

Armour Residential REIT, Inc.
 Form 424B5
 August 31, 2017

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-203813

CALCULATION OF REGISTRATION FEE

Title of each Class of	Amount	Proposed	Proposed	Amount of
Securities to be Registered	to be	Maximum	Maximum	Registration Fee
	Registered	Offering	Aggregate	(2)
	Per Share (1)	Offering Price	Offering Price	
7.875% Series B Cumulative Redeemable	2,000,000 shares	\$ 25.11	\$ 50,220,000	\$ 5,820.50

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- (1) Estimated solely for the purpose of computing the registration fee on the basis of the average of the high and low prices for the shares of Series B Preferred Stock as reported on the New York Stock Exchange on August 29, 2017.
- (2) Calculated in accordance with Rule 457(c) and Rule 457(r) under the Securities Act. This "Calculation of Registration Fee" table shall be deemed to update the "Calculation of Registration Fee" table in the registrant's Registration Statement on Form S-3 (File No. 333-203813).
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PROSPECTUS SUPPLEMENT

(To Prospectus dated May 1, 2015)

2,000,000 Shares

7.875% Series B Cumulative Redeemable Preferred Stock

(Liquidation Preference \$25.00 Per Share)

This prospectus supplement and the accompanying prospectus dated May 1, 2015 relate to the offer and sale from time to time of up to 2,000,000 shares of our 7.875% Series B Cumulative Redeemable Preferred Stock (liquidation preference \$25.00 per share) (the Series B Preferred Stock). Our Series B Preferred Stock will be offered over a period of time and from time to time through FBR Capital Markets & Co., as our agent (the Agent or FBR), or to the Agent for resale, in accordance with the terms of the At Market Issuance Sales Agreement we entered into with the Agent dated August 30, 2017 (the Sales Agreement). Under the Sales Agreement, we may issue and sell up to an aggregate of 2,000,000 shares of our Series B Preferred Stock from time to time through or to the Agents.

We will pay monthly cumulative dividends on the Series B Preferred Stock on the 27th day of each month (provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day) when, as and if declared by our board of directors, from, and including, the date of original issuance at 7.875% of the \$25.00 per share liquidation preference per annum (equivalent to \$1.96875 per annum per share).

Sales of our Series B Preferred Stock, if any, may be made in negotiated transactions or transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act of 1933, as amended (the Securities Act), including sales made directly on the New York Stock Exchange (NYSE) or sales made to or through a market maker other than on an exchange.

On and after February 12, 2018, we may, at our option, upon no less than 30 nor more than 60 days written notice, redeem any or all of the shares of the Series B Preferred Stock for cash at \$25.00 per share plus any accumulated and unpaid dividends to, but not including, the redemption date. In addition, upon the occurrence of a Change of Control, we may, at our option, redeem for cash any or all of the shares of Series B Preferred Stock within 120 days after the first date on which such Change of Control occurred at \$25.00 per share plus any accumulated and unpaid dividends to, but not including, the redemption date. The Series B Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless repurchased or redeemed by us or converted into our common stock in connection with a Change of Control by the holders of Series B Preferred Stock.

Upon the occurrence of a Change of Control, each holder of Series B Preferred Stock will have the right (subject to our election to redeem the Series B Preferred Stock in whole or in part, as described above, prior to the Change of Control Conversion Date (as defined herein) to convert some or all of the Series B Preferred Stock held by such

holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series B Preferred Stock equal to the lesser of: the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per share of the Series B Preferred Stock plus the amount of any accumulated and unpaid dividends thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date (as defined herein) and prior to the corresponding dividend payment date (as defined herein) for the Series B Preferred Stock, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (ii) the Common Stock Price (as defined herein); and

0.870475 (the Share Cap), subject to certain adjustments as explained herein;

in each case, on the terms and subject to the conditions described in this prospectus supplement, including provisions for the receipt, under specified circumstances, of alternative consideration as described in this prospectus supplement.

Our Series A Preferred Stock, 8.250% Series A Cumulative Redeemable Preferred Stock (liquidation preference \$25.00 per share) (the Series A Preferred Stock) and common stock are currently traded on the NYSE under the symbols ARR.PRA and ARR, respectively. The closing price of our Series B Preferred Stock on the NYSE on August 29, 2017 was \$25.13 per share.

There are restrictions on ownership of the Series B Preferred Stock intended to preserve our qualification as a REIT. Please see the sections entitled Description of the Series B Preferred Stock Restrictions on Ownership and Transfer in this prospectus supplement and Description of Capital Stock Restrictions on Ownership and Transfer in the accompanying prospectus. In addition, except under limited circumstances as described in this prospectus supplement, holders of the Series B Preferred Stock generally do not have any voting rights.

We will pay the Agent a commission up to 2.0% of the gross proceeds of Series B Preferred Stock sold by the Agent, as our agent, pursuant to this prospectus supplement. Subject to the terms and conditions of the Sales Agreement, the Agent will use commercially reasonable efforts to sell the shares on our behalf. Our Series B Preferred Stock will be sold from time to time upon our delivery to the Agent of a placement notice. The net proceeds we receive from the sale of our Series B Preferred Stock will be the gross proceeds received from such sales less the commissions or discounts and any other expenses we may incur in issuing the Series B Preferred Stock. See Use of Proceeds and Plan of Distribution for further information.

