MJ REAL ESTATE INVESTMENT TRUST

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

SUPPLEMENT NO. 1

*This Supplement dated January 31, 2023 (this "**Supplement**") relates to MJ Real Estate Investment Trust, a Delaware statutory trust (the "**Company**") and must be accompanied by the Confidential Private Placement Memorandum, as amended (the "**Memorandum**").*

This Supplement amends and supplements the information contained in the Memorandum to the extent inconsistent therewith. Potential investors should review this Supplement and the Memorandum (including all of its appendices) in their entirety in connection with their prospective investments in the Company. Capitalized terms not otherwise defined herein have the meanings specified in the Memorandum or the Charter.

Management

The following subsection entitled "Trustees and Executive Officers" in the section entitled "Management" beginning on pg. 27 of the Memorandum is hereby amended and restated in its entirety to update the list of the Company's Trustees and executive officers as follows:

Trustees and Executive Officers

The Company's Trustees and executive officers are set forth below.

Name	**Age**	**Position**
Christopher R. Reece	50	Trustee, Chairman and Chief Executive Officer
Matthew J. Gould	62	Trustee
Matthew Malone	42	Independent Trustee
Jeff Malach	39	Independent Trustee
Michelle N. Galeski	47	Independent Trustee

Christopher R. Reece has served as a Trustee and Chairman and Chief Executive Officer of the Company since inception. Mr. Reece co-founded AC Capital Partners LLC, a national sponsor of alternative investments and serves as a managing director at Arcview Capital, a FINRA registered broker- dealer. In his role with Arcview Capital, he focuses his efforts on developing relationships with independent broker dealers, regional firms and wirehouses. Prior to joining Arcview Capital, he spent nine years at FS Investments, where he built a team of client portfolio managers to serve as alternative investment experts. His focus on educating advisers and clients led he and his team to successfully raise over $10 billion in assets. Before FS Investments, he spent five years as a Director with Turner Investment Partners ("***Turner***"), an investment firm that, at the time, managed more than $13 billion of securities for institutions and individuals. At Turner, he was responsible for managing the firm's largest institutional relationships spread across alternative, domestic and international strategies. In this role, he was also responsible for generating investment research and articulating detailed portfolio analysis of the

firm's strategies to clients. Before joining Turner, he was a Product Specialist with Planco/The Hartford Mutual Funds and was instrumental in successfully building out their registered investment advisor channel. Prior to this role, he spent two years at David Vaughan Investments as a senior relationship manager and eight years at The Vanguard Group, most recently as an international investment analyst. Mr. Reece received his MBA from Villanova University and his BS in Finance from Drexel University. He is registered with FINRA as a Series 7 and Series 63 representative and is a CFA charterholder.

Matthew J. Gould serves as a Trustee of the Board. Mr. Gould has spent his entire career in the real estate industry with various organizations. He currently serves as CEO of Georgetown Partners, Inc. and Managing General Partner of Gould Investors, L.P., a diversified primarily real estate owner and operator since 1994. Since 2012, Mr. Gould has served as Chairman of One Liberty Properties, Inc. (NYSE:OLP), a single tenant net lease REIT, holding earlier positions as Vice Chairman and President dating back to 1989. He is a Board Member and Senior Vice President of BRT Apartments Corporation (NYSE: BRT), a multifamily REIT, performing various roles dating back to 1984. Since 2019 he has served as CEO of the Rainbow Realty Group Funds, which manages two private funds that own and provide mortgages to borrowers in the cannabis space. He is a Board Member of Halsa Holdings, LLC, a CA cannabis operator, since 2021 and Vice President of Majestic Property Management Corp., a privately held real estate management fund, since 1984. Mr. Gould earned a B.A in English Literature from University of Michigan in 1981 and a J.D. from the Benjamin Cardozo School of Law in 1984.

Matthew Malone serves as an Independent Trustee of the Board. Mr. Malone has spent his entire career in the alternative investment industry. He currently serves as the President of Lonsdale Investment Management and the Head of Investment Management at Lonsdale Investment Technology, a technology enabled platform that provides wealth managers with specialized portfolio construction tools and access to curated platforms of alternative investment managers. Prior to joining Lonsdale, Mr. Malone served in various roles at FS Investments, an alternative asset management firm, including serving as Managing Director, Real Estate and successfully launching the FS Credit REIT, a non-traded REIT focused on investments in commercial real estate loans. Prior to his time at FS Investments, Mr. Malone was a partner at the law firm Snyder Kearney, LLC and specialized in research and diligence of alternative investments on behalf of wealth management platforms. Mr. Malone is a CFA charterholder and has served as the Board Chair of the CFA Society of Washington, DC and the Alternative Direct Investment Securities Association (ADISA). Mr. Malone earned a BA in Economics from the University of Maryland and a J.D. from The George Washington University.

Jeff Malach serves as an Independent Trustee of the Board. Mr. Malach is currently Managing Director of Capital Markets and Strategy at Quanta Finance, a Senior Advisor and member of the investment committee at Landrace Financial, Senior Advisor to New Roots Capital, and Advisor to Pincanna. Prior to joining Quanta Finance, Mr. Malach was a Managing Director at Landrace Financial and oversaw the cannabis lending portfolio. He was Head of Capital Markets at Barnett Capital, a family office located outside of Chicago, where he focused on the capital structuring of all Barnett Capital's business lines. Additionally, Mr. Malach developed and ran the commercial real estate bridge lending platform for Barnett Capital. Previously he was the Regional Vice President for B2R Finance, a Blackstone Group Fund. Earlier in his career, he was the initial employee and eventually Senior Business Development Director of Hilco Real Estate Finance, a lender to residential real estate investors. As part of the management team, Mr. Malach helped develop and grow that business to an eventual successful sale to Garrison Investment Group. Mr. Malach holds a Juris Doctor from Chicago-Kent College of law and a Bachelor of Arts from the University of Michigan. He is a licensed attorney in the state of Illinois.

Michelle N. Galeski serves as an Independent Trustee of the Board. Ms. Galeski is a Principal & Co-Founder of Rep Driven Results, LLC (RDR) and BridgeWorks, LLC Principal and Owner. RDR is a National Accounts services company that offers private (Reg D) companies the ability to hire on an as needed basis, services to assist and develop distribution and manage and/or grow selling group

syndicates. Prior to founding RDR, she served for ten years as Vice President for VSR Financial Services, Inc., a full-service securities broker dealer with a network of more than 300 financial advisors representing over 85,000 investors throughout North America. In her role at VSR, she was responsible for evaluating new investment offerings and launching new product marketing initiatives as well as business development with financial advisors. Prior to VSR, Ms. Galeski worked for Berthel Fisher, an independent broker dealer. Ms. Galeski started her career in the financial industry with Kennedy Capital Management out of St. Louis, Missouri, as a trader and portfolio liaison. Ms. Galeski holds a Bachelor of Business Administration with an emphasis in Finance and Economics from Midwestern State University in Wichita Falls, Texas, is Series 7 and 66 licensed with Arete Wealth Management out of Chicago, IL and currently resides in Olathe, Kansas.

The individuals who serve as the Company's executive officers have certain responsibilities arising from the Charter. These responsibilities include executing contracts and other instruments in the Company's name and on its behalf and such other responsibilities as may be prescribed by the Board from time to time. The Company's officers will devote such portion of their time to the Company's affairs as is required for the performance of their responsibilities, but they are not required to devote all of their time to the Company.

How to Subscribe

The following subsection entitled "Acceptance and Rejection of Subscriptions" in the section entitled "How to Subscribe" beginning on pg. 2 of the Memorandum is hereby amended and restated in its entirety to update the monthly closing date as follows:

Acceptance and Rejection of Subscriptions

The Company expects to hold closings on a monthly basis on the first business day of each month, provided that the Company may hold closings on different dates in its sole discretion. Following each closing, the subscription proceeds of each Shareholder whose subscription was accepted at such closing will be available for use by the Company. The Company has the right to accept or reject, in whole or in part, any subscription for any reason. If for any reason the Company rejects a prospective investor's subscription, the Company will promptly return the prospective investor's Subscription Documents and any subscription payment received in connection with such Subscription Documents, without interest or deduction, within ten business days after rejecting the subscription. If Subscription Documents are received less than five business days prior to the monthly closing date, the purchase of Shares reflected by such Subscription Documents may, unless the Company elects otherwise, be executed in the immediately following month's closing at the transaction price applicable to that closing. As a result of this process, the price per Share at which a subscription is executed may be different than the price per Share for the month in which the subscription was submitted.

Summary of Terms

The following subsection entitled "Acceptance of Subscriptions" in the section entitled "Summary of Terms" beginning on pg. 4 of the Memorandum is hereby amended and restated in its entirety to update the monthly closing date as follows:

Acceptance of Subscriptions		The Company will schedule monthly closings on subscriptions received and accepted by it. The monthly closing date on which the Company will accept subscriptions is expected to be the first business day of each month. Subscriptions will be effective only upon the Company's acceptance, and it reserves the right, in the Manager's discretion, to accept or reject any subscription in whole or in part. Generally, an investor will know the monthly closing date that applies to his or her subscription. In

		the event the Company adjusts the Offering price after an investor submits his or her subscription agreement and before the date the Company accepts such subscription, such investor will not be provided with direct notice by the Company of the adjusted Offering price but will need to check the Company's website prior to the closing date of his or her subscription. In this case, an investor will have at least five business days after the Company publishes the adjusted Offering price to consider whether to withdraw his or her subscription request before he or she is committed to purchase Shares upon the Company's acceptance. However, there is no assurance that an investor's subscription will be accepted or close on a succeeding month following the investor's subscription date. Funds received in connection with a subscription will be placed in a non-interest- bearing escrow account pending the Company's monthly closing. Subscriptions will be accepted or rejected within thirty (30) calendar days of receipt of a subscription by the Company. If a subscription is rejected, all subscription funds will be returned to the prospective investor without deduction for any expenses within ten (10) business days from the date such subscription is rejected. All subscribers must complete and execute a subscription agreement, a specimen copy of which is attached as Appendix I to the Memorandum, in order to purchase Shares in the Offering. Subscription agreements may be executed by investors with either a physical or, in certain jurisdictions where permitted, an electronic signature. All subscriptions for Shares must be accompanied by a check or a wire payment for the full amount of the purchase price for the Shares. Subscription checks may be made payable to "Phoenix America, Transfer Agent for MJ Real Estate Investment Trust" and wires are to be transmitted directly to the account as indicated on the subscription agreement. Subscription funds will be deposited into a non-interest bearing reconciliation account. Subscription funds held in the non-interest bearing account following the escrow period do not accrue interest or any other benefits to any prospective investor.

Designation of Preferred Shares

On January 25, 2023, our Board approved the issuance of 12% Series A Preferred Shares (the "Preferred Shares"), and the terms, rights, preferences, and privileges of the Preferred Shares. We intend to issue the Preferred Shares in a private placement for the purpose of satisfying the requirement that we have at least 100 stockholders in order to qualify as a REIT for our taxable year ended December 31, 2022. There are currently no Preferred Shares outstanding.

Holders of the Preferred Shares will be entitled to a cumulative preferred distribution, payable semiannually, in an amount equal to 12% per annum of the $1000 purchase price per share of the Preferred Shares plus any accrued and unpaid distributions. In the event of our voluntary or involuntary dissolution, liquidation or winding up, the holders of Series A Preferred Stock will be entitled to receive pro rata in cash out of our assets legally available therefor, before any distributions of our assets may be made to the holders of our common shares, an amount per share of Preferred Shares equal to the $1000 initial purchase price plus any accrued and unpaid dividends on such share, subject to an increase for any redemption premium.

