair market value of property received in the redemption over the non-U.S. stockholder's basis in the redeemed shares will be taxable if we are not a domestically controlled REIT. The IRS has confirmed that redemption payments may be attributable to gains from dispositions of U.S. real property interests (except when the 5% publicly traded exception would apply), but has not provided any guidance to determine when and what portion of a redemption payment is a distribution that is attributable to gains from our dispositions of U.S. real property interests. Due to the uncertainty, we may withhold at the 35% rate from all or a portion of redemption payments to non-U.S. stockholders. To the extent the amount of tax we withhold exceeds the amount of a non-U.S. stockholder's U.S. federal income tax liability, the non-U.S. stockholder may file a U.S. federal income tax return and claim a refund.

If gain on the sale of shares of our common stock were subject to taxation under FIRPTA, the non-U.S. stockholder would be subject to the same treatment as a U.S. stockholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals, and the purchaser of the shares could be required to withhold 10% of the purchase price and remit such amount to the IRS.

Gain from the sale of shares of our common stock that would not otherwise be subject to FIRPTA will nonetheless be taxable in the U.S. to a non-U.S. stockholder if the non-U.S. stockholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the U.S., in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gain.

Information Reporting Requirements and Backup Withholding Tax

We will report to our U.S. stockholders and to the IRS the amount of distributions paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a U.S. stockholder may be subject to backup withholding at a rate of 28% with respect to distributions paid, unless such stockholder (i) is a corporation or other exempt entity and, when required, proves its status or (ii) certifies under penalties of perjury that the taxpayer identification number the stockholder has furnished to us is correct and the stockholder is not

subject to backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. A U.S. stockholder that does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS.

We will also report annually to the IRS and to each non-U.S. stockholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. stockholder resides under the provisions of an applicable income tax treaty. A non-U.S. stockholder may be subject to back-up withholding unless applicable certification requirements are met.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

Other U.S. Federal Income Tax Withholding and Reporting Requirements Under FATCA

The Foreign Account Tax Compliance Act ("FATCA") provisions of the Code regulations issued and intergovernmental agreements entered thereunder impose withholding taxes on certain types of payments to (i) foreign financial institutions that do not agree to comply with certain diligence, reporting and withholding obligations with respect to their U.S. accounts and (ii) non-financial foreign entities that do not identify (or confirm the absence of) substantial U.S. owners. The withholding tax of 30% would apply to dividends and the gross proceeds of a disposition of our stock paid to certain foreign entities unless various information reporting requirements are satisfied. For these purposes, a foreign financial institution generally is defined as any non-U.S. entity that (i) accepts deposits in the ordinary course of a banking or similar business, (ii) is engaged in the business of holding financial assets for the account of others, or (iii) is engaged or holds itself out as being engaged primarily in the business of investing, reinvesting, or trading in securities, partnership interests, commodities, or any interest in such assets. Withholding under this legislation already applies to dividends and is expected to apply to the gross proceeds from the disposition of our stock.

Legislative or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to us and our stockholders may be enacted. Changes to the U.S. federal tax laws and interpretations of federal tax laws could adversely affect an investment in our common stock.

State, Local and Foreign Tax

We may be subject to state, local and foreign tax in states, localities and foreign countries in which we do business or own property. The tax treatment applicable to us and our stockholders in such jurisdictions may differ from the U.S. federal income tax treatment described above.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), is a broad statutory framework that governs most U.S. retirement and other U.S. employee benefit plans. ERISA and the rules and regulations of the Department of Labor (the "DOL") under ERISA contain provisions that should be considered by fiduciaries of employee benefit plans subject to the provisions of Title I of ERISA ("ERISA Plans") and their legal advisors. In particular, a fiduciary of an ERISA Plan should consider whether an investment in shares of our common stock (or, in the case of a participant-directed defined contribution plan (a "Participant-Directed Plan"), making shares of our common stock available for investment under the Participant-Directed Plan) satisfies the requirements set forth in Part 4 of Title I of ERISA, including the requirements that (1) the investment satisfy the prudence and diversification standards of ERISA, (2) the investment be in the best interests of the participants and beneficiaries of the ERISA Plan, (3) the investment be permissible under the terms of the ERISA Plan's investment policies and governing instruments and (4) the investment does not give rise to a non-exempt prohibited transaction under ERISA.

In determining whether an investment in shares of our common stock (or making our shares available as an investment option under a Participant-Directed Plan) is prudent for ERISA purposes, a fiduciary of an ERISA Plan should consider all relevant facts and circumstances including, without limitation, possible limitations on the transferability of shares of our common stock, whether the investment provides sufficient liquidity in light of the foreseeable needs of the ERISA Plan (or the participant account in a Participant-Directed Plan), and whether the investment is reasonably designed, as part of the ERISA Plan's portfolio, to further the ERISA Plan's purposes, taking into consideration the risk of loss and the opportunity for gain (or other return) associated with the investment. It should be noted that we will invest our assets in accordance with the investment objectives and guidelines described herein, and that neither our advisor nor any of its affiliates, nor our board of directors, has any responsibility for developing any overall investment strategy for any ERISA Plan (or the participant account in a Participant-Directed Plan) or for advising any ERISA Plan (or participant in a Participant-Directed Plan) as to the advisability or prudence of an investment in us. Rather, it is the obligation of the appropriate fiduciary for each ERISA Plan (or participant in a Participant-Directed Plan) to consider whether an investment in shares of our common stock by the ERISA Plan (or making such shares available for investment under a Participant-Directed Plan in which event it is the obligation of the participant to consider whether an investment in shares of our common stock is advisable), when judged in light of the overall portfolio of the ERISA Plan, will meet the prudence, diversification and other applicable requirements of ERISA.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan, as well as those plans that are not subject to ERISA but that are subject to Section 4975 of the Code, such as individual retirement accounts ("IRAs") and non-ERISA Keogh plans (collectively with ERISA Plans, "Plans"), and certain persons (referred to as "parties in interest" for purposes of ERISA or "disqualified persons" for purposes of the Code) having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to non-deductible excise taxes and other penalties and liabilities under ERISA and the Code, and the transaction might have to be rescinded. In addition, a fiduciary who causes an ERISA Plan to engage in a non-exempt prohibited transaction may be personally liable for any resultant loss incurred by the ERISA Plan and may be subject to other potential remedies.

A Plan that proposes to invest in shares of our common stock (or to make our shares available for investment under a Participant-Directed Plan) may already maintain a relationship with our advisor or one or more of its affiliates, as a result of which our advisor or such affiliate may be a "party in interest" under ERISA or a "disqualified person" under the Code, with respect to such Plan (e.g., if our advisor or such affiliate provides investment management, investment advisory or other services to that Plan). ERISA (and the Code) prohibits plan assets from being used for the benefit of a party in interest (or disqualified person). This prohibition is not triggered by "incidental" benefits to a party in interest (or disqualified person) that result from a transaction involving the Plan that is motivated solely by the interests of the Plan. ERISA (and the Code) also prohibits a

fiduciary from using its position to cause the Plan to make an investment from which the fiduciary, its affiliates or certain parties in which it has an interest would receive a fee or other consideration or benefit. In this circumstance, Plans that propose to invest in shares of our common stock should consult with their counsel to determine whether an investment in shares of our common stock would result in a transaction that is prohibited by ERISA or the Code.

If our assets were considered to be assets of a Plan (referred to herein as "Plan Assets"), our management might be deemed to be fiduciaries of the investing Plan. In this event, the operation of the company could become subject to the restrictions of the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and/or the prohibited transaction rules of the Code.

Neither ERISA nor the Code contains a definition of Plan Assets. The DOL has promulgated a final regulation under ERISA, 29 C.F.R. §2510.3-101 (as amended by Section 3(42) of ERISA, the "Plan Assets Regulation"), that provides guidelines as to whether, and under what circumstances, the underlying assets of an entity will be deemed to constitute Plan Assets for purposes of applying the fiduciary requirements of Title I of ERISA (including the prohibited transaction rules of Section 406 of ERISA) and the prohibited transaction provisions of Code Section 4975.

Under the Plan Assets Regulation, the assets of an entity in which a Plan or IRA makes an equity investment will generally be deemed to be assets of such Plan or IRA unless the entity satisfies one of the exceptions to this general rule. Generally, the exceptions require that the investment in the entity be one of the following:

- in securities issued by an investment company registered under the Investment Company Act;
- in "publicly offered securities," defined generally as interests that are "freely transferable," "widely held" and registered with the SEC;
- in an "operating company" which includes "venture capital operating companies" and "real estate operating companies;" or
- in which equity participation by "benefit plan investors" is not significant.

The shares we are offering will not be issued by a registered investment company. In addition, the Plan Assets Regulation provides that equity participation in an entity by benefit plan investors is "significant" if at any time 25% or more of the value of any class of equity interest is held by "benefit plan investors." The term "benefit plan investors" is defined for this purpose under ERISA Section 3(42), and in calculating the value of a class of equity interests, the value of any equity interests held by our Advisor or any of its affiliates must be excluded. We anticipate that we will not qualify for this exception since we expect to have equity participation by "benefit plan investors" in excess of 25%, which would be deemed to be significant, as defined above. As a result, and because we are not a registered investment company, we do not anticipate that we will qualify for the exception for investments in which equity participation by benefit plan investors is not significant nor for the exception for investments in securities issued by a registered investment company.

As noted above, the Plan Assets Regulation provides an exception with respect to securities issued by an "operating company," which includes a "venture capital operating company" (a "VCOC") and a "real estate operating company" (a "REOC"). Under the Plan Assets Regulation, an entity will qualify as a VCOC if (a) on certain specified testing dates, at least 50% of the entity's assets, valued at cost, are invested in "venture capital investments," which are investments in operating companies (other than VCOCs) with respect to which the entity has or obtains direct contractual rights to substantially participate in the management of such operating company and (b) the entity in the ordinary course of its business actually exercises such management rights. Under the Plan Assets Regulation, an entity will constitute a REOC if (i) on certain specified testing dates, at least 50% of the entity's assets, valued at cost, are invested in real estate that is managed or developed and with respect to which the entity has the right to substantially participate directly in the management or development of the real estate and (ii) the entity in the ordinary course of its business is engaged directly in real estate management or

development activities. A REOC can be a venture capital investment. Because we intend to invest primarily in single tenant, triple-net lease industrial and office buildings, the operating partnership may not be able to qualify as a REOC because such properties are typically not subject to sufficient ongoing management to qualify as a good REOC asset for testing purposes. In such event, we would not be able to qualify as a VCOC.

However, as noted above, if a Plan acquires "publicly offered securities," the assets of the issuer of the securities will not be deemed to be Plan Assets under the Plan Assets Regulation. The definition of publicly offered securities requires that such securities be "widely held," "freely transferable" and satisfy certain registration requirements under federal securities laws.

Under the Plan Assets Regulation, a class of securities will meet the registration requirements under federal securities laws if they are (i) part of a class of securities registered under section 12(b) or 12(g) of the Exchange Act or (ii) part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act and the class of securities of which such security is a part is registered under the Exchange Act within 120 days (or such later time as may be allowed by the SEC) after the end of the fiscal year of the issuer during which the offering of such securities to the public occurred. We anticipate that we will meet the registration requirements under the Plan Assets Regulation. Also under the Plan Assets Regulation, a class of securities will be "widely held" if it is held by 100 or more persons independent of the issuer. We anticipate that this requirement will be easily met. Although our shares are intended to satisfy the registration requirements under this definition, and we expect that our securities will be "widely-held," the "freely transferable" requirement must also be satisfied in order for us to qualify for the "publicly offered securities" exception.

The Plan Assets Regulation provides that "whether a security is 'freely transferable' is a factual question to be determined on the basis of all relevant facts and circumstances." Our shares are subject to certain restrictions on transferability typically found in REITs that are intended to ensure that we continue to qualify as a REIT for federal income tax treatment. The Plan Assets Regulation provides, however, that where the minimum investment in an offering is $10,000 or less, the presence of a restriction on transferability intended to prohibit transfers that would result in a termination or reclassification of the entity for state or federal tax purposes will not ordinarily affect a determination that such securities are "freely transferable." The minimum initial investment in each of W Shares and A Shares of common stock is $2,500. Thus, the restrictions imposed in order to maintain our status as a REIT should not prevent W Shares and A Shares from being deemed "freely transferable." The minimum initial investment in I Shares of common stock is $2.0 million. However, each such share has a value that is substantially less than $10,000 and, once purchased, such shares can be sold or otherwise disposed of in a block of any number of shares, facts which we believe cause the I Shares to be "freely transferable" for this purpose as well. Therefore, we anticipate that we will meet the "publicly offered securities" exception, although there are no assurances that each of them will qualify for this exception. Consequently, it is intended by our management that our assets will not constitute "Plan Assets" under ERISA or Code Section 4975.

Prospective investors that are subject to the provisions of Title I of ERISA and/or Code Section 4975 should consult with their counsel and advisors as to the provisions of Title I of ERISA and/or Code Section 4975 relevant to an investment in shares of our common stock.

As discussed above, although IRAs and non-ERISA Keogh plans are not subject to ERISA, they are subject to the provisions of Section 4975 of the Code prohibiting transactions with "disqualified persons" and investments and transactions involving certain fiduciary conflicts. A prohibited transaction or conflict of interest could arise if the fiduciary making the decision to invest has a personal interest in or affiliation with our company or any of its respective affiliates. In the case of an IRA, a prohibited transaction or conflict of interest that involves the beneficiary of the IRA could result in disqualification of the IRA. A fiduciary for an IRA who has any personal interest in or affiliation with our company or any of its respective affiliates, should consult with his or her tax and legal advisors regarding the impact such interest may have on an investment in our shares with assets of the IRA.

Shares sold by us may be purchased or owned by investors who are investing Plan assets. Our acceptance of an investment by a Plan should not be considered to be a determination or representation by us or any of our respective affiliates that such an investment is appropriate for a Plan. In consultation with its advisors, each prospective Plan investor should carefully consider whether an investment in our common shares is appropriate for, and permissible under, the terms of the Plan's governing documents.

Governmental plans, foreign plans and most church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Code Section 4975, may nevertheless be subject to local, foreign, state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel and advisors before deciding to invest in our common shares.

Plan of Distribution

General

We are offering up to $4.0 billion in shares of our common stock pursuant to this prospectus. We are offering to the public a maximum of $3.5 billion in shares of our common stock in our primary offering and up to $500.0 million in shares of our common stock pursuant to our distribution reinvestment plan. In addition, our directors, executive officers and other affiliated persons or entities may purchase shares of our common stock at the same price as such shares are then being sold to the public in this offering. Prior to the conclusion of this offering, if any of the $500.0 million in shares of our common stock initially allocated to the distribution reinvestment plan remain unsold after meeting anticipated obligations under the distribution reinvestment plan, we may decide to sell some or all of such shares of our common stock to the public in the primary offering. Similarly, prior to the conclusion of this offering, if the $500.0 million shares of our common stock initially allocated to the distribution reinvestment plan have been purchased and we anticipate additional demand for shares of our common stock under our distribution reinvestment plan, we may choose to reallocate some of the $3.5 billion in shares of our common stock allocated to be offered in the primary offering to the distribution reinvestment plan.

Pursuant to this prospectus, we are offering to the public three classes of shares of our common stock, W Shares, A Shares and I Shares. We are offering a maximum of $3.5 billion in any combination of purchases of W Shares, A Shares and I Shares in our primary offering. All investors must meet the suitability standards discussed in the section of this prospectus entitled “Suitability Standards.” The share classes have different selling commissions and ongoing fees and expenses. When deciding which class of shares to buy, you should consider, among other things, whether you are eligible to purchase one or more classes of shares, the amount of your investment, the length of time you intend to hold the shares, the selling commission and fees attributable to each class of shares and whether you qualify for any selling commission discounts described below.

W Shares and A Shares are available to all investors who meet our suitability requirements. We expect that W Shares will be made available primarily through registered investment advisors and broker-dealers that charge their clients a fee for their services (typically referred to as wrap or fee-based accounts). We expect that A Shares will be made available primarily through registered representatives of broker-dealers. I Shares are available for purchase in this offering only for suitable investors making an initial investment of $2.0 million or more.

The number of shares we have registered pursuant to the registration statement of which this prospectus forms a part is the number that we reasonably expect to be offered and sold within two years from the initial effective date of the registration statement. Pursuant to this prospectus, we are offering to the public all of the shares that we have registered. This is, however, a “best efforts” offering. If we are not able to raise a substantial amount of capital in the near term, we may have difficulties investing in properties and our ability to achieve our investment objectives could be adversely affected. Although we have registered a fixed dollar amount of our shares, we intend effectively to conduct a continuous offering of an unlimited number of shares of our common stock over an unlimited time period by filing a new registration statement prior to the end of the three-year period described in Rule 415 under the Securities Act. In certain states, however, the offering may continue for one year pursuant to initial clearance by applicable state authorities, after which we will need to renew the offering period for additional one year periods (or longer, if permitted by the laws of each particular state).