Investing in our Series B Preferred Stock involves risks. You should carefully consider the risks described under Risk Factors beginning on page S-6 of this prospectus supplement and appearing in our most recent Annual Report on Form 10-K, our subsequent Quarterly Reports on Form 10-Q, as well as the other information contained or incorporated by reference in this prospectus supplement hereto and the accompanying prospectus before making a decision to invest in our Series B Preferred Stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is August 30, 2017

a B. Riley

Financial Company

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or SEC or Commission, using a "shelf" registration process. This prospectus supplement and the accompanying prospectus contain specific information about us and the terms on which we are offering and selling shares of our Series B Preferred Stock. To the extent that any statement made in this prospectus supplement is inconsistent with statements made in the prospectus, the statements made in the prospectus will be deemed modified or superseded by those made in this prospectus supplement. Before you purchase shares of our Series B Preferred Stock, you should carefully read this prospectus supplement, the accompanying prospectus and the registration statement, together with the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

You should rely only on the information incorporated by reference or set forth in this prospectus supplement or the accompanying prospectus. We have not authorized anyone else to provide you with additional or different information. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any other offering material is accurate as of any date other than the dates on the front of those documents.

References in this prospectus to we, us, our, ARMOUR or the Company are to ARMOUR Residential REIT, Inc. and its subsidiaries, including JAVELIN Mortgage Investment Corp. References to ACM or Manager are to ARMOUR Capital Management LP, a Delaware limited partnership, which is our external manager under the Management Agreement and an investment adviser registered with the SEC. Unless otherwise defined herein, certain capitalized terms used in this prospectus supplement have the meaning ascribed to them in the Glossary of Terms section in the accompanying prospectus.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain various “forward-looking statements.” Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, would, could, should, seeks, approximately, intends, plans, projects, estimates or anticipates or the negative and phrases or similar words or phrases. All forward-looking statements may be impacted by a number of risks and uncertainties, including statements regarding the following subjects:

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our business and investment strategy;

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our anticipated results of operations;

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statements about future dividends;

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our ability to obtain financing arrangements;

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our understanding of our competition and ability to compete effectively;

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market, industry and economic trends; and

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interest rates.

The forward-looking statements in this prospectus supplement and the accompanying prospectus are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to our preferred stock, along with the following factors that could cause actual results to vary from our forward-looking

statements:

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the factors referenced in this prospectus supplement and the accompanying prospectus, including those set forth under the section captioned *Risk Factors* and *Management's Discussion and Analysis of Financial Condition and Results of Operations*, which are incorporated herein by reference to our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q;

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the impact of the federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and the federal government and the Fed system;

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the possible material adverse effect on our business if the U.S. Congress passed legislation reforming or winding down Fannie Mae or Freddie Mac;

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mortgage loan modification programs and future legislative action;

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actions by the Fed which could cause a flattening of the yield curve, which could materially adversely affect our business, financial condition and results of operations and our ability to pay distributions to our stockholders;

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the impact of the delay or failure of the U.S. Government in reaching an agreement on the national debt ceiling;

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availability, terms and deployment of capital;

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changes in economic conditions generally;

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changes in interest rates, interest rate spreads and the yield curve or prepayment rates;

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general volatility of the financial markets, including markets for mortgage securities;

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the downgrade of the U.S. Government's or certain European countries' credit ratings and future downgrades of the U.S. Government's or certain European countries' credit ratings may materially adversely affect our business, financial condition and results of operations;

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inflation or deflation;

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availability of suitable investment opportunities;

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the degree and nature of our competition, including competition for residential mortgage-backed securities (MBS);

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changes in our business and investment strategy;

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our failure to maintain an exemption from being regulated as a commodity pool operator;

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our dependence on ACM and ability to find a suitable replacement if ACM was to terminate its management relationship with us;

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the existence of conflicts of interest in our relationship with ACM, certain of our directors and officers, which could result in decisions that are not in the best interest of our stockholders;

·
our management's competing duties to other affiliated entities, which could result in decisions that are not in the best interests of our stockholders;

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changes in personnel at ACM or the availability of qualified personnel at ACM;

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limitations imposed on our business by our status as a REIT under the Internal Revenue Code of 1986, as amended (the Code);

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the potential burdens on our business of maintaining our exclusion from the 1940 Act and possible consequences of losing that exemption;

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changes in GAAP, including interpretations thereof; and

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changes in applicable laws and regulations.

We cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on forward-looking statements, which apply only as of the date of this prospectus supplement. We do not intend and disclaim any duty or obligation to update or revise any industry information or forward-looking statements set forth in this prospectus supplement and the accompanying prospectus to reflect new information, future events or otherwise, except as required under the U.S. federal securities laws.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights the material information contained in this prospectus supplement. It does not contain all of the information that you should consider before investing in our Series B Preferred Stock. You should read carefully the more detailed information set forth under Risk Factors and the other information described, referred to, or incorporated in this prospectus supplement and the accompanying prospectus.

Overview

We are a Maryland corporation formed to invest in and manage a leveraged portfolio of MBS and mortgage loans. We invest in residential MBS issued or guaranteed by a U.S. government-sponsored entity (GSE), such as Fannie Mae, Freddie Mac, or a government agency such as Ginnie Mae (collectively, Agency Securities). We also invest in interest-only securities, which are the interest portion of Agency Securities that are separated and sold individually from the principal portion of the same payment. Other securities backed by residential mortgages in which we invest, for which the payment of principal and interest is not guaranteed by a GSE or government agency, may benefit from credit enhancement derived from structural elements such as subordination, over collateralization or insurance. We are managed by ACM, an investment advisor registered with the SEC. We have elected to be taxed as a REIT under the Code. We will generally not be subject to federal income tax to the extent that we distribute our taxable income to our stockholders and as long as we satisfy the ongoing REIT requirements under the Code including meeting certain asset, income and stock ownership tests.