The Preferred Shares will be redeemable in whole or in part by us at any time. The redemption price for any share of Preferred Shares redeemed by us will be equal to the initial $1000 purchase price of the redeemed share plus any accrued and unpaid dividends on such share and, if such redemption occurs on or prior to the second anniversary of the date that we receive subscription funds for the Preferred Shares or, if later, the date on which the subscription is accepted by the Company, a $100 per share redemption premium.

Holders of the Preferred Shares will not be entitled to vote on any matter submitted to our shareholders for a vote, except that the consent of a majority of the outstanding shares of Preferred Shares, voting as a separate class, will be required for (a) our authorization or issuance of any equity security senior to or on parity with the Preferred Shares, (b) any reclassification of the Preferred Shares, or (c) certain amendments to our Charter that would materially and adversely affect the rights and preferences of the Preferred Shares or increase the number of authorized or issued Preferred Shares.

The Preferred Shares are not convertible or exchangeable into any other property or securities of the Company and are subject to significant limitations on transfer.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

MJ REAL ESTATE INVESTMENT TRUST

COMMON SHARES OF BENEFICIAL INTEREST
$25,000 MINIMUM INVESTMENT

This confidential private placement memorandum (as amended or supplemented, including all appendices, this "***Memorandum***") is being furnished on a confidential basis to prospective investors in connection with their evaluation of a proposed investment in MJ Real Estate Investment Trust, a newly-formed Delaware statutory trust (the "***Company***"). The Company intends to achieve its investment objectives by acquiring fee or leasehold interests in, or acquiring or originating loans secured by, specialized commercial or industrial real estate assets operated by state-licensed cannabis operators in accordance with applicable State law, or interests therein, through sale-leaseback transactions, third-party purchases, and funding for build-to-suit projects, as well as in shares of publicly traded REITs or bonds (collectively, "***Targeted Assets***"). MJ REIT Advisors, LLC will be the Company's manager (the "***Manager***") and will be responsible for managing the day-to-day affairs of the Company and for identifying and making investments on its behalf pursuant to an investment management agreement among the Company and the Operating Partnership (as defined herein) (the "***Management Agreement***"). The Manager has delegated identification and selection of investments to RMJ Sub-Manager, LLC, a Delaware limited liability company (the "***Sub-Manager***") which will be the Company's sub-adviser and will be responsible for managing the day-to-day affairs of the Company and for identifying and making investments on its behalf pursuant to discretionary investment authority granted to it by the Manager pursuant to an investment sub-management agreement between the Manager and the Sub-Manager (the "***Sub-Management Agreement***"). The Company intends to elect to be taxed as a real estate investment trust ("***REIT***") for federal income tax purposes commencing with the taxable year ending December 31, 2022.

The Company will be structured as an Umbrella Partnership Real Estate Investment Trust ("***UPREIT***") and will own its investments through MJ REIT Operating Partnership LP, a to-be-formed Delaware limited partnership that will serve as the Company's operating partnership (the "***Operating Partnership***"). The Company will be the sole general partner of the Operating Partnership and MJ REIT SLP, LLC (the "***MJ Special Limited Partner***"), an affiliate of the Manager, and the Sub-Manager (the "***RB Special Limited Partner***;" and together with the MJ Special Limited Partner, the "***Special Limited Partners***") will each own a special limited partnership interest in the Operating Partnership.

The Company anticipates conducting one or more private placements of its common shares of beneficial interest in the Company (the "***Shares***"), any of which may be a finite offering or a perpetual offering (each, an "***Offering***"). The Company will offer the Shares in the Offerings pursuant to confidential private placement memoranda prepared by the Company (each, a "***Memorandum***"). The initial Offering shall consist of a private placement, in an aggregate amount of up to $25 million (the "***Offering***") from suitable investors. The Shares shall be offered in any combination of Class I, Class D, Class S, and Class T Shares. The Manager reserves the right in its sole discretion to accept additional purchases of Shares of up to $10 million, also in any combination of Class I, Class D, Class S, and Class T Shares (for a maximum initial Offering of $35 million). Class I Shares will initially be offered at $25.00 per Share, Class D Shares will initially be offered at $25.38 per Share, Class S Shares will initially be offered at $25.88 per Share and Class T Shares will initially be offered at $25.88 per Share. Thereafter, the Manager will determine the net asset value ("***NAV***") for each class of Shares on a monthly basis, commencing no later than the first full calendar month after commencement of the initial Offering. The Company has adopted a distribution reinvestment plan (the "***DRIP***") whereby Shareholders may have their distributions automatically reinvested in additional Shares of the applicable class from which such distributions were derived. Shareholders who wish to participate in the DRIP must opt-in and will not automatically be enrolled. Reinvestments pursuant to the DRIP will be made at 99% of the then-current NAV.

The Company has adopted a share repurchase program (the "***Share Repurchase Program***") whereby Shareholders, including any Shareholders affiliated with the Manager or the Sub-Manager, will have an opportunity on a monthly basis to have their Shares redeemed by the Company, subject to certain restrictions and limitations. The purchase for Shares redeemed under the Share Repurchase Program will be the prior month's NAV.

In the Manager's sole discretion, the Company may engage a registered broker-dealer to act as a placement agent for the offering.

The Shares are being offered and sold in a continuous private offering exempt from the registration requirements of the Securities Act of 1933, as amended (the "***Securities Act***"), and are available for purchase only by investors that certify their qualification as "accredited investors," as that term is defined in Rule 501(a) promulgated under Regulation D of the Securities Act.

Neither the U.S. Securities and Exchange Commission (the "*SEC*") nor any other federal, state or foreign securities commission or similar authority has determined whether this Memorandum is truthful or complete. The Shares have not been registered under the Securities Act or the securities laws of any state or country in reliance on exemptions from the registration requirements of such laws. There is no public market for the Shares, and the Shares are subject to significant restrictions on transfer. An investment in the Shares involves significant risk. See "Risk Factors."

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This Memorandum is dated June 15, 2022

PROSPECTIVE INVESTORS ARE ENCOURAGED TO DIRECT INQUIRIES TO:

MJ Real Estate Investment Trust
c/o AC Capital Partners LLC
24 Veterans Square
Media, Pennsylvania 19063
Email: info@MJ-REIT.com

IMPORTANT NOTICES TO INVESTORS

THIS MEMORANDUM HAS BEEN FURNISHED SOLELY FOR THE INFORMATION OF THE PROSPECTIVE INVESTOR TO WHOM IT HAS BEEN DELIVERED ON THE COMPANY'S BEHALF AND MAY NOT BE REPRODUCED, DISTRIBUTED OR USED BY SUCH RECIPIENT FOR ANY OTHER PURPOSES. EACH RECIPIENT OF THIS MEMORANDUM HEREBY AGREES TO (1) MAINTAIN THE CONFIDENTIALITY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM, AS WELL AS ANY SUPPLEMENTAL INFORMATION PROVIDED TO THE RECIPIENT BY THE COMPANY OR ANY OF ITS REPRESENTATIVES; AND (2) TO RETURN THIS MEMORANDUM, AS WELL AS ALL SUPPLEMENTAL INFORMATION PROVIDED TO THE RECIPIENT, UPON REQUEST.

INVESTMENT IN THE SHARES INVOLVES A HIGH DEGREE OF RISK THAT PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER BEFORE INVESTING. THERE CAN BE NO ASSURANCE THAT THE COMPANY'S INVESTMENT OBJECTIVES WILL BE ACHIEVED OR THAT INVESTORS WILL RECEIVE A COMPLETE RETURN OF THEIR CAPITAL. INVESTMENT IN THE SHARES IS SUITABLE ONLY FOR SOPHISTICATED INVESTORS AND REQUIRES THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE HIGH RISKS AND LACK OF LIQUIDITY INHERENT IN AN INVESTMENT IN THE SHARES.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THIS OFFERING. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY, THE MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES AS LEGAL, TAX, INVESTMENT OR OTHER ADVICE. EACH INVESTOR SHOULD MAKE ITS OWN INQUIRIES AND CONSULT ITS OWN ADVISORS.

STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF THE DATE OF THIS MEMORANDUM UNLESS STATED OTHERWISE AND THE DELIVERY OF THIS MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT INFORMATION HEREIN IS CORRECT AS OF ANY SUBSEQUENT DATE. NO SHARES MAY BE SOLD WITHOUT DELIVERY OF THIS MEMORANDUM.

THE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, THE SECURITIES LAWS OF ANY STATE OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, NOR IS SUCH REGISTRATION CONTEMPLATED. THE SHARES ARE BEING OFFERED AND SOLD UNDER THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY REGULATION D PROMULGATED UNDER THE SECURITIES ACT, AND EQUIVALENT EXEMPTIONS IN THE LAWS OF THE STATES AND OTHER JURISDICTIONS WHERE THE OFFERING IS MADE. INVESTMENT IN SHARES WILL BE AVAILABLE ONLY TO INVESTORS WHO CERTIFY THAT THEY QUALIFY AS ACCREDITED INVESTORS, AS SUCH TERM IS DEFINED IN RULE 501(A) OF REGULATION D OF THE SECURITIES ACT.

THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OR ANY OTHER JURISDICTION OR BY THE SEC, NOR HAS ANY REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

ANY TARGET RETURNS SET FORTH HEREIN ARE BASED ON ESTIMATES AND ASSUMPTIONS ABOUT PERFORMANCE BELIEVED TO BE REASONABLE UNDER THE CIRCUMSTANCES. HOWEVER, THERE IS NO GUARANTEE THAT THE FACTS ON WHICH SUCH ESTIMATES AND ASSUMPTIONS ARE BASED WILL MATERIALIZE AS ANTICIPATED AND WILL BE APPLICABLE TO THE COMPANY. ANY TARGET RETURNS SET FORTH HEREIN ARE HYPOTHETICAL AND ARE NOT A GUARANTEE OF THE COMPANY'S FUTURE PERFORMANCE. IMPORTANT RISK FACTORS ARE SET FORTH IN THIS MEMORANDUM.

PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE, DOMICILE AND

PLACE OF BUSINESS WITH RESPECT TO THE ACQUISITION, HOLDING OR DISPOSAL OF THE SHARES. THIS MEMORANDUM DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR OR IN CONNECTION WITH, AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. THE SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND THIS MEMORANDUM MAY NOT BE DISTRIBUTED IN ANY JURISDICTION, EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH JURISDICTION.

THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ORGANIZATIONAL DOCUMENTS OF THE COMPANY, THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS OF STATES AND OTHER JURISDICTIONS. EACH INVESTOR SHOULD BE AWARE THAT IT MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF ITS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THERE IS CURRENTLY NO SECONDARY MARKET FOR THE SHARES AND SUCH A MARKET IS NOT EXPECTED TO DEVELOP.