The per share purchase price for each class of shares of our common stock varies from day-to-day and, on any given day, is equal to the NAV for such class, divided by the number of shares of such class of stock outstanding as of the end of business on such day prior to giving effect to any share purchases or redemptions to be effected on such day, plus, for A Shares sold in the primary offering only, applicable selling commissions. Each class of shares will have a different NAV per share because certain fees are charged differently with respect to each class. Shares are being offered pursuant to our distribution reinvestment plan at NAV per share for the applicable class, calculated as of the end of business on the reinvestment date.

We reserve the right to terminate this offering at any time and to extend our offering term to the extent permissible under applicable law.

Special Notice to Pennsylvania Investors

Subscription proceeds received from residents of Pennsylvania will be placed in an interest-bearing escrow account with the escrow agent until subscriptions for shares aggregating at least $116,666,667 have been received and accepted by us. If we have not raised a minimum of $116,666,667 in gross offering proceeds (including sales made to residents of other jurisdictions) by the end of each 120-day escrow period (with the initial 120-day escrow period commencing upon the effectiveness of this offering), we will notify Pennsylvania investors in writing by certified mail within 10 calendar days after the end of each 120-day escrow period that they have a right to have their investments returned to them. If a Pennsylvania investor requests the return of his or her subscription funds within 10 calendar days after receipt of the notification, we will promptly return those funds to the investor, together with interest (which interest shall be paid within five business days after the first business day of the succeeding month).

Compensation of Our Dealer Manager and Other Participating Broker-Dealers

Shares of our common stock are being offered on a "best efforts" basis, which means that no underwriter, broker-dealer or other person will be obligated to purchase any shares. We have entered into a dealer manager agreement with our dealer manager, pursuant to which it has agreed to use its best efforts to secure purchasers for the shares offered by this prospectus. We may terminate the dealer manager agreement at any time in our sole discretion.

Since the dealer manager is an affiliate of our advisor, the dealer manager is not in a position to make an independent review of us or of this offering. Accordingly, you will have to rely on your own financial intermediary to make an independent review of the terms of this offering. If your financial intermediary conducts an independent review of this offering, and/or engages an independent due diligence reviewer to do so on its behalf, we expect that we will pay or reimburse the expenses associated with such review, which may create conflicts of interest. If your financial intermediary does not conduct such a review, you will not have the benefit of an independent review of the terms of this offering.

We will not pay referral or similar fees to any accountants, attorneys or other persons in connection with the distribution of our shares.

Selling Commissions, Volume Discounts, and Asset-Based Dealer Manager Fee and Distribution Fee

We may charge a selling commission on A Shares sold in the primary offering of up to 3.75% of the Offering Price of A Shares, which includes applicable selling commissions. Selling commissions will be deducted directly from the Offering Price and paid to our dealer manager. We will not charge a selling commission on W Shares, I Shares, or on shares of any class sold pursuant to our distribution reinvestment plan. Selling commissions may be waived at the direction of the dealer manager. Our dealer manager will reallow 100% of selling commissions to participating broker-dealers.

We are offering volume discounts on certain purchases of $150,001 or more of A Shares. The dealer manager and any participating broker-dealers and their registered representatives will be responsible for the proper implementation of any applicable volume discounts. Any reduction in the amount of the selling commissions as a result of volume discounts received may be credited to the purchasers in the form of the issuance of additional shares.

The following table illustrates the various discount levels that may be offered to purchasers for A Shares purchased in the primary offering, with the commission expressed both as a percentage of the Offering Price, as well as NAV per share/net amount invested:

	Commission as a% [1] of:	
Your Investment	Offering Price	NAV Per A Share/Net Amount Invested
Up to $150,000	3.75%	3.90%
$150,001 to $500,000	3.25%	3.36%
Over $500,000	3.00%	3.09%

(1) The total amount of selling commissions, whether expressed as a percentage of Offering Price or NAV per A Share, may be higher or lower than the percentage described in the table above due to rounding. The impact of rounding will vary with the size of the investments and the NAV per A Share.

The volume discount, if any, is applied on an investor/account-specific basis. No "householding" or aggregating purchases for related accounts is permitted. For a simplified example of how the volume discount is calculated, if an investor invests $100,000 in A Shares, the investor would pay $3,750 in selling commissions to purchase 6,416.67 shares, assuming a NAV per A Share of $15.00, and no volume discount would be applied to the purchase. If an investor invests $750,000 in A Shares, the investor would pay $5,625 in selling commissions on the first $150,000 invested, $11,375 in selling commissions on the next $350,000 invested (up to $500,000 of aggregate Offering Price paid), and $7,500 in selling commissions on the remaining $250,000 invested (up to $750,000 of aggregate Offering Price paid). The investor would therefore pay an aggregate of $24,500 in selling commissions to purchase 48,366.67 shares, assuming a NAV per A Share of $15.00, after applying the volume discount.

We pay our dealer manager an asset-based dealer manager fee that is payable in arrears on a monthly basis and accrues daily in an amount equal to (1) 1/365 th of 0.55% of our NAV for W Shares for such day, (2) 1/365 th of 0.55% of our NAV for A Shares for such day and (3) 1/365 th of 0.25% of our NAV for I Shares for such day. At our dealer manager's discretion it may reallow a portion of the dealer manager fee received on W Shares, A Shares and I Shares to participating broker-dealers. We will pay the dealer manager fee until the date at which, in the aggregate, underwriting compensation from all sources, including selling commissions, the distribution fee, the dealer manager fee and other underwriting compensation paid by us and our advisor and its affiliates, equals 10% of the gross proceeds from our primary offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan), calculated as of the same date that we calculate the aggregate dealer manager fee.

We pay our dealer manager an asset-based distribution fee for A Shares only that is payable in arrears on a monthly basis and accrues daily in an amount equal to 1/365 th of 0.50% of our NAV for A Shares for such day. At our dealer manager's discretion it may reallow a portion of the distribution fee to participating broker-dealers. We will not pay a distribution fee on W Shares or I Shares. We will pay the distribution fee until the date at which, in the aggregate, underwriting compensation from all sources, including selling commissions, the distribution fee, the dealer manager fee and other underwriting compensation paid by us and our advisor and its affiliates, equals 10% of the gross proceeds from our primary offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan), calculated as of the same date that we calculate the aggregate distribution fee.

Other Compensation

Our advisor, directly or through an affiliate, has agreed to fund organizational expenses and expenses incurred in connection with the offering. These offering expenses include expenses incurred by our dealer manager, its employees and any participating broker-dealers which may include, but are not limited to: (i) due

diligence expenses (such as expenses related to a review of this offering by one or more independent due diligence reviewers engaged by broker-dealers participating in this offering); (ii) amounts incurred in connection with holding our own educational conferences and attending retail seminars conducted by our participating broker-dealers; and (iii) other marketing and organization costs, including sales incentives. See “Compensation” for a more detailed discussion on the organizational and offering expenses funded by our advisor and reimbursements.

Our advisor and its affiliates may pay, without reimbursement by us, additional amounts in connection with the sale and distribution of our shares, which may include payments to participating broker-dealers. Such payments will be deemed to be “underwriting compensation” by FINRA and will be subject to the 10% of gross offering proceeds limit on underwriting compensation.

We will pay underwriting compensation until the date at which, in the aggregate, underwriting compensation from all sources, including the dealer manager fee, the distribution fee and other underwriting compensation paid by us and our advisor and its affiliates, equals 10% of the gross proceeds from our primary offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan).

FINRA Rules Limiting Underwriting Compensation

As required by FINRA rules, total underwriting compensation paid to our dealer manager or participating broker-dealers, which will include commissions, asset-based dealer manager fees and distribution fees and any amounts paid by our sponsor and its affiliates for underwriting services that are not reimbursed by us, will not exceed 10% of the gross proceeds of our primary offering. Together with our dealer manager we will monitor the total underwriting compensation that we pay, as well as any underwriting compensation paid by our sponsor and its affiliates, and calculate the aggregate underwriting compensation on a monthly basis. We will cease paying any and all underwriting compensation at the date at which the aggregate underwriting compensation paid by us or from any other source equals 10% of the gross offering proceeds (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan), calculated as of the same date that we calculate the aggregate underwriting compensation.

FINRA rules also limit our total organization and offering expenses (including bona fide due diligence expenses and dealer manager fees) to 15% of our gross offering proceeds. After the termination of the primary offering and again after termination of the offering under our distribution reinvestment plan, our advisor has agreed to reimburse us to the extent that organization and offering expenses that we incur exceed 15% of our gross proceeds from the applicable offering.

The following table shows the estimated amount of underwriting compensation that may be paid in connection with this offering over two years and the maximum amount of underwriting compensation that may be paid in connection with this offering over our life. The two years column assumes that we will sell the maximum of $3.5 billion in shares in the primary offering pursuant to this prospectus in the first two years and that all shares are sold through distribution channels associated with the highest possible commissions, dealer manager fees, distribution fees and other underwriting compensation. The point in time at which the maximum amount of the commissions, dealer manager fee, distribution fee and other underwriting compensation will be paid depends, among other things, on the average length of time for which our shares remain outstanding and the performance of our investments. During our indefinite life, such amount in the aggregate from all sources could reach, but will never exceed, 10% of the aggregate amount of gross proceeds received by us from our primary offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan).

In order to show the maximum amount of compensation that may be paid in connection with this offering, the following table assumes that we sell all of the shares offered by this prospectus, that all shares sold are A Shares, that no shares are reallocated between the primary offering and the distribution reinvestment plan and that all A Shares are sold with the highest possible selling commissions.

	Two Years		Maximum Underwriting Compensation	
	Estimated Amount [1]	Percentage of Maximum Offering (Not Including Distribution Reinvestment Plan)	Estimated Amount [1]	Percentage of Maximum Offering (Not Including Distribution Reinvestment Plan) [2]
Selling commissions [3]	$131,250,000	3.750%	$131,250,000	3.750%
Dealer manager and distribution fee [4][5]	—	0.000	19,794,502	0.566
Dealer manager fee reallowance to participating broker-dealers [6]	12,000,000	0.343	40,318,182	1.152
Distribution fee reallowance to participating broker-dealers [7]	30,000,000	0.857	100,795,455	2.880
Dealer manager wholesaling commissions, salaries and expense reimbursement	43,037,544	1.230	43,037,544	1.230
Other compensation [8]	8,750,000	0.250	8,750,000	0.250
Broker-dealer conference fees, training and education meetings, business entertainment, logoed items and sales incentives	5,754,317	0.164	5,754,317	0.164
Due diligence allowance	200,000	0.006	200,000	0.006
Legal fees allocable to dealer manager	100,000	0.003	100,000	0.003
Total	$231,091,861	6.603%	$350,000,000	10.00%

(1) For purposes of calculating the estimated fees and expenses, we assumed that (a) all shares sold in the offering are A Shares, (b) the shares are sold at $15.00 per A Share, (b) the NAV per A Share remains at $15.00, (c) no volume discounts are received and (d) the maximum amount of our shares available to be sold under this prospectus are sold ratably over a two year period from the beginning of this offering and those shares remain outstanding for the periods presented.

(2) The total amount of underwriting compensation paid to our dealer manager and participating broker-dealers from all sources, including selling commissions, the distribution fee and the dealer manager fee and any other fees and expenses paid or reimbursed by us or our sponsor and affiliates in connection with the offering, will not exceed 10% of the gross proceeds of the primary offering. Based on the assumptions used in calculating the fees and expenses in this table, we estimate that total underwriting compensation will reach 10% of the gross offering proceeds of the primary offering after approximately 5.5 years, assuming the full offering proceeds are raised, all investors remain invested in the program and the NAV remains constant at $15.00 per A Share over the period.

(3) We may charge a selling commission on A Shares sold in our primary offering only of up to 3.75% of the offering price per share for A Shares on the date of purchase, which we will pay to our dealer manager. Our dealer manager will reallow a portion of such selling commissions to participating broker-dealers. We will not charge a selling commission on W Shares or I Shares or on shares of any class sold pursuant to our distribution reinvestment plan.

(4) Represents the estimated amount of the dealer manager fee that will remain for the dealer manager after allocation to certain expenses noted in the table, such as the dealer manager's wholesaling compensation. During the first two years of the offering these expenses will exceed the dealer manager fee. The dealer manager fee is paid to our dealer manager and accrues daily in an amount equal to (a) 1/365 th of 0.55% of our NAV for W Shares for such day, (b) 1/365 th of 0.55% of our NAV for A Shares for such day and (c) 1/365 th of 0.25% of our NAV for I Shares for such day.

(5) Represents the estimated amount of the distribution fee that will remain for the dealer manager after allocation to certain expenses noted in the table, such as the dealer manager's wholesaling compensation. During the first two years of the offering these expenses will exceed the distribution fee. The distribution fee is paid to our dealer manager and accrues daily for A Shares only in an amount equal to 1/365 th of 0.50% of our NAV for A Shares for such day. We will not pay a distribution fee on W Shares or I Shares.
(6) At our dealer manager's discretion it may reallow a portion of the dealer manager fee received on W Shares, A Shares and I Shares to participating broker-dealers.
(7) Our dealer manager may reallow a portion of the distribution fee to participating broker-dealers.
(8) Our advisor and its affiliates may pay additional amounts, without reimbursement by us, in connection with the sale and distribution of our shares, which may include payments to participating broker-dealers. The amount of such payments that may be made by our advisor and its affiliates, and total underwriting compensation including such amount, will never exceed 10% of the aggregate amount of gross proceeds received by us from our primary offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan). Such payments by our advisor and its affiliates to participating broker-dealers may be based on various factors, including the number of shares that were originally sold with the assistance of the participating broker-dealer or the extent of stockholder record keeping services, account maintenance services and other administrative services provided by the participating broker-dealer.

Indemnification Expenses

To the extent permitted by law and our charter, we will indemnify the participating broker-dealers, if any, and our dealer manager against some civil liabilities, including certain liabilities under the Securities Act, and liabilities arising from breaches of our representations and warranties contained in the dealer manager agreement. If we are unable to provide this indemnification, we may contribute to payments the indemnified parties may be required to make in respect of those liabilities. Under our charter, indemnification of any person acting as a broker-dealer for us will not be allowed for liabilities arising from or out of a violation of state or federal securities laws, unless one or more of the following conditions are met:

- there has been a successful adjudication on the merits in favor of the indemnitee of each count involving alleged securities law violations;
- such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or
- a court of competent jurisdiction approves a settlement of the claims against the indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and of the published position of any state securities regulatory authority in which our securities were offered as to indemnification for violations of securities laws.

Share Purchases and Redemptions

You may buy or redeem shares of our common stock through your financial advisor, a participating broker-dealer or other financial intermediary, and in certain limited circumstances, from our transfer agent. Intermediaries may make one or more classes of our common stock available, in their discretion. Because an investment in our common stock involves many considerations, your financial advisor or other financial intermediary may help you with your investment decision. You should be aware that payments to your financial advisor or financial intermediary, as a direct payment by us, or payment by our advisor that is reimbursed by us, or a payment by our advisor or other affiliate without reimbursement by us, may be greater than payments made in connection with the sale of other financial products, thereby creating a potential conflict of interest. You should discuss with your financial advisor or financial intermediary any payments received as a result of your investment in our common stock.

An investment in a class of our common stock involves risk and is not suitable for all investors. There is no certainty as to the amount of distributions you may receive, liquidity under our redemption program may not be available at all times and the value of your investment may decline significantly. In consideration of these factors, we have established minimum suitability standards for our stockholders. See "Suitability Standards" beginning on page i.

Buying Shares

Sale Prices of Our Shares

The per share price for each class of our shares varies from day-to-day and, on any given "business day" — each day that the NYSE is open for trading — is equal to the NAV for such class divided by the number of shares of such class outstanding as of the end of business on such day, prior to giving effect to any share purchases or redemptions to be effected on such day; plus, for A Shares sold in the primary offering only, applicable selling commissions. Each class of shares will have a different NAV per share because certain fees are charged differently with respect to each class. See "Valuation Policies" for how NAV per share is calculated.