We seek attractive long-term investment returns by investing our equity capital and borrowed funds in our targeted asset class of MBS. We earn returns on the spread between the yield on our assets and our costs, including the interest cost of the funds we borrow, after giving effect to our hedges. We identify and acquire MBS, finance our acquisitions with borrowings under a series of short-term repurchase agreements at the most competitive interest rates available to us and then cost-effectively hedge our interest rate and other risks based on our entire portfolio of assets, liabilities and derivatives and our management's view of the market. Successful implementation of this approach requires us to address interest rate risk, maintain adequate liquidity and effectively hedge interest rate risks. We believe that the residential mortgage market will undergo significant changes in the coming years as the role of GSEs, such as Fannie Mae and Freddie Mac, is diminished, which we expect will create attractive investment opportunities for us. We execute our business plan in a manner consistent with our intention of qualifying as a REIT under the Code and avoiding regulation as an investment company under the 1940 Act.

Recent Developments - Dividends

On August 28, 2017, we paid cash dividends of \$0.1640625 per outstanding share of Series B Preferred Stock to holders of record on August 15, 2017. On July 27, 2017, we also paid a cash dividend of \$0.1640625 per outstanding share of Series B Preferred Stock to holders of record on July 15, 2017. We have announced that we will pay cash dividends of \$0.1640625 per outstanding share of Series B Preferred Stock on September 27, 2017 to holders of record on September 15, 2017.

Corporate Information

We were incorporated in the state of Maryland on February 5, 2008. On November 6, 2009, we consummated a business combination with Enterprise Acquisition Corp., a publicly traded blank check company formed for the purposes of acquiring an operating business. As a result of this transaction, we became a publicly traded company.

Our principal offices are located at 3001 Ocean Drive, Suite 201, Vero Beach, Florida 32963. Our phone number is (772) 617-4340. Our website is www.armourreit.com. The contents of our website are not a part of this prospectus supplement or the accompanying prospectus. The information on our website is not intended to form a part of or be incorporated by reference into this prospectus supplement or the accompanying prospectus.

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THE OFFERING

Securities Offered	2,000,000 shares of 7.875% Series B Cumulative Redeemable Preferred Stock.
Series B Preferred Stock outstanding immediately prior to this offering	5,650,000 shares
Series B Preferred Stock to be outstanding after this offering	7,650,000 shares (assuming all of the shares of Series B Preferred Stock offered hereunder are issued).
Dividends	<p>Holder of the Series B Preferred Stock will be entitled to receive cumulative cash dividends at a rate of 7.875% per annum of the \$25.00 per share liquidation preference (equivalent to \$1.96875 per annum per share).</p> <p>Dividends will be payable monthly on the 27th day of each month, provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day. Dividends will accrue and be cumulative from, and including, the date of original issuance. Dividends will be payable to holders of record as they appear in our stock records for the Series B Preferred Stock at the close of business on the applicable record date, which shall be the 15th day of the calendar month, whether or not a business day, in which the applicable dividend payment date falls. For more information, see Dividend Policy.</p>
No Maturity	The Series B Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series B Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under Conversion Rights. We are not required to set aside funds to redeem the Series B Preferred Stock.
Optional Redemption	On and after February 12, 2018, we may, at our option, upon not less than 30 nor more than 60 days written notice, redeem the Series B Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price equal to \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date fixed for redemption. See Description of Series B Preferred Stock Redemption Optional Redemption.
Special Optional Redemption	Upon the occurrence of a Change of Control, we may, at our option, redeem the Series B Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a

redemption price of \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date fixed for redemption. If, prior to the Change of Control Conversion Date (as defined herein), we have provided notice of our election to redeem some or all of the shares of Series B Preferred Stock (whether pursuant to our optional redemption right described above or this special optional redemption right), the holders of Series B Preferred Stock will not have the conversion right described below under Conversion Rights with respect to the shares of Series B Preferred Stock called for redemption. See the section entitled Description of the Series B Preferred Stock Redemption Special Optional Redemption in this prospectus supplement.

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A Change of Control is deemed to occur when, after the original issuance of the Series B Preferred Stock, the following have occurred and are continuing:

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the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our stock entitling that person to exercise more than 50% of the total voting power of all our stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

.
following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT or the NASDAQ Stock Market (NASDAQ), or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series B Preferred Stock will have the right subject to our election to redeem the Series B Preferred Stock in whole or part, as described above under Optional Redemption or Special Optional Redemption, prior to the Change of Control Conversion Date to convert some or all of the Series B Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series B Preferred Stock equal to the lesser of:

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the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per share of Series B Preferred Stock plus the amount of any accumulated and unpaid dividends thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date (as defined herein) and prior to the corresponding dividend payment date (as defined herein) for the Series B Preferred Stock, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (ii) the Common Stock

Price (as defined herein); and

0.870475 (the Share Cap), subject to certain adjustments;

in each case, on the terms and subject to the conditions described in this prospectus supplement, including provisions for the receipt, under specified circumstances, of alternative consideration as described in this prospectus supplement.

For definitions of Change of Control Conversion Right, Change of Control Conversion Date and Common Stock Price and a description of certain adjustments and provisions for the receipt of alternative consideration that may be applicable to the conversion of Series A Preferred Stock in the event of a Change of Control, and for other important information, please see the section entitled Description of the Series B Preferred Stock Conversion Rights.

Liquidation Preference

If we liquidate, dissolve or wind up, holders of the Series B Preferred Stock will have the right to receive \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any distribution of assets is made to the holders of our common stock. Please see the section entitled Description of the Series B Preferred Stock Liquidation Preference.