CERTAIN INFORMATION CONTAINED HEREIN IS BASED ON OR DERIVED FROM INFORMATION PROVIDED BY INDEPENDENT THIRD-PARTY SOURCES. WHILE SUCH INFORMATION IS BELIEVED TO BE ACCURATE AND RELIABLE FOR THE PURPOSES FOR WHICH IT IS USED HEREIN, NO REPRESENTATIONS ARE MADE AS TO THE ACCURACY OR COMPLETENESS THEREOF AND NONE OF THE COMPANY, THE MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THIS MEMORANDUM CONTAINS A SUMMARY OF THE COMPANY'S ORGANIZATIONAL DOCUMENTS AND CERTAIN OTHER DOCUMENTS REFERRED TO HEREIN. THE SUMMARIES OF SUCH DOCUMENTS SET FORTH HEREIN DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO AND QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. IF THE DESCRIPTION OF ANY DOCUMENT SET FORTH HEREIN IS INCONSISTENT WITH OR CONTRARY TO THE TERMS OF SUCH DOCUMENT, SUCH DOCUMENT SHALL CONTROL.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum contains forward-looking statements about the Company's business, including, in particular, statements about the Company's plans, strategies and objectives. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar words or the negatives thereof. These statements include the Company's plans and objectives for future operations, including plans and objectives relating to future growth and availability of funds, and are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to these statements 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 accurately predict and many of which are beyond the control of the Company, the Board, the Manager or Sub-Manager. Although the Board believes the assumptions underlying the forward-looking statements, and the forward-looking statements themselves, are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that these forward-looking statements will prove to be accurate and the Company's actual results, performance and achievements may be materially different from that expressed or implied by these forward-looking statements. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of this information should not be regarded as a representation by the Company or any other person that the Company's objectives and plans, which the Board considers to be reasonable, will be achieved.

Prospective investors should carefully review the "Risk Factors" section of this Memorandum for a discussion of the risks and uncertainties that the Board believes are material to the Company's business, operating results, prospects and financial condition. Except as otherwise required by federal securities laws, the Company does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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WHO MAY INVEST

An investment in the Shares involves a high degree of risk and is suitable only as a long-term investment for persons of adequate financial means who do not need liquidity from this investment. The offer and sale of the Shares offered hereby are being made in reliance on an exemption from the registration requirements of the Securities Act. Because there is no public market for the Shares, it may be difficult for an investor to sell such investor's Shares if Shareholder demand for repurchases exceeds the volume limitations under the Share Repurchase Program or if the Board modifies, suspends or terminates the Share Repurchase Program following a determination that such action is in the best interests of the Shareholders (as defined below). The Company reserves the right to declare any prospective investor ineligible to purchase the Shares based on any information that may become known or available to the Company concerning the suitability of such prospective investor or for any other reason. An investment in the Shares may only be made by prospective investors who meet the investor suitability standards established by the Company (as described below).

Investor Suitability Standards

The Company is offering the Shares only to persons that are "accredited investors," as that term is defined by Rule 501(a) of Regulation D of the Securities Act. All investors must complete and execute a subscription agreement in the form provided by the Company, pursuant to which each investor must certify, among other things, that it qualifies as an accredited investor and that it meets such other investor suitability standards for investment in Shares as may be established by the Company.

The investor suitability requirements set forth in the subscription agreement represent minimum suitability requirements for investors in the Shares. Accordingly, the satisfaction of such suitability requirements by an investor will not necessarily mean that the Shares are a suitable investment for such investor or that the Company will accept the investor as a subscriber. Furthermore, the Company may modify such requirements in its sole discretion from time to time, and any such modification may raise the suitability requirements for prospective investors.

HOW TO SUBSCRIBE

Prospective investors who meet the suitability standards described herein may purchase Shares. See "Who May Invest" in this Memorandum. Prospective investors seeking to purchase Shares should:

- Read this entire Memorandum, including all appendices and supplements hereto.
- Complete the execution copy of a subscription agreement, in the form attached hereto as Appendix A.
- Deliver a completed subscription agreement, together with any other documents and information that the Board may request in connection with the completion of a subscription agreement (collectively, the "***Subscription Documents***"), together with payment in full for the Shares being subscribed for, in accordance with the written instructions set forth in the Subscription Documents.

By executing the Subscription Documents and paying the total purchase price for the Shares subscribed for, each prospective investor attests that such prospective investor meets the suitability standards as set forth in the Subscription Documents and agrees to be bound by all of the terms thereof.

Acceptance and Rejection of Subscriptions

The Company expects to hold closings on a monthly basis on the last business day of each month, provided that the Company may hold closings on different dates in its sole discretion. Following each closing, the subscription proceeds of each Shareholder whose subscription was accepted at such closing will be available for use by the Company. The Company has the right to accept or reject, in whole or in part, any subscription for any reason. If for any reason the Company rejects a prospective investor's subscription, the Company will promptly return the prospective investor's Subscription Documents and any subscription payment received in connection with such Subscription Documents, without interest or deduction, within ten business days after rejecting the subscription. If Subscription Documents are received less than five business days prior to the monthly closing date, the purchase of Shares reflected by such Subscription Documents may, unless the Company elects otherwise, be executed in the immediately following month's closing at the transaction price applicable to that closing. As a result of this process, the price per Share at which a subscription is executed may be different than the price per Share for the month in which the subscription was submitted.

Withdrawn Subscriptions

Prospective Investors are not committed to purchase Shares at the time their Subscription Documents are submitted and any subscription may be canceled at any time before the time it has been accepted by the Company at a closing. A prospective investor may withdraw its purchase request by notifying the Company's transfer agent, Phoenix American Financial Services, Inc., through such prospective investor's financial intermediary. If a prospective investor's subscription is withdrawn, the Company will promptly return the prospective investor's Subscription Documents and any subscription payment received in connection with such Subscription Documents, without interest or deduction, within ten business days after such withdrawal.

Purchase Price

Class I Shares will initially be offered at $25.00 per Share, Class D Shares will initially be offered at $25.38 per Share, Class S Shares will initially be offered at $25.88 per Share and Class T Shares will initially be offered at $25.88 per Share. Thereafter, the Manager will determine the NAV for each class of Share on a monthly basis commencing no later than the first full calendar month after commencement of the initial Offering. The Company's NAV per Share for each class of Shares will determine the price that is paid to participants in the Share Repurchase Program. See "Net Asset Value Calculation and Valuation Guidelines." The calculation of the Company's NAV is a calculation of fair value of the Company's assets less its outstanding liabilities. The Manager has adopted a valuation policy that provides for the methodologies to be used to estimate the fair value of the Company's assets for purposes of the Company's NAV calculation.

If a Shareholder participates in the DRIP, the cash distributions attributable to the Shares own by such Shareholder will be automatically invested in additional Shares. Shareholders who wish to participate in the DRIP must opt-in and will not automatically be enrolled. Reinvestments pursuant to the DRIP will be made at 99% of the then-current NAV.

Fiduciary or Custodial Accounts

Shares purchased by a fiduciary or custodial account will be registered in the name of the fiduciary account and not in the name of the beneficiary. If a prospective investor places an order to buy Shares and such prospective investor's payment is not received and collected, such prospective investor's purchase may be canceled and such prospective investor could be liable for any losses or fees the Company has incurred.

TOD Designations

Prospective investors which are natural persons have the option of placing a transfer on death (TOD) designation on such prospective investor's Shares purchased in this offering. A TOD designation transfers the ownership of the Shares to a designated beneficiary upon a prospective investor's death. This designation may only be made by individuals, not entities, who are the sole or joint owners with right to survivorship of the Shares. To place a TOD designation on their Shares, a prospective investor must check the TOD box on the subscription agreement and complete the TOD section of the subscription agreement, in order to effect the designation.

Minimum Initial Investment

The minimum initial investment in our Class D, Class S and Class T Shares is $25,000 and the minimum initial investment in our Class I Shares is $1,000,000, provided that the minimum investment amount may be reduced in the discretion of our Board of Directors.

SUMMARY OF TERMS

This summary highlights certain information contained elsewhere in this Memorandum. This is only a summary and it may not contain all of the information that is important to you. Before deciding to invest in this offering, you should carefully read this entire Memorandum, including "Risk Factors."

THE OFFERING		
Issuer		MJ Real Estate Investment Trust (the "***Company***"), a newly-formed Delaware statutory trust.
Manager		MJ REIT Advisors, LLC (the "***Manager***"), a newly-formed Delaware limited liability company.
Sub-Manager		RMJ Sub-Manager LLC (the "***Sub-Manager***"), a newly-formed Delaware limited liability company.
Managing Dealer		The Company may engage a registered broker-dealer to act as placement agent for the offering. In such event, such broker-dealer shall be the "***Managing Dealer.***"
UPREIT Structure		The Company will be structured as an Umbrella Partnership Real Estate Investment Trust ("***UPREIT***") and will own its investments through MJ REIT Operating Partnership, LP, a to-be-formed Delaware limited partnership that will serve as the Company's operating partnership (the "***Operating Partnership***"). The Company will be the sole general partner of the Operating Partnership and MJ REIT SLP, LLC (the "***AC Special Limited Partner***"), an affiliate of the Manager, and RMJ Sub-Manager LLC (the "***RB Special Limited Partner***"; and together with the MJ Special Limited Partner, the "***Special Limited Partners***") will each own a special limited partnership interest in the Operating Partnership.
Offered Securities		Shares of common shares of beneficial interest of the Company (the "***Shares***"), comprised of Class I, Class D, Class S and Class T Shares. Holders of Class I, Class S, Class T and Class D Shares (the "***Shareholders***") have equal rights in all respects, except that (i) the Company does not pay any Selling Commissions (as defined below) on Class I Shares; (ii) the Company does not pay any Managing Dealer Fees (as defined below) on Class D Shares, Class I Shares or Class S Shares; and (iii) the Company does not pay any Distribution Fees (as defined below) on Class I Shares.
Offering		The Company anticipates conducting one or more private placements of its Shares, any of which may be a finite offering or a perpetual offering (each, an "***Offering***"). The Company will offer the Shares in the Offerings pursuant to confidential private placement memoranda prepared by the Company (each, a "***Memorandum***"). The initial Offering shall consist of a private placement, in an aggregate amount of up to $25 million (the "***Offering***") from suitable investors. The Shares shall be offered in any combination of Class I, Class D, Class S and Class T Shares. The Manager reserves the right in its sole discretion to accept additional purchases of Shares of up to $10 million, also in any combination of Class I, Class D, Class S and Class T (for a maximum initial Offering of $35 million).
Suitability		The Shares are suitable investments only for sophisticated investors ("***Prospective Investors***") for whom an investment in the Company does not constitute a complete investment program and who fully understand, and are willing to assume, and have the financial resources to withstand, the risks involved in the Company's specialized investment program and to bear the potential loss of their entire investment in the Company. The Offering is limited to "accredited investors" as defined under Regulation D promulgated under the Securities Act of 1933, as amended (the "***Securities Act***"). An "accredited investor" is, if a natural person, a person that has (i) an individual net worth or joint net worth with his or her spouse of more than $1,000,000, (ii)

		individual income in excess of $200,000, or joint income with his or her spouse in excess of $300,000, in each case of the two most recent years and has a reasonable expectation of reaching the same income level in the current year, or (iii) hold one or more of the following Financial Industry Regulatory Authority, Inc. ("***FINRA***") licenses in good standing: Series 7, Series 82 or Series 65. Investors who are not natural persons may also qualify as accredited investors if they meet certain conditions. Class S and Class T Shares are available for purchase by Prospective Investors through brokerage and transaction-based accounts. Class I and Class D Shares are available for purchase by Prospective Investors through registered investment advisers under the Investment Advisers Act of 1940, as amended (the "***Advisers Act***"), whose contracts for investment advisory and related services include a fixed or "wrap" fee, or other asset-based fee arrangement or directly by Prospective Investors.
Plan of Distribution		The Company may engage a registered broker-dealer to act as placement agent for the offering pursuant to a broker-dealer agreement between the Company and such broker-dealer. Such broker-dealer may engage third party registered investment advisers and broker-dealers to make the Shares available to their clients, and will also distribute Shares directly to investors. The Offering will be conducted strictly in compliance with all requirements of Regulation D under the Securities Act. In the event a registered broker-dealer is engaged to offer the Shares, the Offering will be conducted on a "best efforts" basis, meaning that such broker-dealer engaged by the Company will only be required to use its best efforts to sell the Shares, and no underwriter, broker-dealer, investment adviser, or other person will have any firm commitment or obligation to purchase any Shares.
Investment Structures		The Manager may, in its discretion and to the extent permitted by applicable law, create or sponsor partnerships or other vehicles that will be formed for the purpose of acquiring Shares in connection with facilitating, from a tax, legal, regulatory, or other perspective, investment by certain tax-exempt, non-U.S. or other types of investors (a "***Feeder Fund***"). Any Feeder Fund is expected to invest all its investable assets in the Company. Any costs associated with the formation of a Feeder Fund will be borne by the investors in the Feeder Fund. Investors in a Feeder Fund would have the right to indirectly participate in Company decisions and rights based upon their respective interests in the Feeder Fund.
ERISA Considerations		Investment in the Company is generally open to sophisticated institutional investors, including pension and other companies subject to the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***"). Investors subject to ERISA will be required to make certain customary representations or provide assurances in order that the Manager may determine compliance with ERISA's provisions. The aggregate Shares held by investors subject to ERISA shall be no more than 25%.
Initial Offering Period		The Company intends to continue the initial Offering until the earlier of (i) the date that $25 million in Shares have been sold and (ii) two years from the start of the initial Offering; *provided, however,* that the Manager and Sub-Manager may mutually extend the initial Offering. The term of the Company is expected to be perpetual. See "—Term of Company." In such a "perpetual-life" structure, investors holding Shares who seek liquidity may request that the Company repurchase Shares pursuant to the Share Repurchase Program (as defined below). While the Company may consider a liquidity event at any time in the future, it currently does not intend to undertake such consideration, and it is not obligated by its Charter or otherwise to affect a liquidity event at any time. See "—Term of Company."