We will generally adhere to the following procedures in selling shares during the course of conducting this continuous offering:

- As soon as practicable after the close of the NYSE (generally, 4:00 p.m. Eastern time), hereafter, the "close of business," on each business day, our independent fund accountant will determine our NAV per share for each class for that business day. As promptly as practicable following the close of business on each business day, and in any event no later than the opening of business on the next business day, we will (i) post our NAV per share for each class for such business day on our website, *www.colecapital.com* , and (ii) make such NAV per share information for each class available on our toll-free automated information line 866-907-2653.
- On each business day, purchase orders will be accepted until the close of business. We will execute these orders at a price equal to our NAV per share for the applicable class determined as soon as practicable after the close of business on the business day; plus, for A Shares sold in the primary offering only, applicable selling commissions. Orders placed after the close of business will be executed at a price equal to our NAV per share for the applicable class determined after the close of business plus, for A Shares sold in the primary offering only, applicable selling commissions — at the end of the next business day. Any selling commissions payable in connection with the purchase of A Shares will be deducted directly from an investor's gross investment.
- A confirmation statement will be sent promptly after the purchase date to each investor whose order was received on the purchase date (except for purchases made through the reinvestment of distributions pursuant to our distribution reinvestment plan). The confirmation statement will disclose the price at which the order was executed and will include information advising the investors as to how to obtain any supplements to the prospectus which we have filed with the SEC and made publicly available on our website, *www.colecapital.com*.

- Purchase orders placed on a day that is not a business day, and purchase orders pursuant to our systematic investment program that would otherwise occur on a day that is not a business day, will be effected as if they were received prior to the close of business on the next business day.

You will not know at the time you decide to purchase shares of our common stock precisely the price at which your order will be executed. You will have available through our website information about the NAV per share for each class upon which the price for each class of our common stock was based on the immediately preceding business day, and through our prospectus, the methodology pursuant to which our NAV, and thus the price at which shares of our common stock will be sold on the current business day, is determined. Though under normal circumstances we would not anticipate that our NAV will generally vary significantly from one day to the next, there can be no assurance that will be the case. You will receive a confirmation of your purchase order and therefore will know the price at which your order was executed. On a monthly basis, we will file with the SEC a prospectus supplement disclosing the daily determination of our NAV per share for each business day in the preceding month. We will also disclose, on a quarterly basis in a prospectus supplement filed with the SEC, the primary valuation components of our NAV. Additionally, while our portfolio is growing in size and diversification, if we become aware of facts or circumstances that are likely to materially affect our NAV on any particular day, we will disclose the information as promptly as reasonably practicable through a press release that is posted on our website and in our filings with the SEC, and we may also decline to accept purchase orders from investors until such information is disclosed or reconfirm orders that were placed after we became aware of such facts and circumstances.

In contrast to securities traded on an exchange or over-the-counter, where the price often fluctuates as a result of, among other things, the supply and demand of securities in the trading market, our NAV per share for each class is calculated once daily using our valuation methodologies, and the price at which we sell new shares and redeem outstanding shares that day does not change depending on the volume of purchases by investors. Instead, our NAV per share for each class is based on an estimate of the market value of our assets and liabilities, including an estimate of accrued expenses, as discussed under “Valuation Policies — Calculation of Our NAV Per Share.” We will generally sell as many shares as orders are received from investors, each day at the same price (NAV per share, without premium or discount, plus any applicable selling commissions) regardless of when orders are received during the day. If, however, we become aware of facts or circumstances that we are unable to factor into our calculation of NAV on any particular day, we may decline to accept orders from investors on that day.

How to Purchase Our Shares

Subject to limited exceptions, the minimum initial investment in shares of each of our W Shares and A Shares of common stock is $2,500, and the minimum initial investment in shares of our I Shares of common stock is $2.0 million. We may allow any stockholder who, as of August 26, 2013, owned $2.0 million or more of W Shares to convert such W Shares to I Shares in our sole discretion.

Persons who meet the applicable minimum suitability standards described in the “Suitability Standards” section of this prospectus and suitability standards determined by such persons’ financial advisor or intermediary may purchase shares of our common stock. After you have read the entire prospectus and the current supplement(s), if any, accompanying this prospectus, and want to purchase shares, you must proceed as follows:

(1) Complete the execution copy of the applicable subscription agreement. A specimen copy of the subscription agreement, including instructions for completing it for new investors, is included in this prospectus as Appendix B. After you become a stockholder, you may purchase additional shares by completing and signing an additional investment subscription agreement, included in this prospectus as Appendix C. In either case, you may choose to make additional purchases pursuant to our systematic investment program by completing the required sections of the applicable subscription agreement. The systematic investment program is not available to Alabama, Maine or Nebraska investors.

(2) Deliver a check payable to "Cole Real Estate Income Strategy (Daily NAV), Inc." or alternatively "Cole REIT." However residents in Pennsylvania should make checks payable to "UMB Bank, N.A., Agent for Cole Real Estate Income Strategy (Daily NAV), Inc." or a recognizable contraction or abbreviation thereof, including but not limited to, "UMB Bank, N.A., f/b/o Cole REIT". Subscription funds must be accompanied by a subscription agreement similar to the one contained in this prospectus as Appendix B. Certain dealers who have "net capital," as defined in the applicable federal securities regulations, of $250,000 or more may instruct their customers to make their checks payable directly to the dealer. In such case, the dealer will issue a check made payable to us for the purchase price of your subscription. The name of the dealer appears on the subscription agreement.

(3) By executing the subscription agreement and paying for the shares subscribed for, you will attest that you meet the minimum net worth and/or income standards as provided in the "Suitability Standards" section of this prospectus and as stated in the subscription agreement.

If subscriptions are made through IRAs, 401(k) plans and other tax-deferred plans, an approved trustee must process through us and forward us subscriptions.

Subscriptions will be effective only upon our acceptance, and we reserve the right to reject any subscription in whole or in part. We may not accept a subscription for shares until at least five business days after the date you receive the final prospectus. Subject to compliance with Rule 15c2-4 of the Exchange Act, our dealer manager and/or the intermediaries participating in the offering will promptly submit a subscriber's check on the business day following receipt of the subscriber's subscription documents and check. In certain circumstances where the suitability review procedures are more lengthy than customary or the subscriber's subscription documents or check are not in good order, our bank will hold the check in accordance with applicable legal requirements pending our acceptance of your subscription. In the future, we may provide an electronic subscription method that supplements or replaces our current subscription procedure, but any such electronic subscription method would require all the same information and representations required by our paper subscription method.

If we receive a purchase order that is incomplete or otherwise not in good order, we may take up to 35 days to complete or correct it. If your subscription agreement is rejected, your funds, without interest or reductions for offering expenses or fees, will be returned to you within ten business days after the date of such rejection. If your subscription is accepted, we will send you a confirmation of your purchase after your subscription has been accepted.

We may reject for any reason, or cancel as permitted or required by law, any subscriptions, including subscriptions pursuant to our systematic investment program. For example, we may reject any subscriptions if we believe there are questions about the legality of the subscriptions or if compliance with applicable laws would result in undue expense or delay for the Company. We may also reject any subscriptions from market timers or investors that, in our opinion, may be trading in a manner that is disruptive to our operations. See "Share Purchases and Redemptions — Excessive Trading Policies." In addition, we reserve the right to suspend or discontinue offering our shares completely or may offer our shares only on a limited basis for a period of time or permanently.

Systematic Investment Program

Investors who desire to purchase shares in this offering at regular intervals may be able to do so by electing to participate in the systematic investment program by completing an enrollment form that we will provide upon request. Only investors who have already met the minimum purchase requirement may participate in the systematic investment program. The minimum periodic investment for our systematic investment program is $100 per purchase. We will pay dealer manager fees and distribution fees in connection with sales under the systematic investment program to the same extent that we pay those fees on shares sold in the primary offering outside of the systematic investment program. If you elect to participate in both the systematic investment

program and our dividend reinvestment plan, distributions earned from the applicable class of shares purchased pursuant to the systematic investment program will automatically be reinvested in additional shares of such class pursuant to the dividend reinvestment plan. For a discussion of the dividend reinvestment plan, see "Description of Capital Stock — Distribution Reinvestment Plan."

You will receive a confirmation of your purchases under the systematic investment program no less than quarterly. The confirmation will disclose the following information:

- the amount invested for your account during the period;
- the date of the investment;
- the number, class and price of the shares purchased by you; and
- the total number and class of shares in your account.

You may terminate your participation in the systematic investment program at any time by providing us with written notice.

The systematic investment program is not available to Alabama, Maine or Nebraska investors.

Redemption Plan

General

While you should view the purchase of shares of our common stock as a long-term investment, we have adopted a redemption plan to provide limited liquidity, whereby on any business day, stockholders may request that we redeem all or any portion of their shares. Due to the illiquid nature of investments in commercial real estate, however, we may not always have sufficient liquid resources to fund redemption requests.

Under our redemption plan, on each business day, stockholders may request that we redeem all or any portion of their shares, subject to a minimum redemption amount of $500.00. Redemption requests received before the close of business (generally, 4:00 p.m. Eastern Time) will be effected at a redemption price equal to our NAV per share for the class of shares being redeemed calculated after the close of business on that day (that is, at the same price as shares are purchased by stockholders on that day). Redemption requests received after the close of business on any business day, or received on a day other than a business day, will be effected at our NAV per share for the class of shares being redeemed calculated after the close of business on the next business day. We refer to the day on which a redemption request is received pursuant to our redemption plan as the "redemption request day."

The redemption price per share for each class on any business day is our NAV per share for such class for that day, calculated by our independent fund accountant after the close of business on the redemption request day, without giving effect to any share purchases or redemptions to be effected on such day. Subject to limited exceptions, stockholders who redeem their shares of our common stock within the first 365 days from the date of purchase will be subject to a short-term trading fee of 2% of the aggregate NAV per share of the shares of common stock redeemed. See "— Short-Term Trading Fees" below.

Funding and Payment of Redemption Proceeds

Funding for redemptions may come from a variety of sources available to us, including cash on hand, proceeds from this offering, cash flow from operations, proceeds from the liquidation of short-term or liquid investments, proceeds from the incurrence of indebtedness (including line of credit borrowings) and, if necessary, proceeds from the disposition of commercial real estate properties and other real estate related investments. Generally, we will pay redemption proceeds, less any applicable short-term trading fees and any applicable tax or other withholding required by law, on the next business day, but no later than the seventh business day, following the redemption request day.

Once a stockholder makes a redemption request, the redemption price that the stockholder will receive will be equal to our NAV per share for the class of shares being redeemed as of the redemption request day less any applicable short-term trading fees. Although a stockholder will not know at the time he submits his request for redemption of shares the exact price at which such redemption request will be processed or the exact day when redemption proceeds will be paid, as of the close of business on the redemption request day, the stockholder will be contractually bound to redemption of the shares the stockholder has requested and will not be permitted to cancel the request prior to the payment of redemption proceeds. Because our NAV per share for each class will be calculated at the close of each business day, the redemption price for such class may fluctuate between the close of business on the redemption request day and the date on which redemption proceeds are paid. As a result, the redemption price per share that a stockholder will receive may be different from our NAV per share for such class on the day the redemption proceeds are paid.

Redemption Limitations

Overview. Under ordinary circumstances the total amount of net redemptions during a calendar quarter is limited to five percent of our total net assets on the last business day of the preceding quarter. Stockholders can request redemption of all or part of their shares on any business day and redemption requests will be satisfied on a first-come, first-served basis. If net redemptions do not reach the five percent limit in a calendar quarter, the difference between the actual redemptions and the five percent limit will be carried over to the next quarter, except that the maximum amount of net redemptions during any quarter can never exceed ten percent of our total net assets on the last business day of the preceding quarter.

If net redemptions in a calendar quarter reach the five percent limit (plus any carried over amount), on the business day when the limit is reached we will fulfill redemption requests on a pro-rated basis. After that business day we will be unable to process any redemption requests for the rest of the calendar quarter in which the limit was reached. We will begin accepting redemption requests again on the first business day of the next calendar quarter, but will apply the five percent quarterly limitation on redemptions on a per-stockholder basis, instead of a first-come, first-served basis. Therefore each stockholder will be able to redeem at any time during that quarter up to five percent of the stockholder's investment in our shares on the last business day of the preceding quarter, plus any new investment by the stockholder in our shares during that quarter (subject to applicable short-term trading fees). The per-stockholder limit will remain in effect for the following quarter if total net redemptions are more than two and one-half percent of our net assets on the last business day of the preceding quarter.

Subject to these limits, our goal is to provide our stockholders uninterrupted access to liquidity for their investment to the maximum extent possible. Our board of directors, including a majority of independent directors, acting in accordance with their fiduciary duties to all stockholders, may modify or suspend our redemption plan in its discretion if it believes that such action is in the best interests of our stockholders.

Available Liquidity. We may, in our advisor's discretion, after taking the interests of our company as a whole and the interests of our stockholders into consideration, use cash from any available sources at our disposal to satisfy redemption requests, including, but not limited to, sales of additional shares, cash flow from operations, incurrence of indebtedness and dispositions of assets. Although our investment guidelines are designed to provide us with liquid assets to satisfy redemption requests as we receive them, it is possible that we may not always have access to sufficient liquidity to fund all redemption requests. Our investment guidelines provide that we will target the following aggregate allocation to relatively liquid investments, such as U.S. government securities, agency securities, corporate debt, publicly traded debt and equity real estate-related securities, cash, cash equivalents and other short-term investments and, in the discretion of our advisor, a line of credit (collectively, referred to as "liquid assets"): (1) 10% of our NAV up to $1 billion and (2) 5% of our NAV in excess of $1 billion. To the extent that our advisor elects to maintain borrowing capacity under a line of credit, the amount available under the line of credit will be included in calculating our liquid assets under these guidelines.

These are guidelines, and our stockholders should not expect that we will, at all times, hold liquid assets at or above the target levels or that all liquid assets will be available to satisfy redemption requests as we receive them. We anticipate that both our overall allocation to liquid assets as a percentage of our NAV and our allocation to different types of liquid assets will vary. In making these determinations our advisor will consider our receipt of proceeds from sales of additional shares, our cash flow from operations, available borrowing capacity under a line of credit, if any, or from additional mortgages on our real estate, our receipt of proceeds from sales of assets, and the anticipated use of cash to fund redemptions, as well as the availability and pricing of different investments. The amount of liquid assets will be determined by our advisor, in its sole discretion, but will be subject to review by our independent directors on a quarterly basis.

Quarterly Limits. In each calendar quarter (the “Current Quarter”) net redemptions will be limited under our redemption plan to five percent of our total NAV as of the end of the immediately preceding quarter (the “Prior Quarter”). We refer to this as the “Base Quarterly Limit.” As discussed below, there are circumstances when the unused portion of one quarter’s limit can be carried over to a subsequent quarter (the “Carryover Limit”). The Carryover Limit plus the Base Quarterly Limit will equal the actual quarterly redemption limit applicable to each specific quarter (the “Quarterly Limit”), but will never exceed ten percent of our total NAV as of the end of the immediately preceding quarter. In recognition of the fact that during any particular quarter some existing stockholders will choose to redeem outstanding shares while other investors purchase new shares, during the Current Quarter proceeds from the sale of new shares in this offering will be netted against funded redemptions for purposes of determining our compliance with the Quarterly Limit. On each business day we will calculate the maximum amount that remains available for redemptions as the sum of (i) the Quarterly Limit, plus (ii) proceeds from sales of new shares (including reinvestment of dividends) since the beginning of the Current Quarter, minus (iii) redemption proceeds paid since the beginning of the Current Quarter. As discussed below, we will disclose the applicable redemption limit for the current quarter and the available capacity under the redemption plan. A redemption request must be received by 4:00 p.m. Eastern Time on the last business day that the NYSE is open for trading prior to the end of a calendar quarter in order for the current Quarterly Limit to apply.

So long as there is availability under the Quarterly Limit, redemption requests during the Current Quarter will be satisfied on a first-come, first-served basis. If, on any business day, remaining availability under the Quarterly Limit is insufficient to satisfy all redemption requests, we will satisfy redemption requests on a *pro rata* basis where each stockholder who has submitted a redemption request for that business day will have an equal percentage of the dollar amount of its pending request redeemed. We may, however, prorate on a different basis if and to the extent necessary or advisable to ensure our continued qualification as a REIT for federal income tax purposes. If a stockholder’s redemption request is not completely fulfilled on any business day, the redemption request will not carry over to the next business day and the stockholder will need to submit a new request if the stockholder wants to redeem the remaining (or any additional) amount. If net redemptions during the Current Quarter reach the Quarterly Limit, no more redemption requests will be accepted by us for the balance of the Current Quarter and that fact will be disclosed to our stockholders as promptly as practicable in reports we file with the SEC and on our website. See “— Disclosure.”