Ranking

The Series B Preferred Stock will rank, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, (1) senior to all classes or series of our common stock and to all other equity securities issued by us other than equity securities referred to in clauses (2) and (3); (2) on a parity with the Series A Preferred Stock and all other equity securities issued by us with terms specifically providing that those equity securities rank on a parity with the Series B Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up; and (3) junior to all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series B Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up. The Series B Preferred Stock will effectively rank junior to all of our existing and future indebtedness (including indebtedness convertible to our common stock or preferred stock) and to the indebtedness of our existing subsidiaries and any future subsidiaries. Please see the section entitled *Description of the Series B Preferred Stock Ranking*.

Voting Rights

Holder of Series B Preferred Stock will generally have no voting rights. However, if we do not pay dividends on the Series B Preferred Stock for eighteen or more monthly dividend periods (whether or not consecutive), the holders of the Series B Preferred Stock (voting separately as a class with the holders of all other classes or series of our preferred stock we may issue upon which like voting rights have been conferred and are exercisable (including holders of the Series A Preferred Stock, if applicable) and which are entitled to vote as a class with the Series B Preferred Stock in the election referred to below) will be entitled to vote for the election of two additional directors to serve on our board of directors until we pay, or declare and set aside funds for the payment of, all dividends that we owe on the Series B Preferred Stock, subject to certain limitations described in the section entitled *Description of the Series B Preferred Stock Voting Rights*. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock is required for us to authorize or issue any class or series of stock ranking prior to the Series B Preferred Stock with respect to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up, to amend any provision of our amended and restated articles of incorporation so as to materially and adversely affect any rights of the Series B Preferred Stock, or to take certain other actions. Please see the section entitled *Description of the Series B Preferred Stock Voting Rights*.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series B Preferred Stock are outstanding, we will use our best efforts to (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series B Preferred Stock, as their names and addresses appear on our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC

pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holders or prospective holder of Series B Preferred Stock, subject to certain exceptions described in this prospectus supplement. We will use our best efforts to mail (or otherwise provide) the information to the holders of the Series B Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were an accelerated filer within the meaning of the Exchange Act.

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Restrictions on Ownership and Transfer	<p>In order to ensure that we remain a qualified REIT for federal income tax purposes, our amended and restated articles of incorporation, together with our articles supplementary, provide that no person may beneficially or constructively own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% in value or in number of shares, whichever is more restrictive, of either our common stock or our capital stock, subject to certain exceptions. The shares of Series B Preferred Stock owned directly or indirectly by each holder (but not Series B Preferred Stock held by the other holders) will be counted as our common stock (on an as-converted basis) for purposes of the 9.8% ownership limitation applicable to our common stock with respect to such holder. Additionally, all shares of the Series B Preferred Stock will be counted as our capital stock for purposes of the 9.8% ownership limitation applicable to our capital stock. These provisions may restrict the ability of a holder of Series B Preferred Stock to convert such stock into our common stock and may limit the amount of Series B Preferred Stock that a holder may acquire or otherwise own. Please see the sections entitled <i>Description of the Series B Preferred Stock</i> <i>Restrictions on Ownership and Transfer</i> in this prospectus supplement and <i>Description of Capital Stock</i> <i>Restrictions on Ownership and Transfer</i> in the accompanying prospectus.</p>
Use of proceeds	<p>We plan to use the net proceeds from this offering to acquire additional Agency Securities in accordance with our objectives and strategies described in this prospectus. We may also use a portion of the net proceeds for general corporate purposes. Please see the section entitled <i>Use of Proceeds</i> in this prospectus supplement.</p>
Risk Factors	<p>Investing in our preferred stock involves risks. You should carefully consider the risks described under <i>Risk Factors</i> in this prospectus supplement, in our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q as well as the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to invest in our Series B Preferred Stock.</p>
U.S. Federal Income Tax Considerations	<p>For a discussion of the federal income tax consequences of purchasing, owning and disposing of the Series B Preferred Stock and any common stock received upon conversion of the Series B Preferred Stock, please see the section entitled <i>Supplement to U.S. Federal Income Tax Considerations</i> in this prospectus supplement and the section entitled <i>U.S. Federal Income Tax Considerations</i> in the accompanying prospectus.</p>
Book-Entry Form	<p>The Series B Preferred Stock will be represented by one or more global certificates in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company.</p>
Listing	<p>Our outstanding Series B Preferred Stock is currently traded on the NYSE under the symbol <i>ARR.PR.B</i>.</p>

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RISK FACTORS

In evaluating an investment in the Series B Preferred Stock, you should carefully consider the following risk factors and the risk factors described under the caption Risk Factors in our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference in this prospectus supplement and in the accompanying prospectus, in addition to the other risks and uncertainties described or referred to in this prospectus supplement and the accompanying prospectus and, if applicable, any free writing prospectus we may provide you in connection with this offering.

The Series B Preferred Stock ranks junior to all of our indebtedness and other liabilities and is effectively junior to all indebtedness and other liabilities of our subsidiaries.

In the event of our bankruptcy, liquidation, dissolution or winding-up of our affairs, our assets will be available to pay obligations on the Series B Preferred Stock only after all of our indebtedness and other liabilities have been paid. The rights of holders of the Series B Preferred Stock to participate in the distribution of our assets will rank junior to the prior claims of our current and future creditors and any future series or class of preferred stock we may issue that ranks senior to the Series B Preferred Stock. In addition, the Series B Preferred Stock effectively ranks junior to all existing and future indebtedness and other liabilities of (as well as any preferred equity interests held by others in) our existing subsidiaries and any future subsidiaries. Our existing subsidiaries are, and any future subsidiaries would be, separate legal entities and have no legal obligation to pay any amounts to us in respect of dividends due on the Series B Preferred Stock. If we are forced to liquidate our assets to pay our creditors, we may not have sufficient assets to pay amounts due on any or all of the Series B Preferred Stock then outstanding. We have incurred and may in the future incur substantial amounts of debt and other obligations that will rank senior to the Series B Preferred Stock. At June 30, 2017, we had approximately \$7.2 billion of indebtedness and other liabilities ranking senior to the Series B Preferred Stock, substantially all of which consisted of borrowings under our repurchase agreements. Certain of our existing or future debt instruments may restrict the authorization, payment or setting apart of dividends on the Series B Preferred Stock.