Share Price

Class I, Class D, Class S and Class T Shares will be initially offered at the per Share purchase price set forth below:

	Price to the Public	Upfront Selling Commissions	Managing Dealer Fees	Proceeds to the Company, Before Expenses
Class I Shares, per Share	$25.00	--	--	$25.00
Class D Shares, per Share	$25.38	$0.38	--	$25.00
Class S Shares, per Share	$25.88	$0.88	--	$25.00
Class T Shares, per Share	$25.88	$0.75	$0.13	$25.00

(1) Class T Shares are subject to an annual Distribution Fee (as defined below) consisting of a 0.65% Advisor Shareholder Servicing Fee (as defined below) per annum and 0.20% Dealer Shareholder Servicing Fee (as defined below) per annum, of the gross offering proceeds attributable to sales of Class T Shares. Class S Shares are subject to a Distribution Fee consisting of an 0.85% Dealer Shareholder Servicing Fee per annum of the gross offering proceeds attributed to Class S Shares. Class D Shares are subject to a Distribution Fee consisting of a 0.25% Dealer Shareholder Servicing Fee per annum of the gross offering proceeds attributed to Class D Shares. The Distribution Fee will be payable in arrears on a monthly basis with respect to all applicable Shares. The Distribution Fee is not payable with respect to Class I Shares. A Managing Dealer may reallow to participating broker-dealers all or a portion of the Distribution Fee for services that broker-dealers perform in connection with the distribution of the Class T Shares. The Company will stop paying the Distribution Fee with respect to any Class T, Class S or Class D Shares when total underwriting compensation (including Due Diligence Fees) received from the sale of such Class T, Class D or Class S Shares equals 8.75% of the gross Offering proceeds attributable to such Class T, Class D or Class S Shares. See "—Distribution Fee" below.

Thereafter, the Manager will determine the NAV for each class of Share on a monthly basis, commencing no later than the first full calendar month after commencement of the initial Offering. The Manager expects that such determination will ordinarily be made within 15 business days after each such completed month. Following the commencement of valuations, to the extent that the Company's NAV per Share on the most recent determination increases above or decreases below the Company's net Offering price per Share as stated above, the Manager will adjust the Offering prices of any of the classes of Shares to ensure that no Share is sold at a price, after deduction of Selling Commissions and Managing Dealer Fees, in each case, if any, that is above or below the NAV per Share per class as of the most recent valuation date. The adjusted Offering prices will become effective five business days after the Manager determines to set the new prices and the Company publicly discloses such prices. The Manager will continue to adjust the Offering prices of all classes of Shares as necessary in this manner.

Subscribers are not committed to purchase Shares at the time their subscription orders are submitted, and any subscription may be withdrawn at any time before the time it has been accepted by the Company. The purchase price per Share to be paid by each investor will be equal

		to the price that is in effect on the date the Company accepts such investor's subscription agreement in connection with its monthly closings. See "—Acceptance of Subscriptions." In the event the Company adjusts the Offering price after an investor submits their subscription agreement and before the date the Company accepts such subscription, such investor will not be provided with direct notice by the Company of the adjusted Offering price but will need to check the Company's website prior to the closing date of their subscription. In this case, an investor will have at least five business days after the Company publishes the adjusted Offering price to consider whether to withdraw their subscription request before they are committed to purchase shares upon the Company's acceptance.
Determination of Net Asset Value		The Company's NAV per Share for each class of Shares is calculated on a monthly basis. The Company's NAV per Share for each class of Shares will determine the price per Share in the Offering and the price that is paid to participants in the Share Repurchase Program. See "Net Asset Value Calculation and Valuation Guidelines." The calculation of the Company's NAV is a calculation of fair value of the Company's assets less its outstanding liabilities. The Manager has adopted a valuation policy that provides for the methodologies to be used to estimate the fair value of the Company's assets for purposes of the Company's NAV calculation. The Company has adopted, and its valuation policy will be performed in accordance with, Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, or ASC Topic 820, which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. ASC Topic 820 clarifies that the fair value is the price in an orderly transaction between market participants to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. ASC Topic 820 provides a consistent definition of fair value which focuses on exit price and prioritizes, within a measurement of fair value, the use of market-based inputs over entity-specific inputs. In addition, ASC Topic 820 provides a framework for measuring fair value and establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. For purposes of calculating the Company's NAV, the Manager will use the following valuation methods: • The market value of each exchange-traded security will be the last reported sale price at the relevant valuation date on the composite tape or on the principal exchange on which such security is traded. • If no sale is reported for an exchange-traded security on the valuation date or if a security is an OTC security, the Manager intends to value such securities using quotations obtained from an independent third-party pricing service, which will provide prevailing bid and ask prices that are screened for validity by the service from dealers on the valuation date. For investments for which a third-party pricing service is unable to obtain quoted prices, the Manager intends to obtain bid and ask prices directly from dealers who make a market in such securities. In all such cases, securities will be valued at the mid-point of the average bid and ask prices obtained from such sources. • The Company's properties will be valued at cost which the Company expects to represent fair value as the time of investment. Each property will be valued by an

		independent third-party appraisal firm within the first full 12-months after acquisition and no less than annually thereafter. • The majority of the Company's investments are expected to be investments for which no active secondary market exists and, therefore, no bid and ask prices can be readily obtained. These investments will be valued as follows: o Commercial real estate debt and related instruments will generally be valued at amortized cost, net of unamortized acquisition premiums or discounts, loan fees, and origination costs, as applicable, unless the loans are deemed impaired. Impairment is indicated when it is deemed probable that the Company will not be able to collect all amounts due pursuant to the contractual terms of the loan. If a loan is determined to be impaired, the loan is written down through a charge to the provision for loan losses. Impairment of these loans, which are collateral-dependent, is measured by comparing the estimated fair value of the underlying collateral, less costs to sell, to the book value of the respective loan. These valuations require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plans, loan sponsorship, actions of other lenders, and other factors deemed necessary by the Manager and the Sub-Manager. Actual losses, if any, could ultimately differ from these estimates. o At least quarterly, the Manager, with assistance from the Sub-Manager, will evaluate for impairment each loan classified as held-for-investment. o To the extent the Company holds other types of investments for which no secondary market exists, such as distressed or below investment grade debt or equity interests, the Manager intends to value such investments at fair value. Fair value as determined in good faith by the Manager in accordance with its valuation guidelines. In making such determination, it is expected that the Manager may rely upon valuations obtained from an independent valuation service. Prior to engaging an independent valuation firm, the Manager will review various factors, including among other things, the firm's services, pricing, and reputation. The Manager will monitor each of the Company's investments for events that the Manager believes may be expected to have a material impact on the most recent estimated values of such investment. If, in the opinion of the Manager, an event becomes known to it that is likely to have any material impact on previously provided estimated value of the affected investment, the Manager will adjust the valuation of such investment, subject to the review and confirmation for reasonableness of the independent valuation advisor. The Company calculates the value of its assets in accordance with its valuation guidelines. Because these value calculations involve significant professional judgment in the application of both observable and unobservable attributes, the valuation of the Company's assets may differ from their actual realizable value or future fair value. Furthermore, no rule or regulation requires that the Company calculate NAV in a certain way. While the Company believes its NAV calculation methodologies are consistent with standard industry principles, there is no established practice among REITs, whether listed or not, for calculating NAV in order to establish a purchase and repurchase price. As a result, other REITs may use different methodologies or assumptions to determine NAV.
Estimated Use of Proceeds		The following table presents information about how the proceeds raised in the Offering will be used. Information is provided assuming the sale of $25 million in Shares, shall be allocated equally among Class I, Class D, Class S and Class T, and does not reflect the Manager's, or if applicable, a Managing Dealer's expectation regarding the actual demand for each class of Share.

The actual use of proceeds is likely to be different than the figures resented in the table because the Company may not raise the maximum offering amount. Raising less than the amounts below or selling a different percentage of Class I, Class D, Class S, and Class T Shares will alter the amounts of commissions, fees and expenses set forth below:

Class I Shares

	Maximum Offering of $6,250,000 Class I Shares	
Gross Proceeds [1]	$6,250,000	100.00%
Upfront Selling Commissions [2]	--	
Organization and Offering Expenses	$125,000	2.00%
Net Proceeds Available for Investment	$6,125,000	98.00%

Class D Shares

	Maximum Offering of $6,250,000 Class D Shares	
Gross Proceeds [1]	$6,250,000	100.00%
Upfront Selling Commissions [2]	$92,365	1.48%
Organization and Offering Expenses	$125,000	2.00%
Net Proceeds Available for Investment	$6,032,635	96.52%

Class S Shares

	Maximum Offering of $6,250,000 Class S Shares	
Gross Proceeds [1]	$6,250,000	100.00%
Upfront Selling Commissions [2]	$211,353	3.38%
Organization and Offering Expenses	$125,000	2.00%
Net Proceeds Available for Investment	$5,913,647	94.62%

Class T Shares

	Maximum Offering of $6,250,000 Class T Shares	
Gross Proceeds [1]	$6,250,000	100.00%

		Upfront Selling Commissions [2]	$211,353	3.38%
		Organization and Offering Expenses	$125,000	2.00%
		Net Proceeds Available for Investment	$5,913,647	94.62%

(1) Gross Offering proceeds include upfront Selling Commissions and Managing Dealer Fees, in each case, if any, that a Managing Dealer would be entitled to receive (including any amounts that may be retained by, or reallowed (paid) to, participating broker dealers).