If net redemptions during the Current Quarter do not reach the Base Quarterly Limit, we will add to the Base Quarterly Limit for the following quarter (the “Next Quarter”) the unused portion of the Base Quarterly Limit for the Current Quarter. As noted above, we refer to this as the “Carryover Limit.” However, the following limitations will apply: (i) the cumulative Carryover Limit will never exceed fifteen percent in total, and (ii) during any single quarter we will not add more than five percent out of the available the Carryover Limit (if greater than five percent) to the Base Quarterly Limit that would apply in the absence of any carryover, such that under no circumstances will net redemptions for a single quarter exceed ten percent of our total NAV as of the end of the immediately preceding quarter (the “Absolute Quarterly Limit”). The balance of a Carryover Limit above the Absolute Quarterly Limit will be available to be used in subsequent quarters. An example will clarify these limitations:

- as of December 31 of year 1 our total NAV is $500 million, thus the Quarterly Limit for the first quarter of year 2 is 5% of $500 million, or $25 million;

- during the first quarter of year 2, $70 million in new shares are sold and $5 million in outstanding shares are redeemed; thus, assuming no change in NAV per share for any class, as of March 31 of year 2 our total NAV is $565 million;
- because net redemptions during the first quarter were zero, and therefore no portion of the Base Quarterly Limit for the first quarter was used, the Carryover Limit for the second quarter of year 2 is 5%;
- therefore the applicable Quarterly Limit for the second quarter of year 2 is 10% (5% + 5%) of $565 million, or $56.5 million;
- during the second quarter of year 2, $65 million in new shares are sold and $76 million in outstanding shares are redeemed; thus, assuming no change in NAV per share for any class, as of June 30 of year 2 our total NAV is $554 million;
- because net redemptions during the second quarter were $11 million out of a maximum availability of $56.5 million, and therefore only approximately one fifth (2%) of the 10% Quarterly Limit for the second quarter was used, the Carryover Limit for the third quarter of year 2 is 8% (10% – 2% = 8%);
- however, adding the Carryover Limit (8%) to the 5% Base Quarterly Limit for the third quarter would, at 13%, exceed the 10% Absolute Quarterly Limit; therefore, the applicable Quarterly Limit for the third quarter of year 2 is capped at 10% of $554 million, or approximately $55.4 million, with the balance of the Carryover Limit (13% – 10% = 3%) being available for the fourth quarter;
- during the third quarter of year 2, $30 million in new shares are sold and $80 million in outstanding shares are redeemed; thus, assuming no change in NAV per share for any class, as of September 30 of year 2 our total NAV is $504 million;
- the Carryover Limit for the fourth quarter of year 2 is approximately 4%, consisting of (i) 1% carried over from the third quarter, because net redemptions during the second quarter were $50 million out of a maximum availability of $55.4 million, and therefore approximately nine tenths (9%) of the 10% applicable Quarterly Limit for the third quarter was used, plus (ii) 3% of the Carryover Limit remaining from the second quarter that was not available for use in the third quarter due to Absolute Quarterly Limit; and
- therefore the applicable Quarterly Limit for the fourth quarter of year 2 is 9% (5% + 1% + 3%) of $504 million, or approximately $45.4 million.

If net redemptions during the Current Quarter reach the Quarterly Limit and, after allocating available liquidity among pending redemption requests as discussed above, no more redemption requests are accepted for the balance of the Current Quarter, redemption requests during the Next Quarter will be satisfied on a stockholder by stockholder basis, instead of a first-come, first-served basis, pursuant to what we refer to as a "Flow-Regulated Limit." The Flow-Regulated Limit will operate so that each of our stockholders will be allowed to request redemption, at any time during the Next Quarter, in one or more tranches at his or her discretion, of a total number of shares not to exceed the sum of (i) five percent of the shares of common stock the stockholder held as of the end of the Current Quarter, plus (ii) any additional shares the stockholder purchases during the Next Quarter. Under the Flow-Regulated Limit, redemption capacity and available liquidity will be allocated daily during the quarter among those stockholders who request redemption, but only up to each stockholder's individual limit for the entire quarter. Therefore, all stockholders will be treated equally during the quarter as a whole, based on the number of shares held by each stockholder as of the end of the immediately preceding quarter, regardless of the particular day during the quarter when they choose to submit their redemption requests.

A stockholder will be permitted to make multiple requests for redemption during a quarter for which the Flow-Regulated Limit is in effect, up to the maximum number of shares such stockholder is eligible to redeem. If a stockholder submits a redemption request in excess of his individual limit, the request will automatically be deemed a request to redeem the maximum number of shares the stockholder is eligible to redeem under the Flow-Regulated

Limit. The balance of that stockholder's request will be null and void, whether or not other stockholders have requested redemptions of the full amount for which they are eligible under the Flow-Regulated Limit.

If during a quarter in which the Flow-Regulated Limit applies total redemptions for all stockholders in the aggregate are more than two and one-half percent of our total NAV as of the end of the immediately preceding quarter, then the Flow-Regulated Limit will continue to apply for the next succeeding quarter. If total redemptions for all stockholders in the aggregate during a quarter for which the Flow-Regulated Limit applies are equal to or less than two and one-half percent of our total NAV as of the end of the immediately preceding quarter, then the first-come, first-served Quarterly Limit discussed above will come back into effect for the next succeeding quarter, with the Quarterly Limit consisting of five percent plus any remaining amount of the Carryover Limit from the last quarter before the Flow-Regulated Limit went into effect (subject to the Absolute Quarterly Limit).

Board Discretion. Our board of directors may modify or suspend our redemption plan in its sole discretion if it believes that such action is in the best interest of our stockholders. Any material modifications, including any reduction of redemptions below the Quarterly Limit or suspension of our redemption plan by our board of directors will be disclosed to stockholders as promptly as practicable in reports we file with the SEC and via our website. As an automatic consequence of a suspension or material modification of our redemption plan by our board of directors, any Carryover Limit will lapse and no longer be available for use in subsequent quarters. In the event of a suspension or material modification of our redemption plan, our board of directors may also modify or suspend our offering of shares for sale. Any material modification or suspension of our offering of shares will be disclosed to stockholders, in the same manner as the related suspension or material modification of our redemption plan. We expect that, as part of the same or subsequent disclosure, stockholders would be notified of the anticipated timing and manner for the resumption of both redemptions and sales of shares.

REIT Restrictions. To avoid certain issues related to our ability to comply with the REIT distribution requirements (see "Material U.S. Federal Income Tax Considerations — Qualification as a REIT — Annual Distribution Requirements" above), we have implemented procedures designed to track our stockholders' percentage interests in our common stock in order to identify any dividend equivalent redemptions, and will decline to effect a redemption to the extent that we believe that it would constitute a dividend equivalent redemption. See "Material U.S. Federal Income Tax Considerations — Taxation of U.S. Stockholders — Redemptions of Common Stock." Redemptions also are subject to the ownership limitations described in "Description of Capital Stock — Restriction on Ownership of Shares of Capital Stock." In such cases, we will contact you or your financial advisor for additional instructions.

Disclosure. We will provide regular disclosure to our stockholders on available capacity under the redemption plan. Any suspension or material modification of the redemption plan will be disclosed promptly in a prospectus supplement, in a current or periodic report filed with the SEC, and on our website. We will disclose as promptly as practicable in reports filed with the SEC any change in our investment guidelines regarding allocation to sources of liquidity and other material information regarding the liquidity sleeve. We will also disclose additional information to the extent material to our stockholders' understanding of the operation of the redemption plan under the circumstances.

With respect to quarters in which a Flow-Regulated Limit is not in effect, we will disclose on our website at the beginning of the quarter (i) our total NAV as of the end of the prior quarter and (ii) the applicable Quarterly Limit for the current quarter. The applicable Quarterly Limit will range from a minimum of five percent to a maximum of ten percent, depending on the available Carryover Limit, if any. We will provide updated disclosure regarding the remaining available capacity percentage under the redemption plan in each monthly prospectus supplement in which we disclose our NAV per share for each class for each business day during that month, as well as on our website.

If net redemptions during the quarter reach the Quarterly Limit, we will disclose as promptly as practicable in reports we file with the SEC and on our website that no additional redemption requests will be accepted for the remainder of the quarter.

With respect to quarters in which a Flow-Regulated Limit is in effect, we will disclose on our website that during the current quarter each stockholder cannot redeem more than five percent of the shares the stockholder held as of the end of the prior quarter, plus any shares the stockholder purchases during the current quarter.

If our board of directors suspends the redemption plan, or modifies the redemption plan in a material respect, including any suspension or modification that results from insufficient access to liquidity to redeem shares in accordance with the redemption plan, we will disclose as promptly as practicable the effective date of the suspension or the specifics of the modification, as applicable, in a prospectus supplement, in reports we file with the SEC, and on our website. We will also disclose at the same time any related suspension or modification of our offering of shares. In the event of suspension, as part of the same disclosure or through subsequent disclosures in reports we file with the SEC and on our website, stockholders will be informed of the timing and manner for the resumption of redemptions and, if applicable, sales of our shares.

Redemptions by Certain Stockholders

On December 6, 2011, Cole Holdings, which was an affiliate of our sponsor, deposited $10.0 million for the purchase of 666,666.667 shares of common stock in the offering into escrow. As a result, we satisfied the conditions of the escrow agreement and on December 7, 2011, we broke escrow and accepted the investor's subscription for share of our common stock in this offering, resulting in gross proceeds of $10.0 million. In connection with Cole's acquisition of Cole Holdings, the 666,666.667 shares of our common stock held by Cole Holdings were transferred as follows: 627,978.745 shares to CHC; and 38,687.922 shares to a trust of which Marc T. Nemer is the trustee. Mr. Nemer is one of our former directors, and is the former chief executive officer of our advisor. Redemption requests made for these shares will only be accepted (1) on the last business day of a calendar quarter, (2) after all redemption requests from all other stockholders for such quarter have been accepted and (3) to the extent that such redemptions do not cause net redemptions to exceed 5% of our total NAV as of the end of the immediately preceding quarter.

Redemption requests made for these shares will otherwise be subject to the same limitations as other stockholder redemption requests as described under this section.

Redemption Process

Redemption requests must be made through your financial advisor or by contacting us. Certain redemption requests must include a signature guarantee. This is required to protect you and us from fraud. Your request must be made in writing and include a signature guarantee if any of the following situations apply:

- You wish to have more than $100,000 worth of shares redeemed;
- The address on your account (record address) or banking information has changed within the last 30 days, depending on your account;
- You are requesting that a check be mailed to a different address than the record address; or
- You are requesting that redemption proceeds be paid to someone other than the account owner.

You should be able to obtain a signature guarantee from a bank, broker, dealer, credit union (if authorized under state law), securities exchange or association, clearing agency, or savings association. A notary public cannot provide a signature guarantee.

In addition, please note the following rules with respect to redemption requests:

- Redemption proceeds relating to recently purchased shares will not be paid until the purchase payment has cleared, usually ten days;

- Under applicable anti-money laundering regulations and other federal regulations, redemption requests may be suspended, restricted, or canceled and the proceeds may be withheld;
- We reserve the right to reject any redemption request where, in the sole judgment of our advisor, the redemption request is inconsistent with our Excessive Trading Policy. (See "— Excessive Trading Policies" below);
- We may require additional documentation for redemptions by a corporation, partnership, trust, agent or fiduciary;
- The minimum redemption amount is $500.00. In addition, if a stockholder owns fewer shares of common stock than the minimum set by our advisor ($2,500 in W Shares or A Shares and $2.0 million in I Shares, as of the date of this prospectus), we may redeem those shares without the stockholder's permission after providing at least 90 days' notice to attain the minimum; and
- Redemptions that are part of any systematic withdrawal program are subject to all rules and limitations applicable to redemptions generally.

Our sponsor, advisor, sub-advisor, directors and affiliates are prohibited from receiving a fee on the redemption of shares by us.

As of June 30, 2015, cumulative since inception, we had received redemption requests for and redeemed approximately 1.4 million W Shares and 35,200 A Shares of our common stock for $23.5 million and $624,000, respectively. No requests for I Share redemptions were received during the six months ended June 30, 2015.

Short-Term Trading Fees

There is no minimum holding period for shares of our common stock and stockholders can redeem their shares at any time. However, our common stock is intended to be a long-term investment. The vast majority of our assets will consist of commercial real estate properties that cannot generally be readily liquidated without impacting our ability to realize full value upon their disposition. Moreover, there are incremental costs in holding cash, cash equivalents and other short-term investments, in keeping borrowing capacity available, in drawing funds under a line of credit, and in selling portfolio assets we would not otherwise have sold. In addition, executing portfolio transactions to fund redemptions may increase taxable distributions to the detriment of stockholders in taxable accounts. To offset these costs, to protect the interests of long-term stockholders and to reduce the possible impact on our performance of short-term trading in our common stock, stockholders who redeem their shares of our common stock within the first 365 days from the date of purchase will be subject to a short-term trading fee of 2% of the aggregate NAV of the applicable class of shares of common stock redeemed. The short-term trading fee will be paid to us, not a service provider, as a reduction in the purchase price for the shares being redeemed and will inure indirectly to the benefit of our remaining stockholders. For purposes of determining whether the short-term trading fee applies, the shares that were held the longest will be redeemed first.

The short-term trading fee will not apply in certain circumstances, provided that we receive advance notice of such circumstances, such as redemptions in the event of a stockholder's death, redemptions made as part of a systematic withdrawal plan, redemptions in connection with periodic portfolio rebalancings and redemptions of shares acquired through our distribution reinvestment plan. We reserve the right for our advisor to make special exceptions for other accounts, under limited circumstances.

Some financial intermediaries, plan sponsors or recordkeepers that hold omnibus accounts with us may be currently unable to track the trading activities of individual investors or plan participants or may be unwilling to assess short-term trading fees. In these cases we may be unable to impose short-term trading fees at the individual participant level on a look-through basis. Some of these firms may use different systems or criteria to assess, on their own behalf, fees that they may impose that may be different from, lower or higher than, or in some cases in addition to, the short-term trading fee we impose.

Excessive Trading Policies

We may use a variety of reporting tools to monitor activity in our stockholders' accounts based on parameters designed to detect excessive trading, such as multiple "round trip" transactions above a specified dollar amount over a specified period of time. These parameters may change from time to time and involve a significant amount of discretion on the part of our advisor and our dealer manager. We may reject for any reason, or cancel as permitted or required by law, any purchase or redemption orders for shares of our common stock which our advisor, in its discretion, deems may not be in the best interests of our stockholders. For example, we may reject any purchase or redemption orders from market timers or investors that, in our advisor's opinion, may be disruptive to our operations.

Frequent or short-term purchases and sales of our shares can harm stockholders in various ways, including reducing the returns to long-term stockholders by increasing our costs, disrupting portfolio management strategies, and potentially diluting NAV per share of each class. Accordingly, our board of directors has adopted a policy designed to discourage excessive or short-term trading of our shares. There is the risk, however, that our policy may prove ineffective, in whole or in part, to detect or prevent all frequent or short-term trading. Our board may alter this policy at any time without prior notice to stockholders. Our board may also suspend our policy during periods of severe market turbulence or national emergency. In addition, you should ask your financial advisor or plan administrator whether they may impose, on their own behalf, different or additional limits on frequent trading.

In general, stockholders that allow a period of 365 days to pass after each investment before they redeem their shares are unlikely to violate our excessive trading policy. Nevertheless, since it is difficult to identify in advance all circumstance that might result in a pattern of disruptive trading, or even a single disruptive trade, we reserve the right to reject any purchase or redemption transaction at any time. In addition, in the event that we identify trading that we believe is inconsistent with our excessive trading policy, we reserve the right to impose, at any time, restrictions, conditions or even prohibitions on future purchases or redemptions of our common stock.

We recognize that we will distribute our shares of common stock principally through registered investment advisors and broker-dealers that are managing wrap or fee-based accounts. As a result, among the factors that our advisor will consider in enforcing our excessive trading policy will be whether the trading is directed by a financial advisor utilizing a reasonable financial model, such as an asset allocation model. We reserve the right to request, from the financial advisor or any financial intermediary, such information as our advisor may deem appropriate in order to determine whether trading is or is not excessive or otherwise potentially harmful based on various factors.

We may also receive purchase and redemption orders from financial intermediaries that hold omnibus accounts with us, in which shares are held in the name of an intermediary on behalf of multiple beneficial owners. We generally may not be able to identify trading by a particular beneficial owner within an omnibus account, which may make it difficult or impossible to determine if that owner is engaging in excessive trading. Our ability to detect and deter excessive traders in omnibus accounts ultimately depends on the capabilities and cooperation of third-party financial firms.

For all of these reasons, there is no assurance that our monitoring tools and policies will be effective, in detecting or deterring excessive or potentially harmful trading.