Future offerings of debt or senior equity securities may adversely affect the market price of the Series B Preferred Stock. If we decide to issue debt or senior equity securities in the future, it is possible that these securities will be governed by an indenture or other instruments containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of the Series B Preferred Stock and may result in dilution to owners of the Series B Preferred Stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. The holders of the Series B Preferred Stock will bear the risk of our future offerings, reducing the market price of the Series B Preferred Stock and diluting the value of their holdings in us.

We may issue additional shares of Series B Preferred Stock and additional series of preferred stock that rank on parity with the Series B Preferred Stock as to dividend rights, rights upon liquidation or voting rights.

We are allowed to issue additional shares of Series B Preferred Stock and additional series of preferred stock that would rank equally to the Series B Preferred Stock as to dividend payments and rights upon our liquidation, dissolution or winding up of our affairs pursuant to our amended and restated articles of incorporation and the articles supplementary for the Series B Preferred Stock without any vote of the holders of the Series B Preferred Stock. The issuance of additional shares of Series B Preferred Stock and additional series of parity preferred stock could have the effect of reducing the amounts available to the Series B Preferred Stock issued in this offering upon our liquidation or dissolution or the winding up of our affairs. It also may reduce dividend payments on the Series B Preferred Stock issued in this offering if we do not have sufficient funds to pay dividends on all Series B Preferred Stock and other classes of stock with equal priority with respect to dividends, which includes the outstanding Series A Preferred Stock.

In addition, although holders of Series B Preferred Stock are entitled to limited voting rights, as described in

Description of the Series B Preferred Stock Voting Rights, with respect to such matters, the Series B Preferred Stock will vote separately as a class along with all other series of our preferred stock that we may issue upon which like voting rights have been conferred and are exercisable (including holders of the Series A Preferred Stock, if applicable). As a result, the voting rights of holders of Series B Preferred Stock may be significantly diluted, and the holders of such other series of preferred stock that we may issue may be able to control or significantly influence the outcome of any vote.

Future issuances and sales of parity preferred stock, including the Series A Preferred Stock, or the perception that such issuances and sales could occur, may cause prevailing market prices for the Series B Preferred Stock and our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us.

We may not be able to pay dividends on the Series B Preferred Stock.

Under Maryland law, cash dividends on capital stock may be paid from net earnings and only if our total assets are not less than the sum of our total liabilities plus the amount that would be needed if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights on dissolution are superior to those receiving the distribution. Our ability to pay cash dividends on the Series B Preferred Stock will require us to be profitable and to have positive net assets (total assets less total liabilities) over our capital. Further, notwithstanding these factors, we may not have sufficient cash to pay dividends on the Series B Preferred Stock. Our ability to pay dividends may be impaired if any of the risks described in this prospectus supplement and the accompanying prospectus or incorporated by reference in this prospectus supplement and in the accompanying prospectus, were to occur. In addition, payment of our dividends depends upon our financial condition, maintenance of our REIT qualification and other factors as our board of directors may deem relevant from time to time. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay dividends on our common stock and preferred stock, including the Series B Preferred Stock offered by this prospectus supplement, to pay our indebtedness or to fund our other liquidity needs.

The Series B Preferred Stock has not been rated.

We have not sought to obtain a rating for the Series B Preferred Stock. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Series B Preferred Stock. In addition, we may elect in the future to obtain a rating for the Series B Preferred Stock, which could adversely affect the market price of the Series B Preferred Stock. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward, placed on a watch list or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision, placing on a watch list or withdrawal of a rating could have an adverse effect on the market price of the Series B Preferred Stock.

The Series B Preferred Stock will bear a risk of redemption by us.

On or after February 12, 2018, we may, at our option, redeem for cash the Series B Preferred Stock, in whole or in part, at any time or from time to time. In addition, we may redeem shares of the Series B Preferred Stock at any time to preserve our qualification as a REIT for federal income tax purposes. Also, upon the occurrence of a Change of Control, we may, at our option, redeem for cash the Series B Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred. We may have an incentive to redeem the Series B Preferred Stock voluntarily if market conditions allow us to issue other preferred stock or debt securities at a rate that is lower than the dividend on the Series B Preferred Stock. If we redeem the Series B Preferred Stock, then from and after the redemption date, your dividends will cease to accrue on your shares of Series B Preferred Stock, your shares of Series B Preferred Stock shall no longer be deemed outstanding and all your rights as a holder of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption.

You may not be able to exercise conversion rights upon a Change of Control. If exercisable, the change of control conversion rights described in this prospectus supplement may not adequately compensate you. These change of control conversion rights may also make it more difficult for a party to acquire us or discourage a party from acquiring us.

Upon the occurrence of a Change of Control, each holder of the Series B Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series B Preferred Stock held by such holder as described under Description of Series B Preferred Stock Redemption Optional Redemption or Special Optional Redemption, in which case such holder will have the right only with respect to shares of Series B Preferred Stock that are not called for redemption) to convert some or all of such holder's Series B Preferred Stock into our shares of common stock (or under specified circumstances involving certain alternative consideration).