(2) Class T Shares are subject to an annual Distribution Fee consisting of a 0.65% Advisor Shareholder Servicing Fee per annum and 0.20% Dealer Shareholder Servicing Fee per annum, of the gross offering proceeds attributable to sales of Class T Shares. Class S Shares are subject to a Distribution Fee consisting of an 0.85% Dealer Shareholder Servicing Fee per annum of the gross offering proceeds attributed to Class S Shares. Class D Shares are subject to a Distribution Fee consisting of a 0.25% Dealer Shareholder Servicing Fee per annum of the gross offering proceeds attributed to Class D Shares. The Distribution Fee will be payable in arrears on a monthly basis with respect to all applicable Shares. The Distribution Fee is not payable with respect to Class I Shares. If applicable, a Managing Dealer may reallow to participating broker-dealers all or a portion of the Distribution Fee for services that broker-dealers perform in connection with the distribution of the Class T Shares. The Company will stop paying the Distribution Fee with respect to any Class T, Class S or Class D Shares when total underwriting compensation (including Due Diligence Fees) received from the sale of such Class T, Class D or Class S Shares equals 8.75% of the gross Offering proceeds attributable to such Class T, Class D or Class S Shares. See "—Distribution Fee" below.

The Company intends to use substantially all of the proceeds from this Offering, net of expenses, to make investments in accordance with its investment objectives and using the strategies described herein. The Company anticipates that any remaining proceeds will be used for working capital and general corporate purposes, including the payment of operating expenses, the repurchase of Shares under the Share Repurchase Program (as defined below) and the repayment of indebtedness under various financing arrangements the Company may enter into. However, the Company has not established limits on the use of proceeds from this Offering or the amount of funds it may use from available sources to make distributions to its Shareholders. The Company seeks to invest the net proceeds received in this Offering as promptly as practicable after receipt thereof. However, depending on market conditions and other factors, including the availability of investments that meet the Company's investment objectives, it may be unable to invest such proceeds within the time period the Company anticipates. There can be no assurance the Company will be able to sell the maximum amount it is offering. If the Company sells only a portion of the amount the Company is offering, it may be unable to achieve its investment objectives. Pending investment of the proceeds raised in this Offering, the Company intends to invest the net proceeds primarily in cash, cash equivalents or short-term securities.

Acceptance of Subscriptions		The Company will schedule monthly closings on subscriptions received and accepted by it. The monthly closing date on which the Company will accept subscriptions is expected to be the last business day of each month. Subscriptions will be effective only upon the Company's acceptance, and it reserves the right, in the Manager's discretion, to accept or reject any subscription in whole or in part. Generally, an investor will know the monthly closing date that applies to his or her subscription. In the event the Company adjusts the Offering price after an investor submits his or her subscription agreement and before the date the Company accepts such subscription, such investor will not be provided with direct notice by the Company of the adjusted Offering price but will need to check the Company's website prior to the closing date of his or her subscription.

		In this case, an investor will have at least five business days after the Company publishes the adjusted Offering price to consider whether to withdraw his or her subscription request before he or she is committed to purchase Shares upon the Company's acceptance. However, there is no assurance that an investor's subscription will be accepted or close on a succeeding month following the investor's subscription date. Funds received in connection with a subscription will be placed in a non-interest-bearing escrow account pending the Company's monthly closing. Subscriptions will be accepted or rejected within thirty (30) calendar days of receipt of a subscription by the Company. If a subscription is rejected, all subscription funds will be returned to the prospective investor without deduction for any expenses within ten (10) business days from the date such subscription is rejected. All subscribers must complete and execute a subscription agreement, a specimen copy of which is attached as Appendix I to the Memorandum, in order to purchase Shares in the Offering. Subscription agreements may be executed by investors with either a physical or, in certain jurisdictions where permitted, an electronic signature. All subscriptions for Shares must be accompanied by a check or a wire payment for the full amount of the purchase price for the Shares. Subscription checks may be made payable to "Phoenix America, Transfer Agent for MJ Real Estate Investment Trust" and wires are to be transmitted directly to the account as indicated on the subscription agreement. Subscription funds will be deposited into a non-interest bearing reconciliation account. Subscription funds held in the non-interest bearing account following the escrow period do not accrue interest or any other benefits to any prospective investor.
Term of Company		The Company's agreement and declaration of trust (the "***Charter***) provides that its existence will continue until sooner terminated by the Board (as defined below). The Company is anticipated to have a perpetual-life structure. While the Company may consider a liquidity event at any time in the future, it currently does not intend to undertake such consideration, and it is not obligated by its Charter or otherwise to effect a liquidity event at any time.
Minimum Investment		The minimum initial investment in Class D, Class S and Class T shares is $25,000 and the minimum initial investment in Class I shares is $1,000,000. For all share classes the Manager shall have the right in its sole discretion to accept subscriptions for less than the stated minimum. The minimum subsequent investment for any Share class is $1,000.
Selling Commissions		If engaged as provided herein, a Managing Dealer will be entitled to receive selling commissions ("***Selling Commissions***") of up to 3.0%, of gross offering proceeds attributable to sales of Class T Shares. Such Managing Dealer will be entitled to receive Selling Commissions of up to 3.5% of gross offering proceeds attributable to sales of Class S Shares. Such Managing Dealer will be entitled to receive Selling Commissions of up to 1.5% of gross offering proceeds attributable to sales of Class D Shares. Such Managing Dealer may reallow all or a portion of the Selling Commissions applicable to sales of Class T, Class S and Class D Shares to a participating broker-dealer involving a registered representative compensated on a commission basis for the sale. The Selling Commissions, if any, may be reduced or waived for any particular sale upon agreement of the Managing Dealer and the participating broker-dealer, if any, involved in the sale of such Class T, Class S and Class D Shares. Class I Shares are not subject to Selling Commissions.
Managing Dealer Fee		If engaged as provided herein, a Managing Dealer will receive a managing dealer fee (the "***Managing Dealer Fee***") equal to 0.50% of gross Offering proceeds attributable to sales of Class T Shares. Such Managing Dealer may reallow all or a portion of the Managing Dealer Fee applicable to sales of Class T Shares to a participating broker-dealer involving a registered representative compensated on a commission basis for the sale. The Managing Dealer Fees may be reduced or waived for any particular sale upon agreement of such Managing Dealer, if applicable and the participating broker-dealer, if any, involved in the sale of such Class T Shares

		Class S, Class D and Class I Shares are not subject to Managing Dealer Fees.

Distribution Fee		Certain classes of Shares are subject to an annual fee (the "***Distribution Fee***") payable from those net assets attributable to such classes. The Distribution Fee shall consist of two components: an advisor shareholder servicing fee (the "***Advisor Shareholder Servicing Fee***") and a dealer shareholder servicing fee (the "***Dealer Shareholder Servicing Fee***"). Class T Shares are subject to an annual Distribution Fee consisting of a 0.65% Advisor Shareholder Servicing Fee per annum and 0.20% Dealer Shareholder Servicing Fee per annum, of the gross offering proceeds attributable to sales of Class T Shares. Class S Shares are subject to a Distribution Fee consisting of an 0.85% Dealer Shareholder Servicing Fee per annum of the gross offering proceeds attributed to Class S Shares. Class D Shares are subject to a Distribution Fee consisting of a 0.25% Dealer Shareholder Servicing Fee per annum of the gross offering proceeds attributed to Class D Shares. The Distribution Fee will be payable in arrears on a monthly basis with respect to all applicable Shares. The Distribution Fee is not payable with respect to Class I Shares. A Managing Dealer may reallow to participating broker-dealers all or a portion of the Distribution Fee for services that broker-dealers perform in connection with the distribution of the Class T Shares. The Company will stop paying the Distribution Fee with respect to any Class T, Class S or Class D Shares when total underwriting compensation (including Due Diligence Fees) received from the sale of such Class T, Class D or Class S Shares equals 8.75% of the gross Offering proceeds attributable to such Class T, Class D or Class S Shares. In addition to the Selling Commissions, Managing Dealer Fees, and Distribution Fees, the Manager may, in the Manager's discretion and from its own resources, may pay additional compensation to financial intermediaries in connection with the sale and servicing of Shares.
Share Repurchase Program		The Company has adopted a share repurchase program (the "***Share Repurchase Program***") whereby Shareholders, including any Shareholders affiliated with the Manager or the Sub-Manager, will have an opportunity on a monthly basis to have their Shares redeemed by the Company, subject to certain restrictions and limitations. The purchase for Shares redeemed under the Share Repurchase Program will be the prior month's NAV. The Company is not obligated to redeem its Shares under the Share Repurchase Program. The number of Shares to be redeemed during any calendar quarter will be as follows: • Shares tendered within 12 months of purchase will be repurchased at 95% of the prior month's NAV. • Thereafter, Shares will be repurchased at the prior's month's NAV. The aggregate NAV of total repurchases of Class T, Class S, Class D and Class I shares (including repurchases at certain non-U.S. investor access funds primarily created to hold shares of our common stock) will be limited to no more than 2% of our aggregate NAV per month (measured using the aggregate NAV attributable to Shareholders as of the end of the immediately preceding month) and no more than 5% of our aggregate NAV per calendar quarter (measured using the average aggregate NAV attributable to Shareholders as of the end of the immediately preceding three months). The Company may amend or terminate the Share Repurchase Program at its discretion at any time. Operating Partnership units held by the Manager, Sub-Manager, or any of their respective affiliates are not subject to the limitations imposed under the Share Repurchase Program.

INVESTMENT PORTFOLIO		
Investment Objectives		The Company's primary investment objectives are to: • realize income from its investments; • realize capital appreciation from investments; and • make regular distributions to Shareholders from its investments.
Portfolio Target Allocation		Pursuant to reaching a stable asset base, defined as net assets in excess of $50 million, the portfolio will generally adhere to the following target allocations: • up to 100% of the Company's net assets in properties; • up to 100% of the Company's net assets in mortgage loans; • up to 20% of the Company's net assets in liquid securities; and • up to 20% of the Company's net assets in cash, cash equivalents and other short-term investments. Prior to reaching a stable asset base, portfolio allocations may deviate significantly from the target allocation.
Seed Capital Contribution		The Sub-Manager, or an affiliate thereof, intends to contribute not less than $5 million as an initial capital contribution in any combination of cash, securities or other assets to the Operating Partnership, and the Sub-Manager or an affiliate thereof will receive units of limited partnership interest in the Operating Partnership (the "***Seed OP Units***"). The units of limited partnership interest of the Operating Partnership received by the Sub-Manager in exchange for the initial capital contribution may be redeemed by the Company at the election of the Sub-Manager. Such redemption may be in the form of cash, for an exchange of an equivalent amount of Shares of the Company, or for an interest in the pro rata amount of the assets of the Company equivalent to the value of the units of limited partnership interests of the Operating Partnership, all to be determined at the option of the Sub-Manager. Such redemption may be accelerated by the holder of the Seed OP Units in the event Sub-Manager is terminated without a "Cause" event having occurred with respect to Sub-Manager. In no event will the holder of the Seed OP Units be compelled to convert the Seed OP Units; any election to convert will be at the sole discretion of the holder of the Seed OP Units. There shall be no Selling Commissions, Managing Dealer Fees, Distribution Fees, Advisor Shareholder Servicing Fees, Dealer Shareholder Servicing Fees, or Management Fees or other fees charged on, and no performance participation interest granted or charged with respect to: (i) any Seed OP Units, or (ii) any units in the Operating Partnership issued to any Special Limited Partner on account of any performance participation interest. Any Seed OP Units or Operating Partnership units that are converted into shares of common shares in the Company shall be