Restrictions Imposed by the USA PATRIOT Act and Related Acts

In accordance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, the shares offered hereby may not be offered, sold, transferred or delivered, directly or indirectly, to any "prohibited person," which generally means anyone who is:

- a "designated national," "specially designated national," "specially designated terrorist," "specially designated global terrorist," "foreign terrorist organization," or "blocked person" within the definitions set forth in the Foreign Assets Control Regulations of the U.S. Treasury Department;
- acting on behalf of, or an entity owned or controlled by, any government against whom the U.S. maintains economic sanctions or embargoes under the Regulations of the U.S. Treasury Department;
- within the scope of Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism, effective September 24, 2001;
- subject to additional restrictions imposed by any statutes or regulations and executive orders issued thereunder, as each such statute or regulation has been or may be amended from time to time; or
- designated or blocked, associated or involved in terrorism, or subject to restrictions under laws, regulations, or executive orders as may apply in the future similar to those set forth above.

If we subsequently determine that a stockholder is a "prohibited person," we may take such action as may be necessary or appropriate under the law, including freezing the stockholder's distributions and shares.

Supplemental Sales Material

In addition to this prospectus, we may utilize certain sales material in connection with the offering of the shares, although only when accompanied by or preceded by the delivery of this prospectus. The sales materials may include information relating to this offering, the past performance of our advisor, and its affiliates, commercial real estate indices, such as the NPI, the performance of this offering, and as it compares to a benchmark, the performance of an investment in commercial real estate as compared to other asset classes and industry trends. The sales material may be in the form of property brochures and articles and publications concerning real estate. In certain jurisdictions, some or all of our sales material may not be permitted and will not be used in those jurisdictions.

The offering of shares is made only by means of this prospectus. Although the information contained in our supplemental sales material will not conflict with any of the information contained in this prospectus, the supplemental materials do not purport to be complete, and should not be considered a part of this prospectus or the registration statement of which this prospectus is a part.

Reports to Stockholders

We will provide periodic reports to stockholders regarding our operations over the course of the year, including quarterly financial reports. Financial information contained in all reports to stockholders will be prepared on the accrual basis of accounting in accordance with GAAP. Form 1099-DIV and/or Form 1099-B, if required, will be mailed to the stockholders by January 31 or February 15, respectively, of each year.

Our charter requires that we prepare an annual report and deliver it to our stockholders within 120 days after the end of each fiscal year. Among the matters that must be included in the annual report are:

- financial statements that are prepared in accordance with GAAP and are audited by our independent registered public accounting firm;
- the ratio of the costs of raising capital during the year to the capital raised;
- the aggregate amount of advisory fees and the aggregate amount of any other fees paid to our advisor and any affiliate of our advisor by us or third parties doing business with us during the year;
- our total operating expenses for the year, stated as a percentage of our average invested assets and as a percentage of our net income;
- a report from the independent directors that our policies are in the best interests of our stockholders and the basis for such determination; and
- a separate report containing full disclosure of all material terms, factors and circumstances surrounding any and all transactions involving us and either of our advisor or its sub-advisor, a director or any affiliate thereof during the year, which report the independent directors are specifically charged with a duty to examine and to comment on regarding the fairness of the transactions.

Subject to availability, you may authorize us to provide prospectuses, prospectus supplements, annual reports and other information, which we collectively refer to as stockholder information, electronically by sending us instructions in writing in a form acceptable to us. Unless you elect in writing to receive stockholder information electronically, all documents will be provided in paper form by mail. You must have internet access to use electronic delivery. While we impose no additional charge for this service, there may be potential costs associated with electronic delivery, such as on-line charges. All stockholder information will be available on our website. You may access and print all stockholder information provided through this service. As stockholder information becomes available, we will notify you of this by sending you an e-mail message that will include instructions on how to retrieve the stockholder information. If our e-mail notification is returned to us as "undeliverable," we will contact you to obtain your updated e-mail address. If we are unable to obtain a valid e-mail address for you, we will resume sending a paper copy by regular U.S. mail to your address of record. You may revoke your consent for electronic delivery at any time and we will resume sending you a paper copy of all stockholder information. However, in order for us to be properly notified, your revocation must be given to us a reasonable time before electronic delivery has commenced. We will provide you with paper copies at any time upon request. Such request will not constitute revocation of your consent to receive stockholder information electronically.

Investors have the right under applicable federal and Maryland laws to obtain information about us and, at their expense, may obtain a list of names and addresses of all of the stockholders under certain conditions. See "Description of Capital Stock" and "Description of Capital Stock — Meetings, Special Voting Requirements and Access to Records." In the event that the SEC promulgates rules or in the event that the applicable NASAA REIT Guidelines are amended so that, taking these changes into account, our reporting requirements are reduced, we may cease preparing and filing some of the aforementioned reports if our board of directors determines this action to be in our best interest and if this cessation is in compliance with the rules and regulations of the SEC and state securities laws and regulations, both as then amended.

Legal Matters

The validity of the shares of our common stock being offered hereby have been passed upon for us by Venable LLP. Goodwin Procter LLP has passed upon legal matters in connection with our qualification as a real estate investment trust.

Experts

The consolidated financial statements, and the related financial statement schedule, incorporated in this Prospectus by reference from Cole Real Estate Income Strategy (Daily NAV), Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

CBRE, Inc., formerly known as CB Richard Ellis, Inc. (CBRE), an independent valuation services firm, periodically provides individual appraisal reports in respect of each of our commercial real estate, related liabilities and notes receivable assets secured by real estate in accordance with valuation guidelines approved by our board of directors for our commercial real estate portfolio. As further described under "Valuation Policies," our independent fund accountant uses the estimated market values provided as well as inputs from other sources in its calculation of our daily net asset value per share. CBRE will not be responsible for or prepare our daily NAV per share.

Where You Can Find More Information

We have filed a registration statement on Form S-11 with the SEC with respect to the shares of our common stock to be issued in this offering. This prospectus is a part of that registration statement and, as permitted by SEC rules, does not include all of the information you can find in the registration statement or the exhibits to the registration statement. For additional information relating to us, we refer you to the registration statement and the exhibits to the registration statement. Statements contained in this prospectus as to the contents of any contract or document are necessarily summaries of such contract or document and in each instance, if we have filed the contract or document as an exhibit to the registration statement, we refer you to the copy of the contract or document filed as an exhibit to the registration statement.

After commencement of this offering, we will file annual, quarterly and special reports, proxy statements and other information with the SEC. The registration statement is, and any of these future filings with the SEC will be, available to the public over the internet at the SEC's website at *www.sec.gov* . You may read and copy any filed document at the SEC's public reference room in Washington, D.C. at 100 F. Street, N.E., Room 1580, Washington, D.C. Please call the SEC at (800) SEC-0330 for further information about the public reference room.

We also maintain a web site at *www.colecapital.com* where there is additional information about our business, but the contents of the website are not incorporated by reference in or otherwise a part of this prospectus.

Incorporation of Certain Information by Reference

We have elected to "incorporate by reference" certain information into this prospectus. By incorporating by reference, we are disclosing important information to you by referring you to documents we have filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for information incorporated by reference that is superseded by information contained in this prospectus. You can access documents that are incorporated by reference into this prospectus through the SEC's electronic data gathering, analysis and retrieval system.

The following documents filed with the SEC are incorporated by reference in this prospectus (Commission File No. 333-186656), except for any document or portion thereof deemed to be "furnished" and not filed in accordance with SEC rules:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on March 30, 2015;
- Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, filed with the SEC on May 14, 2015;
- Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015, filed with the SEC on August 13, 2015;
- Definitive Proxy Statement filed with SEC on April 14, 2015 (solely to the extent specifically incorporated by reference into the Annual Report on Form 10-K for the fiscal year ended December 31, 2014);
- Current Report on Form 8-K filed with the SEC on March 30, 2015;
- Current Report on Form 8-K filed with the SEC on June 5, 2015;
- Current Report on Form 8-K filed with the SEC on June 12, 2015;
- Current Report on Form 8-K filed with the SEC on July 1, 2015; and
- Current Report on Form 8-K filed with the SEC on September 9, 2015.

We will provide to each person, including any beneficial owner, to whom this prospectus is delivered, upon request, a copy of any or all of the information that we have incorporated by reference into this prospectus but not delivered with this prospectus. To receive a free copy of any of the documents incorporated by reference in this prospectus, other than exhibits, unless they are specifically incorporated by reference in those documents, call or write our dealer manager, Cole Capital Corporation, at:

Cole Capital Corporation
2325 East Camelback Road, Suite 1100
Phoenix, Arizona 85016
(866) 907-2653
Attn: Investor Services
www.colecapital.com

The information relating to us contained in this prospectus does not purport to be comprehensive and should be read together with the information contained in the documents incorporated or deemed to be incorporated by reference in this prospectus.

APPENDIX A

PRIOR PERFORMANCE TABLES

The prior performance tables that follow present certain information regarding certain public real estate programs previously sponsored by entities affiliated with our sponsor, Cole Capital, including this program. The Company has presented all prior programs subject to public reporting requirements ("Prior Public Real Estate Programs") that have similar investment objectives to this offering. In determining which Prior Public Real Estate Programs have similar investment objectives to this offering, the Company considered factors such as the type of real estate acquired by the program, the extent to which the program was designed to provide current income through the payment of cash distributions or to protect and preserve capital contributions, and the extent to which the program seeks to increase the value of the investments made in the program. The information in this section should be read together with the summary information in this prospectus under "Prior Performance Summary."

These tables contain information that may aid a potential investor in evaluating the program presented. However, the purchase of our shares will not create any ownership interest in the programs included in these tables.

The following tables are included in this section:

- Table I — Experience in Raising and Investing Funds;
- Table III — Annual Operating Results of Prior Real Estate Programs;
- Table IV — Results of Completed Programs; and
- Table V — Sales or Disposals of Properties.

The information previously included in Table II (Compensation to Sponsor) related to the compensation paid to sponsor has been included in Table IV. A separate Table II has not been provided.

TABLE I

EXPERIENCE IN RAISING AND INVESTING FUNDS (UNAUDITED)

This table provides a summary of the experience of the sponsors of the three most recent Prior Public Real Estate Programs for which offerings have been closed since January 1, 2012. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth below is information pertaining to the timing and length of these offerings and the time period over which the proceeds have been invested in the properties.

	Cole Real Estate Investments, Inc. (1)	Cole Corporate Income Trust, Inc. (2)	Cole Credit Property Trust IV, Inc. (3)
Dollar amount offered	$5,940,000,000	$3,070,000,000	$3,222,250,000
Dollar amount raised	$5,043,960,197	$1,974,554,386	$3,047,890,314
Length of offering (in months)	57 months	39 months	Ongoing
Months to invest 90% of amount available for investment	23	35	35

(1) These figures are presented as of June 20, 2013, which was the date of Cole Real Estate Investments, Inc.'s (formerly known as Cole Credit Property Trust III, Inc.) listing on the New York Stock Exchange (the "Listing"), and include Cole Real Estate Investments, Inc.'s initial public, follow-on public and distribution reinvestment plan offerings. Cole Real Estate Investments, Inc. began its initial public offering on October 1, 2008 and closed its initial public offering on October 1, 2010. The total dollar amount registered in the initial public offering was $2.49 billion. The total dollar amount raised in the initial public offering was $2.2 billion. Cole Real Estate Investments, Inc. began its follow-on public offering after the termination of its initial public offering on October 1, 2010 and closed its follow-on public offering on April 27, 2012. The total dollar amount registered in the follow-on public offering was $2.7 billion. The total dollar amount raised in the follow-on public offering was $2.6 billion. It took Cole Real Estate Investments, Inc. 23 months to invest 90% of the amount available for investment from its initial and follow-on public offerings. Cole Real Estate Investments, Inc. registered additional shares of common stock under a distribution reinvestment plan offering, which was filed with the SEC on March 14, 2012 and automatically became effective with the SEC upon filing. The total dollar amount registered and available to be offered in the distribution reinvestment plan offering was $712.5 million. On June 17, 2013, the board of directors of Cole Real Estate Investments, Inc. voted to terminate the distribution reinvestment plan effective as of June 20, 2013. Prior to the termination date, the total dollar amount raised in the distribution reinvestment plan offering was $192.4 million.

(2) These figures are presented as of December 31, 2014. Cole Corporate Income Trust, Inc. began its initial public offering on February 10, 2011 and closed its initial public offering on November 21, 2013. The total dollar amount registered and available to be offered in the initial public offering was $2.975 billion. The total dollar amount raised in the initial public offering was $1.9 billion. It took Cole Corporate Income Trust, Inc. 35 months to invest 90% of the amount available for investment from its initial offering. Cole Corporate Income Trust, Inc. registered additional shares of common stock under a distribution reinvestment plan offering, which was filed with the SEC on September 26, 2013 and automatically became effective with the SEC upon filing. The total dollar amount registered and available to be offered in the distribution reinvestment plan offering was $95.0 million. On August 20, 2014, the board of directors of Cole Corporate Income Trust, Inc. voted to terminate the distribution reinvestment plan effective as of September 30, 2014. Prior to the termination date, the total dollar amount raised in the distribution reinvestment plan offering was $57.1 million.

(3) These figures are presented as of December 31, 2014. Cole Credit Property Trust IV, Inc. began its initial public offering on January 26, 2012 and closed its initial public offering on April 4, 2014. The total dollar amount registered and available to be offered in the initial public offering was $2.975 billion. The total dollar amount raised in the initial public offering was $3.0 billion. It took Cole Credit Property Trust IV, Inc. 35 months to invest 90% of the amount available for investment from its initial offering. Cole Credit Property Trust IV, Inc. registered additional shares of common stock under a distribution reinvestment plan offering, which was filed with the SEC on December 19, 2013 and automatically became effective with the SEC upon filing. Cole Credit Property Trust IV, Inc. will continue to issue shares of common stock under the distribution reinvestment plan offering. The total initial dollar amount registered and available to be offered in the distribution reinvestment plan offering is $247.0 million. The total dollar amount raised in the distribution reinvestment plan offering was $74.4 million as of December 31, 2014.

Past performance is not necessarily indicative of future results.

TABLE III

ANNUAL OPERATING RESULTS OF PRIOR REAL ESTATE PROGRAMS (UNAUDITED)

The following sets forth the operating results of Prior Public Real Estate Programs sponsored by the sponsor of our program, the offerings of which have been closed since January 1, 2010. The information relates only to public programs with investment objectives similar to this program. All figures are as of December 31 of the year indicated, unless otherwise noted.

	Cole Corporate Income Trust, Inc. (in thousands, except information on total distributions paid and per share amounts)				
	For the Period from April 6, 2010 (Date of Inception) to December 31, 2010	2011	2012	2013	2014
Balance Sheet Data					
Total assets	$200	$ 37,473	$ 311,292	$ 2,445,677	$2,678,041
Total liabilities	$—	$ 26,494	$ 171,908	$ 823,820	$1,103,921
Stockholders' equity	$200	$ 10,847	$ 137,279	$ 1,588,585	$1,570,721
Operating Data					
Total revenues	$—	$ 1,843	$ 7,472	$ 87,059	$ 228,096
Total expenses	$—	$ 2,202	$ 11,430	$ 115,475	$ 161,087
Operating loss	$—	$ (359)	$ (3,958)	$ (28,416)	$ 67,009
Interest expense	$—	$ (791)	$ (1,394)	$ (13,028)	$ (28,476)
Net (loss) income attributable to non-controlling interest	$—	$ (1,143)	$ (5,301)	$ (40,887)	$ 38,421
Cash Flow Data					
Cash flows provided by (used in) operating activities	$—	$ 433	$ (2,171)	$ 1,072	$ 105,171
Cash flows used in investing activities	$—	$(33,230)	$(259,738)	$(2,047,275)	$ (319,292)
Cash flows provided by financing activities	$200	$ 34,478	$ 272,216	$ 2,098,088	$ 180,799
Distribution Data					
Total distributions	$—	$ 214	$ 3,942	$ 49,840	$ 127,400
Distribution Data Per $1,000 Invested					
Total distributions paid	$—	$ 33.12	$ 65.00	$ 65.00	$ 65.00
Sources of distributions paid:					
Net cash provided by operating activities (1)	$—	$ 33.12	$ 3.59	$ 1.40	$ 53.66
Proceeds from the issuance of common stock (2)	$—	$ —	$ 61.41	$ 63.60	$ 3.86
Net borrowings	$—	$ —	$ —	$ —	$ 7.48
Estimated value per share (3)	N/A	N/A	N/A	N/A	N/A

Past performance is not necessarily indicative of future results.