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We have a special optional redemption right to redeem the Series B Preferred Stock in the event of a Change of Control, and holders of the Series B Preferred Stock will not have the right to convert any shares that we have elected to redeem prior to the Change of Control Conversion Date. Please see the sections entitled Description of the Series B Preferred Stock Redemption Special Optional Redemption and Description of the Series B Preferred Stock Conversion Rights.

If we do not elect to redeem the Series B Preferred Stock prior to the Change of Control Conversion Date, then upon an exercise of the conversion rights provided for in this prospectus supplement, the holders of Series B Preferred Stock will be limited to a maximum number of shares of our common stock (or, if applicable, the Alternative Conversion Consideration (as defined herein)) equal to the Share Cap (as defined herein) multiplied by the number of shares of Series B Preferred Stock converted. If the Common Stock Price is less than \$1.46 (which is approximately 5.81% of the per share closing sale price of our common stock reported on the NYSE on August 29, 2017), subject to adjustment in certain circumstances, the holders of the Series B Preferred Stock will receive a maximum of 0.870475 shares of our common stock per share of Series B Preferred Stock, which may result in a holder receiving shares of common stock (or Alternative Conversion Consideration, as applicable) with a value that is less than the liquidation preference of the Series B Preferred Stock plus any accumulated and unpaid dividends.

In addition, the Change of Control conversion feature of the Series B Preferred Stock may have the effect of discouraging a third party from making an acquisition proposal for us or of delaying, deferring or preventing certain of our change of control transactions under circumstances that otherwise could provide the holders of our common stock and Series B Preferred Stock with the opportunity to realize a premium over the then-current market price of such stock or that stockholders may otherwise believe is in their best interests.

The market price of the Series B Preferred Stock could be substantially affected by various factors.

The market price of the Series B Preferred Stock will depend on many factors, which may change from time to time, including:

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prevailing interest rates, increases in which may have an adverse effect on the market price of the Series B Preferred Stock;

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trading prices of common and preferred equity securities issued by REITs and other real estate companies;

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the annual yield from dividends paid on the Series B Preferred Stock as compared to yields on other financial instruments;

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general economic and financial market conditions;

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government action or regulation;

the financial condition, performance and prospects of us and our competitors;

changes in financial estimates or recommendations by securities analysts with respect to us, or competitors in our industry;

our issuance of additional preferred equity or debt securities; and

actual or anticipated variations in quarterly operating results of us and our competitors.

As a result of these and other factors, investors who purchase the Series B Preferred Stock in this offering may experience a decrease, which could be substantial and rapid, in the market price of the Series B Preferred Stock, including decreases unrelated to our operating performance or prospects.

Our amended and restated articles of incorporation and the articles supplementary establishing the terms of the Series B Preferred Stock contain restrictions upon ownership and transfer of the Series B Preferred Stock, which may impair the ability of holders to convert Series B Preferred Stock into our common stock.

Our amended and restated articles of incorporation and the articles supplementary establishing the terms of the Series B Preferred Stock contain restrictions on ownership and transfer of the Series B Preferred Stock intended to assist us in maintaining our qualification as a REIT for federal income tax purposes. For example, our amended and restated articles of incorporation, together with our articles supplementary, provide that no person may beneficially or constructively own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% in value or in number of shares, whichever is more restrictive, of either our common stock or our capital stock, subject to certain exceptions. See Description of Series B Preferred Stock Restrictions on Ownership and Transfers of Stock in this prospectus supplement. Given that shares of the Series B Preferred Stock owned directly or indirectly by you (but not Series B Preferred Stock held by the other holders) will be counted as our common stock (on an as-converted basis) for purposes of the 9.8% ownership limitation applicable to our common stock with respect to you, and that all shares of the Series B Preferred Stock will be counted as our capital stock for purposes of the 9.8% ownership limitation applicable to our capital stock, you should consider these

ownership limitations prior to your purchase of the Series B Preferred Stock. Notwithstanding any other provision of the Series B Preferred Stock, no holder of Series B Preferred Stock will be entitled to convert such stock into our common stock to the extent that receipt of our common stock would cause the holder to exceed the ownership limitations contained in our amended and restated articles of incorporation and in the articles supplementary for the Series B Preferred Stock. In addition, these restrictions could have anti-takeover effects and could reduce the possibility that a third party will attempt to acquire control of us, which could adversely affect the market price of the Series B Preferred Stock.

As a holder of Series B Preferred Stock, you will have extremely limited voting rights.

Your voting rights as a holder of Series B Preferred Stock will be limited. Our shares of common stock are the only class of our securities that carry full voting rights. Voting rights for holders of Series B Preferred Stock exist primarily with respect to the ability to elect, voting together with the holders of any other series of our preferred stock having similar voting rights, two additional directors to our board of directors, subject to limitations described in the section entitled "Description of the Series B Preferred Stock - Voting Rights," in the event that eighteen monthly dividends (whether or not consecutive) payable on the Series B Preferred Stock are in arrears, and with respect to voting on amendments to our amended and restated articles of incorporation or articles supplementary relating to the Series B Preferred Stock that materially and adversely affect the rights of the holders of Series B Preferred Stock or authorize, increase or create additional classes or series of our shares that are senior to the Series B Preferred Stock. Other than the limited circumstances described in this prospectus supplement, holders of Series B Preferred Stock will not have any voting rights. Please see the section entitled "Description of the Series B Preferred Stock - Voting Rights."

Disruptions in the financial markets could affect our ability to obtain financing on reasonable terms and have other adverse effects on us and the market price of the Series B Preferred Stock.