		converted into Class I Shares, and shall be subject to all fees and expenses applicable to such Class I Shares.
Investment Strategy		The Company intends to achieve its investment objectives by acquiring fee or leasehold interests in, or acquiring or originating loans secured by, specialized commercial or industrial real estate assets operated by state-licensed cannabis operators in accordance with applicable State law, or interests therein, through sale-leaseback transactions, third-party purchases, and funding for build-to-suit projects, as well as in shares of publicly traded REITs or bonds (collectively, "***Targeted Assets***"). In sale-leaseback transactions, concurrently upon closing of the acquisition, the Company will lease the properties back to the sellers under long-term, triple-net lease agreements. The Company targets properties owned by licensed operators that have been among the top candidates in the state licensing process and have been granted one or more licenses to operate multiple facilities. The Company expects that its properties will be leased to single tenants on a long-term, triple-net basis, which obligates the tenant to be responsible for the ongoing expenses of a property, in addition to its rent obligations. Net proceeds from the Offering which are not used to pay fees and expenses attributable to the Offering and ongoing operations will be used to (1) grow and further diversity the Company's portfolio by making investments in accordance with its investment strategy and policies, (2) reduce borrowings and repay indebtedness incurred under various financing instruments, and (3) repurchase Shares under the Company's Share Repurchase Plan.
Leverage		The acquisition of investment properties may be financed in substantial part by borrowing, which increases the Company's exposure to loss. The Company's maximum leverage will be limited to 300% of the Company's net assets, which approximates borrowing 75% of the cost of its investments (unless a majority of the Company's independent trustees approves any borrowing in excess of the limit and the Company discloses the justification for doing so to its Shareholders), but such restriction does not restrict the amount of indebtedness the Company may incur with respect to any single investment. The Company's target leverage ratio is in the range of 60%.
INVESTMENT MANAGEMENT		
Manager		MJ REIT Advisors, LLC will be the Company's Manager and will be responsible for managing the day-to-day affairs of the Company and for identifying and making investments on its behalf pursuant to an investment management agreement among the Company and the Operating Partnership (the "***Management Agreement***"). The Manager has delegated, among other things, identification and selection of investments to the Sub-Manager. The Management Agreement may be terminated at any time: (i) by the Manager upon 60 days' notice; (ii) by the Company upon 60 days' notice, or (iii) otherwise immediately subsequent to certain events, including the removal of the Manager by a simple majority vote of the Shareholders (excluding any Shares held by the Manager or its affiliates), or for Cause (as defined in the Management Agreement).
Sub-Manager		RMJ Sub-Manager LLC will be the Company's sub-adviser and will be responsible for managing the day-to-day affairs of the Company and for identifying and making investments on its behalf pursuant to an investment sub-management agreement among the Company and the Operating Partnership (the "***Sub-Management Agreement***") pursuant to discretionary investment authority granted to it by the Manager. The term of the Sub-Management Agreement shall commence on the effective date first written above and shall continue in full force and effect until the earliest of: (i) the liquidation or dissolution of the Company and the Operating Partnership, as determined by the Board, (ii) the termination of the Management Agreement, (iii) upon one hundred-twenty (120) days' written notice of termination by Manager to Sub-Manager following approval by a majority of the

		Independent Trustees (as defined in the Sub-Management Agreement), (iv) upon one hundred-twenty (120) days' written notice of termination by Sub-Manager to Manager, (v) immediately upon the occurrence of a "Cause" (as defined in the Sub-Management Agreement) event with respect to Manager, the Company or the OP, or (vi) immediately upon the occurrence of a "Cause" event with respect to Sub-Manager. As a condition to any termination of the Sub-Management Agreement Manager will pay, or cause to be paid, issued, and/or distributed to Sub-Manager (as applicable), all accrued Sub-Management Fees (as defined in the Sub-Management Agreement) **plus** 100% of all accrued fees and other amounts payable, issuable or distributable to the Sub-Manager pursuant to the Operating Partnership agreement of the Operating Partnership, in each case, through the date of termination, and such payments, issuances, and/or distributions must be made within thirty (30) days following the termination of the Sub-Management Agreement. Further, in the event the Sub-Management Agreement is terminated pursuant to any of clauses (ii), (iii), or (v) above, the Manager will pay the Termination Fee (as defined below) to Sub-Manager, or cause the Termination Fee to be paid, issued, and/or distributed to Sub-Manager (as applicable), and such payments, issuances, and and/or distributions must be made within the time periods set forth below in the definition of "Termination Fee." "***Termination Fee***" shall mean an amount equal to (i) all Sub-Management Fees that would have been payable pursuant to the Sub-Management Agreement for a period of one hundred and eighty (180) days following the termination of the Sub-Management Agreement (which, at the Sub-Manager's discretion, may be calculated as a sum equal to the Sub-Management Fees applicable to the preceding one hundred and eighty (180) day period), plus (ii) 50% of all fees and other amounts payable, issuable or distributable to the Sub-Manager pursuant to the Operating Partnership agreement of the Operating Partnership for the first 12 month period following termination of the Sub-Management Agreement, plus (iii) 25% of all fees and other amounts payable, issuable or distributable to the Sub-Manager pursuant to the Operating Partnership agreement of the Operating Partnership for the second 12 month period following termination of the Sub-Management Agreement.
Asset Management Fee		The Manager will be paid a monthly asset management fee (the "***Management Fee***") at an annual rate equal to 1.50% of the most recent NAV, conducted in accordance with the Company's valuation procedures. Additionally, to the extent that the Operating Partnership issues Operating Partnership units to parties other than the Company or Sub-Manager or any affiliates of Sub-Manager, the Operating Partnership will pay the Manager a Management Fee equal to 1.50% of the NAV of the Operating Partnership attributable to such Operating Partnership units not held by the Company per annum payable monthly. No fee shall be paid on account of OP Units issued to the Company, the Sub-Manager, or any affiliates thereof.
Origination Fee		The Manager and the Sub-Manager may earn origination fees based on the loan amount for first lien, subordinated or mezzanine debt, preferred equity or other financing transactions, or based on the purchase price for sale-leaseback transactions. Such origination fees will only be retained to the extent they are paid by the borrower or seller/tenant, either directly to the Manager or the Sub-Manager. The Company expects that these origination fees generally will be paid directly to the Manager or the Sub-Manager. Such origination fees shall be split 40% to the Manager and 60% to the Sub-Manager.
Performance Participation Interest		So long as the Management Agreement has not been terminated (including by means of non-renewal), the MJ Special Limited Partner will hold a performance participation interest in the Operating Partnership that entitles it to receive distributions from the Operating Partnership equal to 6% of the Total Return, subject to a 7% Hurdle Amount and a High Water Mark, with a Catch-Up (each term as defined below). So long as the Sub-Management Agreement has not been terminated (including by means of non-renewal), the RB Special Limited Partner will hold a performance participation interest in the Operating Partnership that entitles it to receive distributions from the Operating Partnership equal to 9% of the Total Return, subject to a 7.0%

		Hurdle Amount and a High Water Mark, with a Catch-Up. Such allocation will be measured on a calendar year basis, made quarterly and accrued monthly. In addition, following a termination of the Sub-Management Agreement for reasons other than a voluntary termination of by Sub-Manager or the occurrence of a "Cause" event with respect to Sub-Manager, RB Special Limited Partner will be entitled to a continued performance participation interest in the Operating Partnership that entitles it to receive distributions from the Operating Partnership equal to (i) 4.5% of the Total Return, subject to a 7.0% Hurdle Amount and a High Water Mark, with a Catch-Up for the first 12 month period following termination, plus (ii) 2.25% of the Total Return, subject to a 7.0% Hurdle Amount and a High Water Mark, with a Catch-Up for the second 12 month period following termination. Such distributions will be made monthly. Promptly following the end of each calendar quarter that is not also the end of a calendar year, each Special Limited Partner will be entitled to a performance participation allocation as described above calculated in respect of the portion of the year to date, less any performance participation allocation received with respect to prior quarters in that year (the "Quarterly Allocation"). The performance participation allocation that each Special Limited Partner is entitled to receive at the end of each calendar year will be reduced by the cumulative amount of Quarterly Allocations that year. Specifically, the Special Limited Partners will be allocated a total performance participation in an amount equal to ("Performance Allocation"): • First, if the Total Return for the applicable period exceeds the sum of (i) the Hurdle Amount for that period and (ii) the Loss Carryforward Amount (any such excess, "Excess Profits"), 100% of such annual Excess Profits to the Special Limited Partners until the total amount allocated to the Special Limited Partners equals 15% of the sum of (x) the Hurdle Amount for that period and (y) any amount allocated to the Special Limited Partners pursuant to this clause (this is commonly referred to as the "Catch-Up"); and • Second, to the extent there are remaining Excess Profits, 15% of such remaining Excess Profits. • The Performance Allocation will be allocated between the MJ Special Limited Partner and the RB Special Limited Partner in accordance with the SLP Performance Allocation Percentages (as defined below). "**Total Return**" for any period since the end of the prior calendar year shall equal the sum of: (i) all distributions accrued or paid (without duplication) on the Operating Partnership units outstanding at the end of such period since the beginning of the then-current calendar year plus (ii) the change in aggregate NAV of such units since the beginning of the year, before giving effect to (x) changes resulting solely from the proceeds of issuances of Operating Partnership units, (y) any allocation/accrual to the performance participation interest and (z) applicable stockholder servicing fee expenses (including any payments made to us for payment of such expenses).

		For the avoidance of doubt, the calculation of Total Return will (i) include any appreciation or depreciation in the NAV of units issued during the then-current calendar year but (ii) exclude the proceeds from the initial issuance of such units. "***Hurdle Amount***" for any period during a calendar year means that amount that results in a 7% annualized internal rate of return on the NAV of the Operating Partnership units outstanding at the beginning of the then-current calendar year and all Operating Partnership units issued since the beginning of the then-current calendar year, taking into account the timing and amount of all distributions accrued or paid (without duplication) on all such units and all issuances of Operating Partnership units over the period and calculated in accordance with recognized industry practices. The ending NAV of the Operating Partnership units used in calculating the internal rate of return will be calculated before giving effect to any allocation/accrual to the performance participation interest and applicable stockholder servicing fee expenses. For the avoidance of doubt, the calculation of the Hurdle Amount for any period will exclude any Operating Partnership units repurchased during such period, which units will be subject to the performance participation allocation upon repurchase as described below. Except as described in Loss Carryforward below, any amount by which Total Return falls below the Hurdle Amount will not be carried forward to subsequent periods. "***Loss Carryforward Amount***" shall initially equal zero and shall cumulatively increase by the absolute value of any negative annual Total Return and decrease by any positive annual Total Return, provided that the Loss Carryforward Amount shall at no time be less than zero and provided further that the calculation of the Loss Carryforward Amount will exclude the Total Return related to any Operating Partnership units repurchased during such year, which units will be subject to the performance participation allocation upon repurchase as described below. The effect of the Loss Carryforward Amount is that the recoupment of past annual Total Return losses will offset the positive annual Total Return for purposes of the calculation of the Special Limited Partner's performance participation. This is referred to as a "***High Water Mark***." The Special Limited Partner will also be allocated a performance participation with respect to all Operating Partnership units that are repurchased at the end of any month (in connection with repurchases of our shares in our share repurchase plan) in an amount calculated as described above with the relevant period being the portion of the year for which such unit was outstanding, and proceeds for any such unit repurchase will be reduced by the amount of any such performance participation. If a Quarterly Allocation is made and at the end of a subsequent calendar quarter in the same calendar year the Special Limited Partner is entitled to less than the previously received Quarterly Allocation(s) (a "Quarterly Shortfall"), then subsequent distributions of any Quarterly Allocations or year-end Performance Allocations in that calendar year will be reduced by an amount equal to such Quarterly Shortfall, until such time as no Quarterly Shortfall remains. If all or any portion of a Quarterly Shortfall remains at the end of a calendar year following the application described in the previous sentence, distributions of any Quarterly Allocations and year-end Performance Allocations in the subsequent four calendar years will be reduced by (i) the remaining Quarterly Shortfall plus (ii) an annual rate of 7% on the remaining Quarterly Shortfall measured from the first day of the calendar year following the year in which the Quarterly Shortfall arose and compounded quarterly (collectively, the "Quarterly Shortfall Obligation") until such time as no Quarterly Shortfall Obligation remains; provided, that the Special Limited Partner (or its affiliate) may make a full or partial cash payment to reduce the Quarterly Shortfall Obligation at any time; provided, further, that if any Quarterly Shortfall Obligation remains following such subsequent four calendar years, then the Special Limited