TABLE III

ANNUAL OPERATING RESULTS OF PRIOR REAL ESTATE PROGRAMS (UNAUDITED) — (Continued)

	Cole Credit Property Trust II, Inc. (in thousands, except information on total distributions paid and per share amounts)			
	2010	2011	2012	Period from January 1, 2013 to June 30, 2013 (4)
Balance Sheet Data				
Total assets	$3,485,335	$3,430,322	$3,289,536	$3,212,727
Total liabilities	$1,912,723	$1,944,127	$1,922,109	$1,901,642
Stockholders' equity	$1,560,375	$1,471,713	$1,367,306	$1,311,085
Operating Data				
Total revenue	$ 269,150	$ 279,345	$ 282,852	$ 142,886
Total expenses	$ 133,392	$ 135,919	$ 149,939	$ 40,188
Operating income	$ 132,317	$ 140,405	$ 132,680	$ 58,781
Interest expense	$ 102,977	$ 108,186	$ 107,963	$ (52,133)
Net income	$ 30,430	$ 53,809	$ 25,397	$ 6,971
Cash Flow Data				
Cash flows provided by operating activities	$ 105,627	$ 114,449	$ 118,371	$ 49,170
Cash flows provided by (used in) investing activities	$ (110,207)	$ (18,328)	$ 11,205	$ 14,476
Cash flows provided by (used in) financing activities	$ 21,954	$ (88,707)	$ (161,397)	$ (68,843)
Distribution Data				
Total distributions	$ 129,251	$ 131,003	$ 131,378	$ 65,027
Distribution Data Per $1,000 Invested				
Total distributions paid	$ 62.50	$ 62.50	$ 62.50	$ 31.25
Sources of distributions paid:				
Net cash provided by operating activities (1)	$ 51.08	$ 54.60	$ 56.31	$ 23.63
Proceeds from the issuance of common stock (2)	$ 1.66	$ 1.44	$ 0.11	$ —
Net sale proceeds (5)	$ —	$ 5.34	$ 4.36	$ 1.95
Principal repayments (6)	$ —	$ —	$ 1.72	$ 5.67
Return of capital from unconsolidated joint ventures	$ 0.76	$ 1.12	$ —	$ —
Net borrowings	$ 9.00	$ —	$ —	$ —
Estimated value per share (3)	$ 8.05	$ 9.35	$ 9.35	$ 9.45(7)

Past performance is not necessarily indicative of future results.

TABLE III

ANNUAL OPERATING RESULTS OF PRIOR REAL ESTATE PROGRAMS (UNAUDITED) — (Continued)

	Cole Real Estate Investments, Inc. (in thousands, except information on total distributions paid and per share amounts)			
	2010	2011	2012	Period from January 1, 2013 to June 30, 2013 [8]
Balance Sheet Data				
Total assets	$ 3,243,658	$ 5,697,568	$ 7,453,725	$7,913,173
Total liabilities	$ 1,180,608	$ 2,579,204	$ 3,536,315	$3,967,089
Stockholders' equity	$ 1,996,781	$ 2,982,988	$ 3,679,025	$3,929,366
Operating Data				
Total revenue	$ 118,238	$ 323,980	$ 542,942	$ 410,517
Total expenses	$ 105,762	$ 215,113	$ 334,058	$ 274,671
Operating (loss) income	$ 12,476	$ 108,867	$ 208,884	$ 135,846
Interest expense	$ 22,969	$ 78,968	$ 140,113	$ (88,007)
(Loss) income from continuing operations	$ (9,422)	$ 31,718	$ 87,855	$ 49,504
Net (loss) income attributable to the company	$ (6,293)	$ 45,296	$ 203,338	$ 69,134
Cash Flow Data				
Net cash provided by operating activities	$ 35,792	$ 145,681	$ 242,464	$ 146,762
Net cash used in investing activities	$(2,340,776)	$(2,350,677)	$(1,708,688)	$ (220,304)
Net cash provided by financing activities	$ 2,136,209	$ 2,311,407	$ 1,442,375	$ 48,512
Distribution Data				
Total distributions	$ 112,612	$ 194,877	$ 295,653	$ 160,685
Distribution Data Per $1,000 Invested				
Total distributions paid	$ 69.38	$ 65.00	$ 65.00	$ 68.71
Sources of distributions paid:				
Net cash provided by operating activities [1]	$ 22.05	$ 48.59	$ 53.31	$ 62.76
Proceeds from the issuance of common stock [2]	$ 36.16	$ 16.03	$ 10.57	$ —
Distributions received in excess of income from unconsolidated joint ventures	$ —	$ 0.38	$ 1.12	$ 1.03
Net borrowings	$ 11.17	$ —	$ —	$ 4.92
Estimated value per share [3]	N/A	N/A	N/A	$ 11.05[9]

Past performance is not necessarily indicative of future results.

TABLE III

ANNUAL OPERATING RESULTS OF PRIOR REAL ESTATE PROGRAMS (UNAUDITED) — (Continued)

	Cole Credit Property Trust IV, Inc. (in thousands, except information on total distributions paid and per share amounts)				
	July 27 (Date of Inception) to December 31, 2010	2011	2012	2013	2014
Balance Sheet Data					
Total assets	$200	$200	$ 542,201	$ 2,551,649	$ 4,039,147
Total liabilities	$—	$—	$ 294,721	$ 783,193	$ 1,590,769
Stockholders' equity	$200	$200	$ 245,516	$ 1,741,972	$ 2,326,406
Operating Data					
Total revenue	$—	$—	$ 7,837	$ 102,557	$ 256,282
Total expenses	$—	$—	$ 19,853	$ 113,253	$ 210,852
Operating (loss) income	$—	$—	$ (12,016)	$ (10,696)	$ 45,430
Interest expense	$—	$—	$ (1,728)	$ (22,184)	$ (34,260)
Net (loss) income	$—	$—	$ (13,744)	$ (32,880)	$ 11,170
Cash Flow Data					
Cash flows (used in) provided by operating activities	$—	$—	$ (8,716)	$ 7,570	$ 89,086
Cash flows used in investing activities	$—	$—	$(511,223)	$(1,702,957)	$(1,740,355)
Cash flows provided by financing activities	$200	$—	$ 533,635	$ 1,982,066	$ 1,405,982
Distribution Data					
Total distributions	$—	$—	$ 3,925	$ 47,470	$ 177,017
Distribution Data Per $1,000 Invested					
Total distributions paid	$—	$—	$ 62.50	$ 62.50	$ 62.50
Sources of distributions paid:					
Net cash provided by operating activities [(1)]	$—	$—	$ —	$ 9.97	$ 31.45
Proceeds from the issuance of common stock [(2)]	$—	$—	$ 62.50	$ 52.53	$ 31.05
Net borrowings	$—	$—	$ —	$ —	$ —
Estimated value per share [(3)]	N/A	N/A	N/A	N/A	N/A

(1) Includes cash flows in excess of distributions from prior periods.

(2) Net cash provided by operating activities reflects a reduction for real estate acquisition related expenses. Real estate acquisition related expenses are treated as funded by proceeds from the offering, including proceeds from the distribution reinvestment plan. Therefore, for consistency, proceeds from the issuance of common stock used as a source of distributions includes the amount by which real estate acquisition related expenses reduced net cash provided by operating activities.

(3) N/A indicates there is no public trading market for the shares during the period indicated or estimated value per share as determined by the respective company's board of directors. With respect to Cole Credit Property Trust IV, Inc., on September 27, 2015, the company's board of directors determined a per share estimated value of the company's common stock of $9.70.

(4) The Spirit Merger was completed on July 17, 2013. Financial data is presented for Cole Credit Property Trust II, Inc. from January 1, 2013 to June 30, 2013, the most recent reporting date prior to the completion of the Spirit Merger.

Past performance is not necessarily indicative of future results.

(5) Net sale proceeds include proceeds in excess of Cole Credit Property Trust II, Inc.'s investment in marketable securities, proceeds from the sale of an unconsolidated joint venture, and proceeds from the sale of real estate and condemnations.
(6) Principal repayments include repayments from mortgage notes receivable and real estate under direct financing leases.
(7) Estimated share value of $9.45 was approved by Cole Credit Property Trust II, Inc.'s board of directors on January 23, 2013, and represents the then-most recent estimated share value as of June 30, 2013.
(8) On April 5, 2013, Cole Credit Property Trust III, Inc. completed a transaction whereby Cole Holdings merged with and into CREInvestments, LLC, a wholly owned subsidiary of Cole Credit Property Trust III, Inc. (the "Cole Holdings Merger"). Cole Credit Property Trust III, Inc. changed its name to Cole Real Estate Investments, Inc. and its shares of common stock were listed on the New York Stock Exchange on June 20, 2013. Financial data for 2013 is presented for Cole Real Estate Investments, Inc. as of June 30, 2013.
(9) During the period indicated, Cole Real Estate Investments, Inc. was traded on the New York Stock Exchange from June 20, 2013 - June 30, 2013, which represented seven business days of trading activity. The estimated value per share was calculated as the average of the daily closing price per share for those seven trading days. No estimated value per share had been disclosed to stockholders of Cole Real Estate Investments, Inc. prior to the listing of the company's shares of common stock on the New York Exchange.

TABLE IV

RESULTS OF COMPLETED PROGRAMS (UNAUDITED)

This table provides summary information on the results of completed programs since January 1, 2005 by Prior Public Real Estate Programs sponsored by the sponsor of our program, which have similar objectives to those of this program.

	Cole Credit Property Trust II, Inc.	Cole Real Estate Investments, Inc.	Cole Credit Property Trust, Inc.
Date closed	July 17, 2013	June 20, 2013	May 16, 2014
Duration in months	97 months	57 months	119 months
Aggregate dollar amount raised	$2,266,234,296	$5,043,960,197	$ 100,982,510
Annualized return on investment [(1)]	3.4%	7.2%	2.8%
Total annualized return [(2)]	5.6%	9.9%	2.7%
Median annual leverage	51.5%	37.2%	62.7%
Compensation Data:			
Amount paid to sponsor: [(3)]			
Selling commissions and dealer manager fees reallowed	$ 25,741,562	$ 67,053,734	$ 1,920,310
Acquisition and advisory fees and expenses	70,450,127	157,619,281	4,498,734
Asset management fees and expenses	48,500,845	70,618,980	1,985,733
Property management and leasing fees and expenses	31,730,864	27,305,313	3,965,444
Operating expenses	13,455,324	22,139,113	—
Other [(4)]	41,407,253	99,745,877	—
Total	$ 231,285,975	$ 444,482,298	$ 12,370,221

(1) Calculated as (i) the difference between the aggregate amounts distributed to investors and invested by investors, divided by (ii) the aggregate amount invested by investors multiplied by the number of years from the registrant's initial receipt of offering proceeds from a third party investor to the liquidity event.

(2) The total annualized return calculation assumes the investment was made as of the program's break of escrow at the gross offering price of $10 per share, was held through the date of the liquidity event and that distributions were paid monthly in cash.

(3) The Cole Holdings Merger was completed on April 5, 2013, Cole Credit Property Trust II, Inc. merged with Spirit Realty Capital, Inc. (the Spirit Merger), on July 17, 2013 and Cole Credit Property Trust I merged with VEREIT (the Cole Credit Property Trust I Merger) on May 19, 2014. No consideration was paid to the sponsor in connection with the Spirit Merger or the Cole Credit Property Trust I Merger. The consideration paid to the sponsor in connection with the Cole Holdings Merger is not included in this table. Investors should see the "Prior Performance Summary — Liquidity Track Record — Prior Public Programs" section of the prospectus for a description of the compensation that was and may be paid to the sponsor in connection with the Cole Holdings Merger.

(4) Amounts herein include construction management fees, other offering costs, real estate commissions and finance coordination fees.

TABLE V

SALES OR DISPOSALS OF PROPERTIES (UNAUDITED)

This table provides summary information on the results of sales or disposals of properties since January 1, 2012 by Prior Public Real Estate Programs having similar investment objectives to those of this program. All amounts are through December 31, 2014.

			Selling Price, Net of Closing Costs and GAAP Adjustments					Cost of Properties, Including Closing and Soft Costs			
Property [(1)]	Date Acquired	Date of Sale	Cash Received Net of Closing Costs	Mortgage Balance at Time of Sale	Purchase Money Mortgage Taken Back by Program	Adjustments Resulting from Application of GAAP	Total [(2)]	Original Mortgage Financing	Total Acquisition Cost, Capital Improvements, Closing and Soft Costs [(3)]	Total	Deficiency of Property Operating Cash Receipts Over Cash Expenditures
Cole Credit Property Trust IV, Inc.											
Land Parcel Riverdale, UT . .	02/14	10/14	$1,758,629	$—	$—	$—	$1,758,629[(4)]	$—	$1,937,484	$—	$37,484

(1) Cole Credit Property Trust II, Inc. and Cole Credit Property Trust III, Inc. sold all of their properties during 2013 in connection with the Spirit Merger and the Listing, respectively, and were therefore included in Table IV. Cole Credit Property Trust, Inc. sold all of its properties during 2014 in connection with the Cole Credit Property Trust I Merger, and was therefore included in Table IV.

(2) Amount not reported for tax purposes on the installment basis.

(3) The amount shown does not include a pro rata share of the original offering costs. There was no carried interest received in lieu of commissions in connection with the acquisition of the property.

(4) Cole Credit Property Trust IV, Inc. recorded a taxable loss of $157,000 related to the property sale, all of which was a capital loss.

Past performance is not necessarily indicative of future results.

COLE REAL ESTATE INCOME STRATEGY (DAILY NAV), INC.

INITIAL SUBSCRIPTION AGREEMENT FOR THE PURCHASE OF COMMON STOCK

866.907.2653

A INVESTMENT (a separate Initial Subscription Agreement is required for each initial investment)

Investors should not sign this Initial Subscription Agreement for the offering unless they have received the current Prospectus.

1. **Account Type** **(Please consult your financial advisor and check one of the following options pertaining to the class of shares you intend to purchase. The Prospectus contains additional information regarding the share classes, including the different fees and commissions which are payable with respect to each class.)**
   ☐ Wrap Shares (W Shares) ☐ Advisor Shares (A Shares) ☐ Institutional Shares (I Shares)
2. This subscription is in the amount of $ __________ ☐ Check if amount is estimated
   ☐ Initial Subscription (minimum $2,500 for W Shares and A Shares and minimum $2,000,000 for I Shares)
   ☐ Additional Subscription (complete all sections except for B and D *or* complete the separate simplified Additional Subscription Agreement)
   Existing Account # __________
3. Payment will be made with: ☐ Enclosed Check (Make check payable to Cole REIT) ☐ Funds wired ☐ Funds to follow
   ☐ ACH (Copy of voided check required)

   __________ ☐ Checking ☐ Savings
   Financial Institution

   __________ __________
   Routing/Transit # Account #

B TYPE OF REGISTRATION (please complete either section 1 or 2, but not both, and section 3, if applicable)

1. Non-Qualified Registration

☐ Individual Ownership (one signature required)
☐ Joint Tenants with Right of Survivorship (all parties must sign)
☐ Community Property (all parties must sign)
☐ Tenants-in-Common (all parties must sign)
☐ Trust (trustee or grantor signatures and trust documents or Cole Trustee Certification of Investment Power required)

____
Name of Trust

____
Date of Trust Tax ID # (if applicable)

☐ Transfer on Death (fill out TOD Form to effect designation)
☐ Uniform Gifts to Minors Act or Uniform Transfer to Minors Act (UGMA/UTMA adult custodian signature required)

State of __________

Custodian for (minor's name) __________

☐ Corporate Ownership (authorized signature and Corporate Resolution or Cole Corporate Resolution Form required)
☐ S-corp ☐ C-corp (will default to S-corp if nothing is marked)
☐ Partnership Ownership (authorized signature and Partnership paperwork or Cole Corporate Resolution Form required)
☐ Limited Liability Company (authorized signature and LLC paperwork or Cole Corporate Resolution Form required)
☐ Taxable Pension or Profit Sharing Plan (authorized signature and Plan paperwork required)
☐ Other (specify)

____

2. Qualified Registration

☐ Traditional IRA
☐ Roth IRA
☐ Keogh Plan
☐ Simplified Employee Pension/Trust (S.E.P.)
☐ Pension or Profit Sharing Plan (exempt under 401(a))
☐ Non-custodial ☐ Custodial

____
Plan Name Tax ID #

☐ Other (specify)

____

3. Custodian or Clearing Firm/Platform Information, if applicable
(send all paperwork directly to the Custodian or Clearing Firm/Platform)

____
Name

____
Street/PO Box

____
City State Zip

____
Custodian Tax ID # (provided by Custodian)

____
Custodian or Clearing Firm/Platform Account #

____
Custodian Phone

C REGISTRATION INFORMATION

Investor or Trustee Name

Mailing Address

City State Zip

Phone Business Phone

SSN or Tax ID # Date of Birth

Street Address (if different from mailing address or mailing address is a PO Box)

City State Zip

Co-Investor or Co-Trustee Name (if applicable)

Mailing Address

City State Zip

Phone Business Phone

SSN or Tax ID # Date of Birth

☐ Cole Employee or Affiliate

Volume Discounts
I am (we are) making, or previously have made, investments in the following Cole Real Estate Income Strategy (Daily NAV), Inc. (Cole Income NAV) A Share account. A volume discount, if any, will be applied on an investor/account – specific basis. No "householding" or aggregated purchases for related accounts is permitted. All holdings are subject to verification.