Uncertainty in the stock and credit markets may negatively impact our ability to access additional financing at reasonable terms, which may negatively affect our ability to purchase Agency Securities at the times, in the volumes, on the terms and with the leverage that we desire. A downturn in the stock or credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our investment strategy accordingly. In addition, these factors may make it more difficult for us to sell Agency Securities or may adversely affect the price we receive for Agency Securities that we do sell, as prospective buyers may experience increased costs of financing or difficulties in obtaining financing. These types of events in the stock and credit markets may make it more difficult or costly for us to raise capital through the issuance of our common stock, preferred stock or debt securities. The potential disruptions in the financial markets may have a material adverse effect on the market value of our common stock and preferred stock, including the Series B Preferred Stock offered pursuant to this prospectus supplement, the return we receive on our investments, as well as other unknown adverse effects on us.

If our common stock is delisted, your ability to transfer or sell your shares of the Series B Preferred Stock may be limited and the market value of the Series B Preferred Stock will likely be materially adversely affected.

Other than in connection with a Change of Control, the Series B Preferred Stock does not contain provisions that are intended to protect you if our common stock is delisted from the NYSE. Since the Series B Preferred Stock has no stated maturity date, you may be forced to hold your shares of the Series B Preferred Stock and receive stated dividends on the Series B Preferred Stock when, as and if authorized by our board of directors and paid by us with no assurance as to ever receiving the liquidation value thereof. In addition, if our common stock is delisted from the NYSE, it is likely that the Series B Preferred Stock will be delisted from the NYSE as well. Accordingly, if our common stock is delisted from the NYSE, your ability to transfer or sell your shares of the Series B Preferred Stock may be limited and the market value of the Series B Preferred Stock will likely be materially adversely affected.

We will have broad discretion in the use of the net proceeds to us from this offering; we may not use the offering proceeds that we receive effectively.

ACM will have broad discretion in the application of the net proceeds to us from this offering, including for any of the purposes described in the section entitled Use of Proceeds, and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds to us from this offering, their ultimate use may vary from their currently intended use. The failure by ACM to apply these funds effectively could harm our business. Pending their use, ACM may invest the net proceeds to us from this offering in interest-bearing short-term investments, including funds that are consistent with our qualification as a REIT. These investments may not yield a favorable return to our stockholders. We may also use a portion of the net proceeds for general corporate purposes. Prior to the time we have fully used the net proceeds of this offering, we may fund our monthly cash distributions out of such net proceeds.

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USE OF PROCEEDS

We are offering hereunder up to 2,000,000 shares of our Series B Preferred Stock over a period of time and from time to time through the Agent, or to the Agent for resale, in accordance with the terms of the Sales Agreement. Sales of our preferred shares, if any, may be made in negotiated transactions or transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or sales made to or through a market maker other than on an exchange.

We plan to use the net proceeds from this offering to acquire additional target assets in accordance with our objectives and strategies described in this prospectus supplement and the accompanying prospectus and for other general corporate purposes. Our focus will be on purchasing Agency Securities subject to our investment guidelines and REIT qualification requirements. ACM's decisions to purchase Agency Securities will depend on prevailing market conditions and may change over time in response to opportunities available in different interest rate, economic and credit environments. Until appropriate assets can be identified, ACM may invest the net proceeds from this offering in interest-bearing short-term investments, including funds that are consistent with our qualification as a REIT. These investments are expected to provide a lower net return than we will seek to achieve from our target assets. We may also use a portion of the net proceeds for general corporate purposes. Although we currently have no intention of doing so, prior to the time we have fully used the net proceeds of this offering, we may fund our monthly cash dividends out of such net proceeds.

PUBLIC MARKET FOR OUR SECURITIES

Our Series B Preferred Stock has been traded on the NYSE under the symbol ARR.PRB since February 13, 2013, our Series A Preferred Stock has been traded on the NYSE under the symbol ARR.PRA since June 11, 2012 and our common stock has been traded on the NYSE under the symbol ARR since April 4, 2011. The following table sets forth, for the periods indicated, the high and low per share sale prices of our Series B Preferred Stock, Series A Preferred Stock and common stock, as reported by the NYSE.

	Series B		Series A		Common Stock	
	Preferred Stock		Preferred Stock		Common Stock	
	High	Low	High	Low	High	Low
First Quarter 2015	\$ 24.20	\$ 23.65	\$ 25.25	\$ 24.45	\$ 29.84	\$ 24.72
Second Quarter 2015	\$ 24.08	\$ 22.29	\$ 24.95	\$ 23.00	\$ 25.68	\$ 22.48
Third Quarter 2015	\$ 22.83	\$ 21.30	\$ 23.48	\$ 21.58	\$ 23.28	\$ 19.69
Fourth Quarter 2015	\$ 21.99	\$ 20.08	\$ 23.12	\$ 22.02	\$ 21.84	\$ 19.61
First Quarter 2016	\$ 20.85	\$ 17.50	\$ 23.28	\$ 20.16	\$ 21.99	\$ 17.53
Second Quarter 2016	\$ 22.80	\$ 20.70	\$ 24.59	\$ 22.48	\$ 22.14	\$ 18.87
Third Quarter 2016	\$ 23.88	\$ 22.80	\$ 24.66	\$ 24.12	\$ 23.10	\$ 20.01
Fourth Quarter 2016	\$ 23.40	\$ 22.69	\$ 24.50	\$ 23.73	\$ 23.22	\$ 20.34
First Quarter 2017	\$ 23.69	\$ 23.06	\$ 24.7476	\$ 24.10	\$ 23.20	\$ 20.81
Second Quarter 2017	\$ 25.13	\$ 23.06	\$ 25.83	\$ 24.10	\$ 27.60	\$ 22.82
Third Quarter 2017 (through August 29, 2017)	\$ 25.37	\$ 24.85	\$ 25.75	\$ 25.2924	\$ 26.75	\$ 24.66

Holders of our Securities

As of August 29, 2017, we had 1 stockholder of record of our outstanding Series B Preferred Stock, 1 stockholder of record of our outstanding Series A Preferred Stock and 168 stockholders of record of our outstanding common stock.