		Partner (or its affiliate) will promptly pay the Operating Partnership the remaining Quarterly Shortfall Obligation in cash. Distributions on the performance participation interest may be payable in cash or units of the Operating Partnership at the election of each Special Limited Partner; provided, however, that the Company intends to make such distributions in cash to the extent sufficient cash is available for such distribution. If a Special Limited Partner elects to receive such distributions in Operating Partnership units, such Special Limited Partner may request the Operating Partnership to repurchase such Operating Partnership units from such Special Limited Partner at a later date. The Operating Partnership will repurchase any such units for Shares or cash (at the applicable Special Limited Partner's election). Pursuant to the Operating Partnership agreement of the Operating Partnership, such Special Limited Partner will have the right to request a repurchase of Operating Partnership units allocable it.
Organization and Offering Expenses		The Company will reimburse the Manager and Sub-Manager for all reasonable and direct expenses incurred by or on behalf of the Company or the Operating Partnership in connection with (i) the organization of the Company, the Manager, the Sub-Manager and related entities and (ii) the preparation of all materials in connection with the Offering of the Shares (collectively, "***Organization and Offering Expenses***"). Organization and Offering Expenses shall include, but are not limited to, legal, tax, accounting, printing, mailing, travel, meals, entertainment, due diligence costs, training and education costs, and other costs and expenses associated with organizing and marketing the Company, including fees, costs, and expenses of or incurred by the Managing Dealer, as applicable. Reimbursements for Organization and Offering Expenses by the Company to the Manager and Sub-Manager will be limited to 2.0% of gross Offering proceeds. All classes of Shares will be responsible for the *pro rata* portion of Organization and Offering Expenses attributable to such class. The Seed OP Units shall not be responsible for paying any portion of Organization and Offering Expenses.
Operating Expenses		The Manager shall bear its own costs incurred in providing advisory services to the Company. The Company will be responsible for all costs and expenses relating to the Company's activities, investments and ongoing business, including: (i) all costs and expenses attributable to sourcing, evaluating, pursuing, performing diligence with respect to, acquiring or originating, holding, and disposing of investments and/or potential investments, including travel and other expenses; (ii) the actual costs incurred by the Manager or Sub-Manager, or any third party engaged by the Manager or Sub-Manager, in connection with management and servicing of the Company's investments, as applicable, provided that the Company's responsibility for such costs shall be limited to an amount that is usual and customary for the provision of such services in the geographic area of the investment, as applicable; (iii) construction management fees not to exceed the amount that is usual and customary in the geographic area of the property; (iv) legal, accounting, auditing, banking, consulting, and other fees and expenses, including reimbursement to the Manager and Sub-Manager for the cost of specific services provided by the Manager or Sub-Manager, or any of their respective affiliates, which would otherwise be provided by third party experts such as tax and legal services; (v) all reasonable out-of-pocket fees and expenses incurred by the Company, the Manager, the Sub-Manager, or their respective affiliates, partners, agents, officers, and employees relating to the investigation of investment, syndication, and investment repayment

		opportunities for the Company, whether or not consummated, and the fees and expenses of due diligence associated therewith; (vi) the fees payable to the Manager or Sub-Manager, or any of their respective affiliates for services provided, including the asset management fee; (vii) any taxes, fees, and other governmental charges levied against the Company; and (viii) all other expenses incurred by the Manager or Sub-Manager, or any of their respective affiliates in connection with administering the Company's business, including expenses incurred by the Manager or Sub-Manager, or any of their respective affiliates in performing administrative services for the Company, the allocable portion of the compensation and overhead of administrative personnel of the Manager or Sub-Manager, or any of their respective affiliates or paid by the Manager or Sub-Manager, or any of their respective affiliates , and the cost of any third-party service providers, including the Company Administrator (as defined below), engaged to assist the Manager or Sub-Manager, or any of their respective affiliates with the provision of administrative services for the Company or on the Company's behalf. In the event of the termination of the Management Agreement, the Manager will cooperate with the Company and take all reasonable steps requested to assist the Company in making an orderly transition of the advisory function. Before selecting a successor Manager, the Manager must determine that any successor manager possesses sufficient qualifications to justify the compensation it would receive from the Company. In the event of the termination of the Sub-Management Agreement, the Sub-Manager will cooperate with the Company and take all reasonable steps requested to assist the Company in making an orderly transition of the sub-advisory function. Before selecting a successor Sub-Manager, the Sub-Manager must determine that any successor manager possesses sufficient qualifications to justify the compensation it would receive from the Company.
Distribution Reinvestment Plan		The Company has adopted a distribution reinvestment plan (the "***DRIP***") whereby Shareholders may have their distributions automatically reinvested in additional Shares of the applicable class from which such distributions were derived. Shareholders who wish to participate in the DRIP must opt-in and will not automatically be enrolled. Reinvestments pursuant to the DRIP will be made at 99% of the then-current NAV.
Transfers		A Shareholder may not sell, assign or transfer all or a portion of its Shares without the prior written consent of the Manager, which consent may be withheld in the Manager's sole and absolute discretion. Notwithstanding the general restrictions on transfers, a Shareholder will be allowed, without the Manager's consent, to transfer all or a portion of such Shareholder's Shares to a member of that Shareholder's immediate family or to a trust or other entity created or controlled by that Shareholder or members of that Shareholder's immediate family; *provided, however*, that in no event may any sale, assignment or transfer be made if it would cause certain adverse consequences. The Charter also will provide that the Manager, in its sole discretion, may prevent a transfer if such transfer would require the Company to register its Shares with the Securities and Exchange Commission (the "***SEC***") pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***").
OFFICERS AND EMPLOYEES		

<table>
<tr><td>Board of Trustees</td><td></td><td>The Company will be governed by a board of trustees (the "Board") comprised of five (5) trustees. The Board will retain the Manager to manage the Company's day-to-day affairs and implement the Company's investment strategy, subject to the Board's oversight, and the Manager will retain the Sub-Manager and delegate to Sub-Manager its right to manage certain of the Company's day-to-day affairs and implement the Company's investment strategy.

The initial trustees of the Board will be selected as follows: (1) one trustee designated by the Manager (the "Manager Designee"); (2) one trustee designated by the Sub-Manager (the "Sub-Manager Designee"); (3) one independent trustee designated by the Manager Designee (the "Manager Independent Trustee") (4) one independent trustee designated by the Sub-Manager Designee (the "Sub-Manager Independent Trustee"), and (5) one independent trustee selected by mutual consent of the Sub-Manager Independent Trustee and the Manager Independent Trustee (the "Independent Trustee").

Each of the Company's trustees will be elected by the Company's Shareholders and will serve for the terms set forth in the Charter.

Each of the Company's trustees who do not serve in an executive officer capacity for the Company, the Manager, the Sub-Manager, or any of their respective affiliates are entitled to receive annual retainer fees and annual fees for serving as committee chairperson, determined based on the Company's most recent prior month's NAV. Amounts payable are determined as follows:

<table>
<tr><td>Net Asset Value</td><td>Annual Retainer</td><td>Audit Committee Chair Retainer</td></tr>
<tr><td>$0 to $250 million</td><td>$10,000</td><td>$5,000</td></tr>
<tr><td>$250 million to $500 million</td><td>$25,000</td><td>$7,500</td></tr>
<tr><td>> $500 million</td><td>$55,000</td><td>$10,000</td></tr>
</table>

Until the Company reaches an NAV of $250 million, it intends to pay 100% of the applicable independent trustee compensation in the form of restricted Class I Shares. After the Company's NAV reaches the $250 million threshold 75% of the applicable compensation will be paid monthly in cash in arrears and 25% of the applicable compensation in the form of restricted shares of Class I Shares. Above $500 million, 100% of appliable compensation will be paid monthly in cash in arrears. The restricted shares will generally vest one year from the date of grant, however, in connection with the trustees' first annual grant, the restricted shares will vest on the one-year anniversary of the commencement of the Offering.

Pursuant to the Charter, the Board may delegate some of its powers to one or more committees as deemed appropriate by the Board. The Board will form an audit committee (the "Audit Committee").

The Board will have the exclusive authority to wind up and or terminate the Company.</td></tr>
<tr><td>Officer</td><td></td><td>The executive officer of the Company is Christopher R. Reece, Chief Executive Officer and President .</td></tr>
<tr><td colspan="3">MISCELLANEOUS</td></tr>
<tr><td>Federal Income Tax Considerations</td><td></td><td>The Company intends to elect to be taxed as a REIT effective for the Company's taxable year ending 2022. The Company will be organized, and expects to operate, in such a manner to qualify for taxation as a REIT.</td></tr>
</table>

		The Company's qualification and taxation as a REIT will depend upon its ability to meet on a continuing basis, through actual operating results, and distribution levels, the various and complex REIT qualification tests imposed under the Internal Revenue Code of 1986, as amended (the "***Code***"), including requirements regarding ownership of the Shares.
Indemnification		Pursuant to the Management Agreement: To the fullest extent permitted by applicable law, the Company or Operating Partnership, on a joint and several basis, shall indemnify and hold harmless the Manager, the Sub-Manager and each of their respective direct or indirect affiliates, members, partners, shareholders, officers, directors, employees, agents, and legal representatives (each, a "***Manager and Sub-Manager Indemnified Person***"), from all liability, claims, damages or losses, and related expenses, including reasonable attorneys' fees (collectively, "***Losses***"), arising from or related to the performance of their duties under the Management Agreement and/or the Sub-Management Agreement, to the extent such Losses are not fully reimbursed by insurance; provided, however, that no such indemnification shall be provided with respect to Losses arising from or related to a Manager and Sub-Manager Indemnified Person's fraud, willful misconduct, gross negligence or reckless disregard of its duties under the Management Agreement and/or the Sub-Management Agreement. To the fullest extent permitted by applicable law, the Manager shall indemnify and hold harmless the Company, the Operating Partnership, the Sub-Manager and each of their respective direct or indirect affiliates, members, partners, shareholders, officers, directors, employees, agents, and legal representatives (each, a "***Company Indemnified Person***"), from any and all Losses to the extent that (i) such Losses are not fully reimbursed by insurance and (ii) are incurred by the Company Indemnified Person by reason of the Manager's fraud, willful misconduct, gross negligence or reckless disregard of its duties under the Management Agreement. Pursuant to the Sub-Management Agreement: To the fullest extent permitted by applicable law, the Company, the Operating Partnership. and the Manager, on a joint and several basis, shall indemnify and hold harmless the Sub-Manager and each of its direct or indirect affiliates, members, partners, shareholders, officers, directors, employees, agents, and legal representatives, from all Losses, arising from or related to the performance of their duties under the Sub-Management Agreement, to the extent such Losses are not fully reimbursed by insurance; provided, however, that no such indemnification shall be provided with respect to Losses arising from or related to the Sub-Manager's fraud, willful misconduct, gross negligence or reckless disregard of its duties under the Sub-Management Agreement. To the fullest extent permitted by applicable law, the Sub-Manager shall indemnify and hold harmless the Company, the Operating Company, and the Manager and each of their respective direct or indirect affiliates, partners, shareholders, officers, directors, employees, agents, and legal representatives from all Losses to the extent that (i) such Losses are not fully reimbursed by insurance and (ii) are incurred by the Company, the Operating Partnership, and the Manager by reason of the Sub-Manager's fraud, willful misconduct, gross negligence or reckless disregard of its duties under the Sub-Management Agreement; *provided*, *however*, that the Sub-Manager shall not be held responsible for any action of the board of trustees of the Company or the Manager in following or declining to follow any advice or recommendation given by the Sub-Manager.
Allocation of Investment Opportunities		The Manager and the Sub-Manager will each allocate investment opportunities suitable both for the Company and for other persons, or an account managed or advised by the Manager or the Sub-Manager or an affiliate thereof, in accordance with an equitable and reasonable allocation procedure and with due regard to the Company's investment objectives and the characteristics of the specific investment. However, the Sub-Manager and its affiliates and related parties shall