Eligible Account #

SSN or Tax ID #

D DISTRIBUTION INSTRUCTIONS (will default to Address of Record or Custodian if nothing is marked)

Complete this section to enroll in the Distribution Reinvestment Plan or to elect how you wish to receive your distributions.

☐ Reinvest pursuant to Distribution Reinvestment Plan
☐ Send to Custodial Account (listed in Section B-3)
☐ Mail to Address of Record (Non-custodial accounts only)
☐ Mail to Brokerage Account or Third Party (Non-custodial accounts only)

Payee Name

Account #

Mailing Address

City State Zip

Note: All custodial account distributions not reinvested pursuant to the distribution reinvestment plan will be sent to the custodian.

☐ Direct Deposit (Non-custodial accounts only)
☐ Checking ☐ Savings

Account #

Financial Institution

Routing/Transit #

☐ Check if banking information is same as provided in Section A-3

By signing this agreement, I authorize Cole Income NAV to deposit distributions into the account specified in Section D, and to debit that account in the amount of any distribution deposited in error. If I withdraw deposits made in error, I authorize Cole Income NAV to retain future distributions until the erroneous deposits are recovered. This authorization is effective until terminated in writing by either party.

E INVESTOR(S) ACKNOWLEDGEMENTS AND SIGNATURES (Investor(s) must initial each of sections 1-6 and those sections of 7-18 as appropriate)

I (we) (or, in the case of fiduciary accounts, the person authorized to sign on my (our) behalf) hereby acknowledge and/or represent the following:
INVESTOR | CO-INVESTOR

___|___ 1. I (we) have received the final Prospectus, whether over the Internet, on a CD-ROM, paper copies, or any other delivery method, relating to the shares of Cole Income NAV.

___|___ 2. Excluding home, home furnishings and automobiles, I (we) either: (i) have a net worth of at least $70,000 and had during the last year or estimate that I (we) will have in the current year gross income of at least $70,000; or (ii) have a net worth of at least $250,000. In the case of sales to fiduciary accounts, the specific requirements shall be met by the beneficiary, the fiduciary account or by the donor or grantor who directly or indirectly supplies the funds for the purchase of the shares.

INVESTOR | CO-INVESTOR

___|___ 3. I am (we are) purchasing the shares for my (our) own account, or if I am (we are) purchasing shares on behalf of a trust or other entity of which I am (we are) trustee(s) or authorized agent(s), I (we) have due authority to execute this Subscription Agreement and do hereby legally bind the trust or other entity of which I am (we are) trustee(s) or authorized agent(s).

___|___ 4. I (we) acknowledge that this investment is not guaranteed, and may lose value.

___|___ 5. I (we) acknowledge that distributions are not guaranteed.

___|___ 6. I (we) acknowledge that the shares are not liquid.

___|___ 7. For **Alabama** residents: My (our) liquid net worth is at least 10 times my (our) investment in Cole Income NAV and similar programs.

___|___ 8. For **California** residents: I (we) either: (i) have a net worth of at least $75,000 and had during the last year or estimate that I (we) will have in the current year gross income of at least $75,000; or (ii) have a net worth of at least $250,000. In addition, my (our) investment in Cole Income NAV does not exceed ten percent (10%) of my (our) net worth.

___|___ 9. For **Iowa** residents: Excluding home, furnishings and automobiles, I (we) either (i) have a minimum net worth of $100,000 and an annual income of $70,000, or (ii) have a minimum net worth of $350,000. In addition, my (our) investment in Cole Income NAV and its affiliates does not exceed 10% of my (our) "liquid net worth" (as defined in the Prospectus for Iowa investors).

___|___ 10. For **Kansas, Maine and Massachusetts** residents: I (we) acknowledge that it is recommended that I (we) should invest no more than 10% of my (our) "liquid net worth" (as defined in the Prospectus for Kansas, Maine and Massachusetts investors) in Cole Income NAV and the securities of similar direct participation programs.

___|___ 11. For **Kentucky** residents: My (our) liquid net worth is at least 10 times my (our) maximum investment in Cole Income NAV and any of its affiliates' non-publicly traded real estate investment trusts. For these purposes, "liquid net worth" shall consist of cash, cash equivalents and readily marketable securities.

___|___ 12. For **Nebraska** residents: Excluding home, furnishings and automobiles, I (we) either: (i) have a minimum net worth of $100,000 and an annual income of $70,000, or (ii) have a minimum net worth of $350,000. In addition, my (our) investment in Cole Income NAV does not exceed 10% of my (our) net worth. An investment by a Nebraska investor that is an accredited investor, as defined in 17 C.F.R. § 230.501, is not subject to the foregoing limitations.

___|___ 13. For **New Jersey** residents: Excluding home, home furnishings and automobiles, I (we) either (i) have a minimum liquid net worth (as defined in the Prospectus for New Jersey investors) of at least $150,000 and a minimum annual gross income of not less than $85,000, or (ii) have a minimum liquid net worth of at least $350,000. In addition, my (our) investment in Cole Income NAV, shares of its affiliates and other direct participation investments does not exceed ten percent (10%) of my (our) liquid net worth.

___|___ 14. For **New Mexico** residents: My (our) investment in Cole Income NAV and its affiliates does not exceed 10% of my (our) liquid net worth.

___|___ 15. For **North Dakota, Oregon and Pennsylvania** residents: My (our) net worth is at least 10 times my (our) investment in Cole Income NAV.

___|___ 16. For **Ohio** residents: My (our) investment in Cole Income NAV, its affiliates and other non-traded real estate investment programs does not in the aggregate exceed 10% of my (our) liquid net worth. "Liquid net worth" means that a portion of net worth (total assets exclusive of home, home furnishings and automobiles minus total liabilities) that is comprised of cash, cash equivalents and readily marketable securities.

___|___ 17. For **Tennessee** residents: I (we) have (excluding the value of my (our) home, home furnishings and automobiles) either (i) a minimum net worth of at least $500,000, or (ii) an annual gross income of at least $100,000 and a minimum net worth of at least $100,000.

___|___ 18. For **Texas** residents: I (we) have had (excluding the value of my (our) home, home furnishings and automobiles), during the last tax year, or I (we) estimate that I (we) will have during the current tax year, (a) a minimum net worth of $100,000 and a minimum annual gross income of $100,000, or (b) a minimum net worth of $500,000.

___|___ By initialing here I confirm I would like to go green and no longer receive in paper any documents that Cole can send to me electronically. If I decide later that I want to receive documents in paper, I can contact Cole Investor Services at 866.907.2653.

Email:______________________________

SUBSTITUTE W-9: I HEREBY CERTIFY under penalty of perjury that (i) the taxpayer identification number shown on this Initial Subscription Agreement is true, correct and complete, (ii) I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or distributions, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding, and (iii) I am a U.S. person.

In no event may we accept a subscription of shares until at least five business days after the date on which the subscriber receives the final Prospectus. You will receive a confirmation of your purchase.

Notice is hereby given to each investor that by executing this agreement you are not waiving any rights you may have under the Securities Act of 1933, as amended, or any state securities laws.

______________________________________ ______________________________________

Investor's Signature Date Custodian Signature Date

____

Co-Investor's Signature Date

You should not invest in Cole Income NAV unless you have read and understood this agreement and the Prospectus referred to above and understand the risks associated with an investment in Cole Income NAV. In deciding to invest in Cole Income NAV, you should rely only on the information contained in the Prospectus, and not on any other information or representations from any other person or source. Cole Income NAV and each person selling shares of Cole Income NAV common stock shall be responsible for making every reasonable effort to determine that such purchase of shares is a suitable and appropriate investment for each investor, based on the information provided by the prospective investor regarding the investor's financial situation and investment objectives.

F FINANCIAL ADVISOR INFORMATION (please complete 1 or 2)

1) REGISTERED INVESTMENT ADVISOR (RIA) REPRESENTATIVE (to be completed by RIA Representative)

a.

Name of RIA Representative

Mailing Address

City State Zip

Phone

Email Address

b.

Name of RIA Office

RIA IARD #

Name of Clearing Firm

Name of Broker-Dealer (if applicable)

Have you changed firm affiliation (since last purchase)?
☐ Yes ☐ No

2) REGISTERED REPRESENTATIVE (to be completed by selling Registered Representative)

a.

Name of Registered Representative

Representative ID # Phone

Mailing Address

City State Zip

Email Address

b.

Name of Broker-Dealer

Representative CRD #

Have you changed firm affiliation (since last purchase)?
☐ Yes ☐ No

G FINANCIAL ADVISOR SIGNATURES

Based on the information I obtained from the investor regarding the investor's financial situation and investment objectives, I hereby certify to Cole Capital Corporation, Cole Capital Advisors, Inc. and Cole Income NAV that I have reasonable grounds for believing that the purchase of the shares by the investor in Cole Income NAV is a suitable and appropriate investment for this investor.

Signature of Registered or RIA Representative

Signature of Broker-Dealer or Clearing Firm/Platform
(if applicable)

ONCE COMPLETE, PLEASE DELIVER THIS FORM TO:

Via Fax:
1.877.616.1118

Via Regular Mail:
Cole Income NAV
DST Systems, Inc.
P.O. Box 219312
Kansas City, MO 64121-9312

Via Overnight/Express Mail:
Cole Income NAV
DST Systems, Inc.
430 West 7th Street
Kansas City, MO 64105

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INAV-AGMT-11 (10-15)

APPENDIX C

COLE CAPITAL®

COLE REAL ESTATE INCOME STRATEGY (DAILY NAV), INC.

ADDITIONAL SUBSCRIPTION AGREEMENT FOR THE PURCHASE OF COMMON STOCK

866.907.2653

This form may be used by any current investor in Cole Real Estate Income Strategy (Daily NAV), Inc. (Cole Income NAV) who desires to purchase additional shares within the same share class of Cole Income NAV currently owned and who purchased their shares directly from Cole Income NAV. Investors who desire to purchase shares in a new share class must complete the Cole Income NAV Initial Subscription Agreement. Investors who acquired shares other than through use of an Initial Subscription Agreement (e.g., through a transfer of ownership or TOD) and who wish to make additional investments must complete the Cole Income NAV Initial Subscription Agreement.

A INVESTMENT (a completed Additional Subscription Agreement is required for each additional investment)

1. This subscription is in the amount of $__________ ☐ Check if amount is estimated

☐ Wrap Shares (W Shares) ☐ Advisor Shares (A Shares) ☐ Institutional Shares (I Shares)

2. Payment will be made with: ☐ Enclosed Check (Make check payable to Cole REIT) ☐ Funds wired ☐ Funds to follow
☐ ACH (Copy of voided check required)

Financial Institution ☐ Checking ☐ Savings

Routing/Transit # Account #

B REGISTRATION INFORMATION

Existing Account Registration (name of Account) SSN or Tax ID #

Existing Account #

Volume Discounts

☐ I am (we are) making, or previously have made, investments in the Cole Income NAV A Share account listed above. A volume discount, if any, will be applied on an investor/account specific basis. No "householding" or aggregated purchases for related accounts is permitted. All holdings are subject to verification.

C INVESTOR(S) ACKNOWLEDGEMENTS AND SIGNATURES (Investor(s) must initial each of sections 1-6 and those sections of 7-18 as appropriate)

I (we) (or, in the case of fiduciary accounts, the person authorized to sign on my (our) behalf) hereby acknowledge and/or represent the following:

INVESTOR | CO-INVESTOR

___|___ 1. I (we) have received the final Prospectus, whether over the Internet, on a CD-ROM, paper copies, or any other delivery method, relating to the shares of Cole Income NAV.

___|___ 2. Excluding home, home furnishings and automobiles, I (we) either: (i) have a net worth of at least $70,000 and had during the last year or estimate that I (we) will have in the current year gross income of at least $70,000; or (ii) have a net worth of at least $250,000. In the case of sales to fiduciary accounts, the specific requirements shall be met by the beneficiary, the fiduciary account or by the donor or grantor who directly or indirectly supplies the funds for the purchase of the shares.

___|___ 3. I am (we are) purchasing the shares for my (our) own account, or if I am (we are) purchasing shares on behalf of a trust or other entity of which I am (we are) trustee(s) or authorized agent(s), I (we) have due authority to execute this Additional Subscription Agreement and do hereby legally bind the trust or other entity of which I am (we are) trustee(s) or authorized agent(s).

___|___ 4. I (we) acknowledge that this investment is not guaranteed, and may lose value.

___|___ 5. I (we) acknowledge that distributions are not guaranteed.

___|___ 6. I (we) acknowledge that the shares are not liquid.

INVESTOR | CO-INVESTOR

___|___ 7. For **Alabama** residents: My (our) liquid net worth is at least 10 times my (our) investment in Cole Income NAV and similar programs.

___|___ 8. For **California** residents: I (we) either: (i) have a net worth of at least $75,000 and had during the last year or estimate that I (we) will have in the current year gross income of at least $75,000; or (ii) have a net worth of at least $250,000. In addition, my (our) investment in Cole Income NAV does not exceed ten percent (10%) of my (our) net worth.

___|___ 9. For **Iowa** residents: Excluding home, furnishings and automobiles, I (we) either (i) have a minimum net worth of $100,000 and an annual income of $70,000, or (ii) have a minimum net worth of $350,000. In addition, my (our) investment in Cole Income NAV and its affiliates does not exceed 10% of my (our) "liquid net worth" (as defined in the Prospectus for lowa investors).

___|___ 10. For **Kansas, Maine and Massachusetts** residents: I (we) acknowledge that it is recommended that I (we) should invest no more than 10% of my (our) "liquid net worth" (as defined in the Prospectus for Kansas, Maine and Massachusetts investors) in Cole Income NAV and the securities of similar direct participation programs.

___|___ 11. For **Kentucky** residents: My (our) liquid net worth is at least 10 times my (our) maximum investment in Cole Income NAV and any of its affiliates' non-publicly traded real estate investment trusts. For these purposes, "liquid net worth" shall consist of cash, cash equivalents and readily marketable securities.

___|___ 12. For **Nebraska** residents: Excluding home, furnishings and automobiles, I (we) either: (i) have a minimum net worth of $100,000 and an annual income of $70,000, or (ii) have a minimum net worth of $350,000. In addition, my (our) investment in Cole Income NAV does not exceed 10% of my (our) net worth. An investment by a Nebraska investor that is an accredited investor, as defined in 17 C.F.R. § 230.501, is not subject to the foregoing limitations.

___|___ 13. For **New Jersey** residents: Excluding home, home furnishings and automobiles, I (we) either (i) have a minimum liquid net worth (as defined in the Prospectus for New Jersey investors) of at least $150,000 and a minimum annual gross income of not less than $85,000, or (ii) have a minimum liquid net worth of at least $350,000. In addition, my (our) investment in Cole Income NAV, shares of its affiliates and other direct participation investments does not exceed 10% of my (our) liquid net worth.

___|___ 14. For **New Mexico** residents: My (our) investment in Cole Income NAV and its affiliates does not exceed 10% of my (our) liquid net worth.

___|___ 15. For **North Dakota, Oregon and Pennsylvania** residents: My (our) net worth is at least 10 times my (our) investment in Cole Income NAV.

___|___ 16. For **Ohio** residents: My (our) investment in Cole Income NAV, its affiliates and other non-traded real estate investment programs does not in the aggregate exceed 10% of my (our) liquid net worth. "Liquid net worth" means that a portion of net worth (total assets exclusive of home, home furnishings and automobiles minus total liabilities) that is comprised of cash, cash equivalents and readily marketable securities.

___|___ 17. For **Tennessee** residents: I (we) have (excluding the value of my (our) home, home furnishings and automobiles) either (i) a minimum net worth of at least $500,000, or (ii) an annual gross income of at least $100,000 and a minimum net worth of at least $100,000.

___|___ 18. For **Texas** residents: I (we) have had (excluding the value of my (our) home, home furnishings and automobiles), during the last tax year, or I (we) estimate that I (we) will have during the current tax year, (a) a minimum net worth of $100,000 and a minimum annual gross income of $100,000, or (b) a minimum net worth of $500,000.