We believe there are currently many more beneficial owners of our Series B Preferred Stock, Series A Preferred Stock and common stock.

DIVIDEND POLICY

We have elected to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2009. U.S. federal income tax law requires that a REIT distribute with respect to each year at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. If our cash available for distribution is less than 90% of our REIT taxable income, we could be required to sell assets or borrow funds to pay cash dividends or we may make a portion of the required dividend in the form of a taxable stock dividend or dividend of debt securities. We will generally not be required to pay dividends with respect to activities conducted through any domestic taxable REIT subsidiary (TRS).

In order to maintain our qualification as a REIT for U.S. federal income tax purposes, we are required to distribute at least 90% of our annual REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. Accordingly, we intend to continue to pay monthly dividends of our taxable income to holders of our Series B Preferred Stock out of assets legally available for such purposes.

On each of January 27, 2017, February 27, 2017, March 27, 2017, April 27, 2017, May 30, 2017, June 27, 2017, July 27, 2017 and August 28, 2017, we paid a monthly cash dividend of \$0.1640625 per share of outstanding Series B Preferred Stock to our stockholders as of January 15, 2017, February 15, 2017, March 15, 2017, April 15, 2017, May 15, 2017, June 15, 2017, July 15, 2017 and August 15, 2017, respectively. We have also confirmed cash dividends of \$0.1640625 per share of outstanding Series B Preferred Stock payable September 27, 2017 to holders of record on September 15, 2017.

Holders of shares of the Series B Preferred Stock are entitled to receive, when, as and if declared by our board of directors, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 7.875% of the \$25.00 per share liquidation preference per annum (equivalent to \$1.98675 per annum per share). Dividends on the Series B Preferred Stock shall accrue daily and be cumulative from, and including, the date of original issue and shall be payable monthly on the 27th day of each month (each, a dividend payment date); provided that if any dividend payment date is not a business day, as defined in the articles supplementary, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day and no interest, additional dividends or other sums will accrue on the amount so payable for the period from and after that dividend payment date to that next succeeding business day. Any dividend payable on the Series B Preferred Stock, including dividends payable for any partial dividend period, will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in our stock records for the Series B Preferred Stock at the close of business on the applicable record date, which shall be the 15th day of the calendar month, whether or not a business day, in which the applicable dividend payment date falls (each, a dividend record date).

No dividends on shares of Series B Preferred Stock shall be authorized by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment thereof or provide that the authorization, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment shall be restricted or prohibited by law. You should review the information appearing above under Risk Factors We may not be able to pay dividends on the Series B Preferred Stock for information as to, among other things, other circumstances under which we may be unable to pay dividends on the Series B Preferred Stock.

Notwithstanding the foregoing, dividends on the Series B Preferred Stock will accrue whether or not we have earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the Series B Preferred Stock which may be in arrears, and holders of the Series B Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made

on the Series B Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future dividends paid on our common stock and preferred stock, including the Series B Preferred Stock offered pursuant to this prospectus supplement, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, any debt service requirements and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to pay cash dividends on our preferred stock or what the actual dividends will be for any future period.

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Unless full cumulative dividends on the Series B Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods, no dividends (other than in shares of common stock or in shares of any series of preferred stock that we may issue ranking junior to the Series B Preferred Stock as to dividends and upon liquidation) shall be declared or paid or set aside for payment upon shares of our common stock or preferred stock that we may issue ranking junior to or on a parity with the Series B Preferred Stock (including, while outstanding, the Series A Preferred Stock) as to dividends or upon liquidation. Nor shall any other dividends be declared or made upon shares of our common stock or preferred stock that we may issue ranking junior to or on a parity with the Series B Preferred Stock (including, while outstanding, the Series A Preferred Stock) as to dividends or upon liquidation. In addition, any shares of our common stock or preferred stock that we may issue ranking junior to or on a parity with the Series B Preferred Stock (including, while outstanding, the Series A Preferred Stock) as to dividends or upon liquidation shall not be redeemed, purchased or otherwise acquired for any consideration (or any moneys paid to or made available for a sinking fund for the redemption of any such shares) by us (except by conversion into or exchange for our other capital stock that we may issue ranking junior to the Series B Preferred Stock as to dividends and upon liquidation and except for transfers made pursuant to the provisions of our charter relating to restrictions on ownership and transfers of our capital stock).

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series B Preferred Stock and the shares of any other series of preferred stock that we may issue ranking on a parity as to dividends with the Series B Preferred Stock (including, while outstanding, the Series A Preferred Stock), all dividends declared upon the Series B Preferred Stock and any other series of preferred stock ranking on a parity that we may issue as to dividends with the Series B Preferred Stock shall be declared pro rata so that the amount of dividends declared per share of Series B Preferred Stock and such other series of preferred stock that we may issue shall in all cases bear to each other the same ratio that accrued dividends per share on the Series B Preferred Stock and such other series of preferred stock that we may issue (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such preferred stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series B Preferred Stock that may be in arrears.

DESCRIPTION OF THE SERIES B PREFERRED STOCK