___|___ By initialing here I confirm I would like to go green and no longer receive in paper any documents that Cole can send to me electronically. If I decide later that I want to receive documents in paper, I can contact Cole Investor Services at 866.907.2653. If you are choosing to go green, please provide your email address here:

____

SUBSTITUTE W-9: I HEREBY CERTIFY under penalty of perjury that (i) the taxpayer identification number shown on this Additional Subscription Agreement is true, correct and complete, (ii) I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or distributions, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding, and (iii) I am a U.S. person.

In no event may we accept a subscription of shares until at least five business days after the date on which the subscriber receives the final Prospectus. You will receive a confirmation of your purchase.

Notice is hereby given to each investor that by executing this agreement you are not waiving any rights you may have under the Securities Act of 1933, as amended, or any state securities laws.

______________________________ ______________________________

Investor's Signature Date Custodian Signature Date

____

Co-Investor's Signature Date

You should not invest in Cole Income NAV unless you have read and understood this agreement and the Prospectus referred to above and understand the risks associated with an investment in Cole Income NAV. In deciding to invest in Cole Income NAV, you should rely only on the information contained in the Prospectus, and not on any other information or representations from any other person or source. Cole Income NAV and each person selling shares of Cole Income NAV common stock shall be responsible for making every reasonable effort to determine that such purchase of shares is a suitable and appropriate investment for each investor, based on the information provided by the prospective investor regarding the investor's financial situation and investment objectives.

D FINANCIAL ADVISOR INFORMATION **(please complete 1 or 2)**

1) REGISTERED INVESTMENT ADVISOR (RIA) REPRESENTATIVE **(to be completed by RIA Representative)**

______________________________	______________________________
Name of RIA Representative	RIA IARD #

2) REGISTERED REPRESENTATIVE **(to be completed by selling Registered Representative)**

______________________________	______________________________
Name of Registered Representative	Representative and Branch ID #

E FINANCIAL ADVISOR SIGNATURES

Based on the information I obtained from the investor regarding the investor's financial situation and investment objectives, I hereby certify to Cole Capital Corporation, Cole Capital Advisors, Inc. and Cole Income NAV that I have reasonable grounds for believing that the purchase of the shares by the investor in Cole Income NAV is a suitable and appropriate investment for this investor.

______________________________	______________________________
Signature of Registered or RIA Representative	Signature of Broker-Dealer or Clearing Firm/Platform (if applicable)

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ONCE COMPLETE, PLEASE DELIVER THIS FORM TO:

Via Fax:
1.877.616.1118

Via Regular Mail:
Cole Income NAV

DST Systems, Inc.
P.O. Box 219312
Kansas City, MO 64121-9312

Via Overnight/Express Mail:
Cole Income NAV

DST Systems, Inc.
430 West 7th Street
Kansas City, MO 64105

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SYSTEMATIC INVESTMENT PROGRAM

866.907.2653

Complete this form if you wish to purchase shares of Cole Real Estate Income Strategy (Daily NAV), Inc. ("Cole REIT") at regular intervals through a transfer of funds from your bank account directly to your Cole REIT investment account. If you did not acquire your shares from Cole REIT (e.g. you acquired your shares through a transfer of ownership or a transfer on death) and you wish to purchase shares through the Systematic Investment Program, you must complete the Cole REIT subscription agreement.

PLEASE NOTE:

- **Cole REIT will pay distributions per your existing instructions and if you participate in the Distribution Reinvestment Plan, distributions earned from shares purchased pursuant to the Systematic Reinvestment Program will be reinvested pursuant to the Distribution Reinvestment Plan. To change distribution instructions, please complete the Distribution Change Form.**
- **The Systematic Investment Program will terminate upon the closing of the Cole Real Estate Income Strategy (Daily NAV), Inc. offering.**
- **The Systematic Investment Program is not available to Alabama, Maine or Nebraska investors.**
- **If you wish to cancel your Systematic Investment Program, please allow 15 business days for processing.**
- **The Systematic Investment Program is not available for qualified accounts.**

Please send to:
Cole Real Estate Income Strategy (Daily NAV), Inc. c/o DST Systems, Inc. PO Box 219312, Kansas City, MO 64121-9312 or fax to 855.394.8956. If you have any questions, please call 866-907-2653.

A INVESTOR INFORMATION (must mirror the original Subscription Agreement — SSN and DOB Required)

Investor Name ____________________ SSN or Tax ID ____________ DOB ____________

Co-Investor Name ____________________ SSN or Tax ID ____________ DOB ____________

Telephone ____________________ Evening Telephone ____________________

Email ____

B INVESTMENT INFORMATION

Acct # ____________________ ☐ W-Shares ☐ A-Shares ☐ I-Shares

Monthly Investment Amount $ ____________ Minimum $100/month

Timing of Withdrawal:

☐ 2nd Day of Each Month (or next business day thereafter) and/or ☐ 16th Day of Each Month (or next business day thereafter)

Start Date (month/day/year) ____________________

Financial Institution ____________________ ☐ Checking ☐ Savings

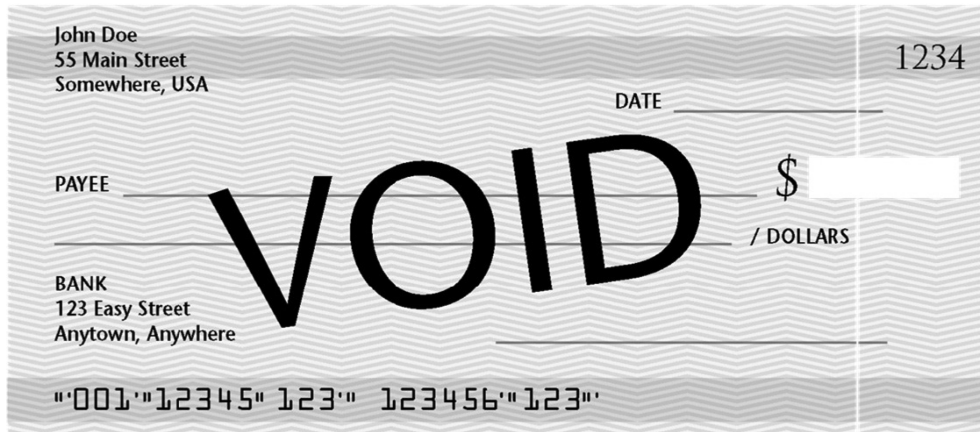
Routing/Transit # ____________________ Acct # ____________________

For electronic fund transfers, signatures of bank account owners are required exactly as they appear on bank records. If account registration at the bank differs from account registration at Cole REIT, all bank account owners must sign below.

Signature of Account Owner　　Date　　　Signature of Joint Account Owner (if applicable)　　Date

PLEASE ATTACH A PRE-PRINTED VOIDED CHECK HERE

The services cannot be established without a pre-printed voided check



C SUBSCRIPTION AGREEMENT ACKNOWLEDGEMENT

By signing Section D below, you represent to Cole REIT that (i) the agreements, representations and warranties made in the subscription agreement for your initial investment in shares of Cole REIT, which agreements, representations and warranties are incorporated herein, apply to all purchases made hereby; (ii) you have received a copy of the prospectus of Cole REIT, as amended and supplemented through the date hereof (the "Prospectus"); and (iii) you have (a) a minimum net worth (exclusive of home, home furnishings and personal automobiles) of at least $250,000 or (b) a minimum net worth (as previously described) of at least $70,000 and a minimum annual gross income of at least $70,000, **and, if applicable,** you meet the higher net worth and gross income requirements imposed by your state of primary residence as set forth in the Prospectus under "Suitability Standards."

D INVESTOR SIGNATURES

MUST BE SIGNED BY ALL AUTHORIZED SIGNERS

Investor Name (please print)　　　Co-Investor Name (please print)

Investor Signature　　Date　　　Co-Investor Signature　　Date

You may not purchase shares unless you meet the applicable suitability requirements set forth in the Prospectus at the time of purchase. Please consult your Financial Advisor if you have had any material changes which might affect your ability to meet the applicable suitability requirements.

ONCE COMPLETE, PLEASE DELIVER THIS FORM TO:

Via Fax:
1.877.616.1118

Via Regular Mail:
Cole Income NAV
DST Systems, Inc.
P.O. Box 219312
Kansas City, MO 64121-9312

Via Overnight/Express Mail:
Cole Income NAV
DST Systems, Inc.
430 West 7th Street
Kansas City, MO 64105

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AMENDED AND RESTATED DISTRIBUTION REINVESTMENT PLAN COLE REAL ESTATE INCOME STRATEGY (DAILY NAV), INC. EFFECTIVE AS OF AUGUST 26, 2013

Cole Real Estate Income Strategy (Daily NAV), Inc., a Maryland corporation (the "Company"), has adopted this Amended and Restated Distribution Reinvestment Plan (the "Plan"), to be administered by the Company or an unaffiliated third party (the "Administrator") as agent for participants in the Plan ("Participants"), on the terms and conditions set forth below.

1. *Election to Participate*. Any holder of shares of common stock of the Company (the "Shares"), may become a Participant in the Plan by making a written election to participate in the Plan on such purchaser's subscription agreement at the time of subscription for Shares or by completing and executing an authorization form obtained from the Administrator or any other appropriate documentation as may be acceptable to the Administrator. Participants in the Plan generally are required to have the full amount of their cash distributions (other than "Excluded Distributions" as defined below) with respect to all Shares owned by them reinvested pursuant to the Plan in additional Shares of the same class held by such Participant. However, the Administrator shall have the sole discretion, upon the request of a Participant, to accommodate a Participant's request for less than all of the Participant's Shares to be subject to participation in the Plan.

2. *Distribution Reinvestment*. The Administrator will receive all cash distributions (other than "Excluded Distributions") paid by the Company with respect to Shares of the Participants (collectively, the "Distributions"). Participation will commence (a) immediately, in the case of Participants who make a written election to participate in the Plan on their subscription agreement at the time of their initial subscription for Shares; or (b) in the case of Participants who elect to participate in the Plan subsequent to completing their initial subscription agreement, with the next Distribution payment after receipt of the Participant's election, provided it is received at least ten days prior to the last day of the period to which such Distribution relates. The election will apply to all Distributions attributable to such period and to all periods thereafter, unless and until termination of participation in the Plan, in accordance with Section 9. As the Distribution Period (as defined below) is presently a calendar month, a written election to participate pursuant to clause (b) above must be received by the Administrator at least ten days prior to the last business day of the month, in order to become a Plan Participant with respect to that month's Distributions. If the period for Distribution payments shall be changed, then this paragraph shall also be changed, without the need for advance notice to Participants. As used in this Plan, the term "Excluded Distributions" shall mean those cash or other distributions designated as Excluded Distributions by the Company's board of directors.

3. *General Terms of Plan Investments*.

The Administrator will apply all Distributions subject to this Plan, as follows:

(a) The Administrator will invest Distributions in Shares of the same class held by such Participant at a per share price equal to the Company's net asset value per Share for such class on the date the Distribution is paid.

(b) Selling commissions will not be paid for the Shares purchased pursuant to the Plan.

(c) For each Participant, the Administrator will maintain an account which shall reflect for each period in which Distributions are paid (a "Distribution Period") the Distributions received by the Administrator on behalf of such Participant and the number of Shares purchased on behalf of such Participant pursuant to the Plan.

(d) Distributions shall be invested in Shares of the same class held by such Participant by the Administrator on the payment date of such Distributions to the extent Shares of such class are available for purchase under the Plan. If sufficient Shares of such class are not available, any such funds that have not been invested in Shares will be distributed to such Participant.

(e) Participants may acquire fractional Shares, computed to four decimal places, so that 100% of the Distributions will be used to acquire Shares. The ownership of the Shares shall be reflected on the books of the Company or its transfer agent.

(f) A Participant will not be able to acquire Shares under the Plan to the extent that such purchase would cause the Participant to exceed the ownership limits set forth in the Company's charter, as amended, unless exempted by the board of directors.

4. *Absence of Liability*. Neither the Company nor the Administrator shall have any responsibility or liability as to the value of the Shares or any change in the value of the Shares acquired for the Participant's account. Neither the Company nor the Administrator shall be liable for any act done in good faith, or for any good faith omission to act hereunder.

5. *Suitability*. Each Participant shall notify the Administrator in the event that, at any time during his participation in the Plan, there is any material change in the Participant's financial condition, as compared to information previously provided to the stockholder's broker or financial advisors, or inaccuracy of any representation under the subscription agreement for the Participant's initial purchase of Shares. A material change shall include any anticipated or actual material decrease in net worth or annual gross income, or any other material change in circumstances that may be likely to cause the Participant to fail to meet the minimum income and net worth standards set forth in the Company's prospectus for the Participant's initial purchase of Shares or cause the Participant's broker or financial advisor to determine that an investment in Shares is no longer suitable and appropriate for the Participant.

6. *Reports to Participants*. Within ninety (90) days after the end of each calendar year, the Administrator will mail to each Participant a statement of account describing, as to such Participant, the Distributions reinvested during the prior year, the number and class of Shares purchased pursuant to the Plan during the prior year, the per Share purchase price for such Shares and the total number and class of Shares purchased on behalf of the Participant under the Plan. Each statement also shall advise the Participant that, in accordance with Section 5 hereof, the Participant is required to notify the Administrator in the event there is any material change in the Participant's financial condition or if any representation made by the Participant under the subscription agreement for the Participant's initial purchase of Shares becomes inaccurate. Tax information regarding a Participant's participation in the Plan will be sent to each Participant by the Company or the Administrator at least annually.

7. *Taxes*. Taxable Participants may incur a tax liability for Distributions even though they have elected not to receive their Distributions in cash but rather to have their Distributions reinvested in Shares under the Plan.

8. [reserved]

9. *Termination*.

(a) A Participant may terminate or modify his participation in the Plan at any time by written notice to the Administrator. To be effective for any Distribution, such notice must be received by the Administrator at least ten days prior to the last day of the Distribution Period to which it relates.

(b) As the Distribution Period is presently a calendar month, a written election to terminate must be received by the Administrator at least ten days prior to the last business day of the month, in order to terminate participation in the Plan for that month. If the period for Distribution payments shall be changed, then this paragraph shall also be changed, without the need for advance notice to Participants.

(c) A Participant's transfer of Shares will terminate participation in the Plan with respect to such transferred Shares as of the first day of the Distribution Period in which such transfer is effective, unless the transferee of such Shares in connection with such transfer demonstrates to the Administrator that such transferee meets the requirements for participation hereunder and affirmatively elects participation by delivering an executed authorization form or other instrument required by the Administrator.

10. *State Regulatory Restrictions*. The Administrator is authorized to deny participation in the Plan to residents of any state or foreign jurisdiction that imposes restrictions on participation in the Plan that conflict with the general terms and provisions of this Plan, including, without limitation, any general prohibition on the payment of broker-dealer commissions for purchases under the Plan.

11. *Amendment or Termination by Company*.

(a) The terms and conditions of this Plan may be amended by the Company at any time, including but not limited to an amendment to the Plan to substitute a new Administrator to act as agent for the Participants, by mailing an appropriate notice at least ten (10) days prior to the effective date thereof to each Participant, provided, however, the Company may not amend the Plan to (i) provide for selling commissions to be paid for Shares purchased pursuant to this Plan or (ii) to revoke a Participant's right to terminate or modify his participation in the Plan.

(b) The Administrator may terminate a Participant's individual participation in the Plan and the Company may terminate the Plan itself, at any time by providing ten (10) days' prior written notice to a Participant, or to all Participants, as the case may be.

(c) After termination of the Plan or termination of a Participant's participation in the Plan, the Administrator will send to each Participant a check for the amount of any Distributions in the Participant's account that have not been invested in Shares. Any future Distributions with respect to such former Participant's Shares made after the effective date of the termination of the Participant's participation will be sent directly to the former Participant.

12. *Governing Law*. This Plan and the Participants' election to participate in the Plan shall be governed by the laws of the State of Maryland.

13. *Notice*. Any notice or other communication required or permitted to be given by any provision of this Plan shall be in writing and, if to the Administrator, addressed to Investor Services Department, 2325 East Camelback Road, Suite 1100, Phoenix, Arizona 85016, or such other address as may be specified by the Administrator by written notice to all Participants. Notices to a Participant may be given by letter addressed to the Participant at the Participant's last address of record with the Administrator. Each Participant shall notify the Administrator promptly in writing of any changes of address.

Cole Real Estate Income Strategy (Daily NAV), Inc.

Maximum Offering of $4,000,000,000 in
Wrap Shares, Advisor Shares and Institutional Shares of Common Stock

PROSPECTUS

October 19, 2015

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