		ultimately have no obligation to offer any corporate or other business opportunity to the Company so long as it applies the allocation procedures as aforesaid.
Reporting Obligations		The Manager may, in its sole discretion, limit subscriptions for Shares that would require the Company to register with the SEC pursuant to Section 12(g) of the Exchange Act. Additionally, the Charter of the Company will restrict transfers to ensure that the Company will avoid the reporting requirements of the Exchange Act. Shareholders will be provided with: (i) quarterly un-audited financial statements of the Company; (ii) annual GAAP audited financial statements reflecting the fair market value of all assets of the Company and the calculation of NAV; and (iii) such other information as is necessary for the preparation of tax returns.
Investment Company Act; Investment Advisers Act		The Company intends to conduct its operations so that it and each of its subsidiaries do not fall within, or are excluded from the definition of an "investment company" under the Investment Company Act of 1940, as amended (the "***Investment Company Act***") pursuant to applicable exceptions contained therein. Neither the Manager nor the Sub-Manager is expected to register as an investment adviser under the Investment Advisers Act of 1940, as amended (the "***Advisers Act***"). Accordingly, neither is subject to the regulatory requirements of the Advisers Act on such matters as record keeping, disclosure and other fiduciary obligations.
AGENTS / EXPERTS		
Legal Counsel		Royer Cooper Cohen Braunfeld, LLC serves as counsel to the Company.
Auditors		Marcum LLP
Company Administrator		Vistra USA, LLC
Company Transfer Agent		Vistra USA, LLC

INVESTMENT STRATEGY AND PROCESS

INVESTMENT OBJECTIVES

The Company's primary investment objective is to maximize shareholder return in the form of: current income from regular, stable monthly cash distributions; sustainable long-term growth in cash flows; and appreciation in NAV from active management. The Company also seeks to provide investors with an alternative to traditional commercial real estate investments while enhancing the potential for diversification. The Company's focus is to finance properties which have been licensed for cannabis in prime zoned locations. The Company underwrites on an "alternative-use" scenario which assumes non-cannabis or "traditional real estate" value of collateral.

The Company cannot guarantee that it will achieve its investment objectives. See "Risk Factors."

INVESTMENT STRATEGY

The Manager and the Sub-Manager intend to achieve the Company's investment objectives by acquiring fee or leasehold interests in, or acquiring or originating loans secured by, specialized commercial or industrial real estate assets operated by state-licensed cannabis operators in accordance with applicable state law, or interests therein, through sale-leaseback transactions, third-party purchases, and funding for build-to-suit projects, as well as in shares of publicly traded REITs or bonds (collectively, "***Targeted Assets***"). In sale-leaseback transactions, concurrently upon closing of the acquisition, the Company will lease the properties back to the sellers under long-term, triple-net lease agreements. The Manager and the Sub-Manager target properties owned by licensed operators that have been among the top candidates in the state licensing process and have been granted one or more licenses to operate multiple facilities. The Manager and the Sub-Manager expect that the Company's properties will be leased to single tenants on a long-term, triple-net basis, which obligates the tenant to be responsible for the ongoing expenses of a property, in addition to its rent obligations.

MARKET OPPORTUNITY

The regulated state-legal cannabis industry is rapidly expanding, and the Manager believes presents a compelling opportunity to invest in revenue-centric industrial and retail real estate that is mission-critical to the cannabis industry. According to BDSA, cannabis sales in the U.S. have grown from $12.1 billion in 2019 to $17.6 billion in 2020 and are expected to generate $25 billion in total sales for 2021. Furthermore, annual U.S. retail cannabis sales are projected to rise to between approximately $38.4 billion and $45.9 billion by 2025 with a compound annual growth rate for the adult use retail cannabis market from 2020 through 2025 to be approximately 19.9%. Additionally, 91% of United States adults agree there should be some form of legal marijuana usage and 60% of adults in the United States agree marijuana should be legal for recreational use. These data suggest there is significant need for real estate capital as cannabis licensees pursue an aggressive national expansion strategy and the continued prohibition of cannabis under federal law limits the capital available to operators in the industry, creating a market opportunity for real estate companies like the Company. The Manager and Sub-Manager expect that acquisition opportunities will continue to grow as additional states legalize medical-use and adult-use cannabis and license new retail dispensaries and cultivation operations.

According to the Leafly Jobs Report 2021, state-legal cannabis is one of the fastest growing industries in the U.S. Across the U.S., legalization for both medical-use and adult-use is on the rise. As of December 2021, 40 states, the District of Columbia and four territories have legalized cannabis for medical use and 18 states, the District of Columbia and two territories have legalized cannabis for adult use. MJBizDaily estimates that in 2021 the cannabis industry employed 340,000-415,000 people full-time and that number is expected to grow to 545,000–600,000 by 2025. According to the 2020 U.S. Census, approximately 145 million people live in adult-use states and 268 million people live in medical-use states.

The historic and projected market growth appears to be fueled by a societal shift in mindset and increased access to a broad array of products and applications that is driving mainstream acceptance of cannabis. Most states with legalized cannabis declared cannabis companies as "essential businesses" during the COVID-19 pandemic, permitting them to remain open while residents sheltered in place. According to a study from the Journal of Addictive Diseases, medical cannabis users with mental health conditions reported a 91% increase in use of medical cannabis on average since the

beginning of COVID-19 pandemic to the date of the study. This shift is evidenced by recent state legalization efforts. In 2020, voters approved cannabis legalization initiatives in Arizona (adult-use), Mississippi (medical), Montana (adult-use), New Jersey (adult-use) and North Dakota (medical-use and adult-use). In 2021, adult-use cannabis was legalized in Connecticut, New York, New Mexico and Virginia, while medical-use cannabis was legalized in Alabama. Polls throughout the U.S. consistently show overwhelming support for the legalization of medical-use cannabis, together with strong majority support for the full legalization of adult-use cannabis.

Legalization momentum is expected to continue in 2022 as it's a major midterm election year. With more than two dozen measures already planned, cannabis will be on the ballot in a prominent way across the nation. In addition, after a long wait, the Northeast will make its final steps towards opening for business, paving the way for a large portion of the United States population to gain access. Maryland, South Dakota and Ohio are also expected to legalize during the year.

The U.S banking system and traditional financing sources have been limited to cannabis related businesses due to the classification of cannabis under federal law. Despite the growing list of states decriminalizing the sale of marijuana, the federal government maintains its classification of marijuana as a Schedule 1 drug, alongside heroin and methamphetamines. Accordingly, federal law aims to thwart criminal money laundering activities by barring financial institutions from maintaining bank accounts with Schedule 1 drug-related businesses.

At the same time, the federal government has recognized the inconsistency between federal law and the trend toward universal state-by-state decriminalization of the drug; therefore, in an effort to provide industry participants with some measure of legal protection, Congress passed the Rohrabacher-Farr Amendment. This legislation prohibits the Justice Department from using federal funds to interfere with the implementation of state medicinal cannabis laws—in effect, shielding the majority of the cannabis industry from federal interference.

Even so, the majority of banks are still unwilling to take the added risk—perceived or otherwise—of banking this growing industry. Without bank accounts, cannabis companies are unable to secure bank loans, accept debit or credit card payments from customers, or electronically remit payment to suppliers or employees. The unmet demand for small business lending within the cannabis industry represents a billion-dollar opportunity. This is only set to increase as the global market is expected to surpass $60 billion by 2026, accordingly to industry data provider BDSA.

The Manager and the Sub-Manager believe that the Company's lending and sale-leaseback solutions are attractive to state-licensed medical-use and adult-use cannabis retailers and non-dilutive to their shareholders. The Manager and the Sub-Manager anticipate that future changes in federal and state laws may ultimately open up financing options that have not been available in this industry. However, the Manager and Sub-Manager believe that such changes will take time and that the Company's financing solutions will continue to be attractive to industry participants for the foreseeable future.

The Manager and the Sub-Manager intend to continue to take advantage of this market opportunity by purchasing medical-use and adult-use retail cannabis dispensaries. The Manager and Sub-Manager intend to acquire cannabis dispensaries and production facilities in states that permit medical-use and adult-use cannabis.

Several cannabis reform bills are pending in the U.S. Congress which could result in differing approaches to cannabis legalization. Most significantly:

- The Secure and Fair Enforcement ("***SAFE***") Banking Act, which would allow financial institutions legally to provide services to state-licensed and compliant cannabis companies, has passed a House vote six times, most recently attached to the America COMPETES Act. The America COMPETES Act now advances to the Senate for consideration.

- The Marijuana Opportunity, Reinvestment and Expungement ("***MORE***") Act, which would remove cannabis entirely from the list of scheduled substances under the Controlled Substances Act and eliminate criminal penalties for manufacturing, distributing, or possessing cannabis, and would also establish certain measures for social and criminal justice reform and impose a federal tax on cannabis products. The MORE Act passed the House of Representatives on December 4, 2020, but was not considered in the Senate. Following the 2020 election, the Democratic Party now controls

both the House of Representatives and the Senate. The MORE Act was reintroduced in the House of Representatives on May 28, 2021.

- The Common Sense Cannabis Reform for Veterans, Small Businesses, and Medical Professionals Act, sponsored by Republican representatives, which would federally de-schedule cannabis and provide federal protections and mandates for federal cannabis research.

- Additionally, in July 2021, Senate Majority Leader Check Schumer (D-NY), along with Senators Cory Booker (D-NJ) and Ron Wyden (D-OR), unveiled a draft of a comprehensive reform bill that would legalize the plant federally by removing it from the Controlled Substances Act, while letting states continue to decide whether to prohibit or allow commercial sales. The bill faces hurdles in the Senate as it will likely require 60 votes to pass.

- The States Reform Act ("***SRA***") is the latest comprehensive reform bill led by Republican Representative Nancy Mace and introduced in the House in November 15, 2021.

Currently, thousands of state-licensed cannabis businesses are unable to partner with the banking industry due to federal restrictions. They are unable to accept credit cards, deposit revenues, access loans, or write checks to meet payroll or pay taxes. No industry can operate safely, transparently, or effectively without access to banks or other financial institutions. The SAFE Banking Act would help alleviate many of these problems, but even so, the Manager and the Sub-Manager cannot be assured of its passage.

THE SUB-MANAGER

MJ REIT Advisors, LLC will be the Company's Manager and will be responsible for managing the day-to-day affairs of the Company and for identifying and making investments on its behalf pursuant to the Management Agreement. The Manager has delegated identification and selection of investments to the Sub-Manager. The Sub-Manager and will be responsible for managing the day-to-day affairs of the Company and for identifying and making investments on its behalf pursuant to discretionary investment authority granted to it by the Manager pursuant the Sub-Management Agreement.

The Sub-Manager

Rainbow Realty Group LLC, an affiliate of the Sub-Manager, is a real estate investment firm focused on the United States cannabis industry. Their investments provide operators with capital via sale-leaseback transactions and senior secure mortgage facilities. The structure enables cannabis companies the ability to leverage their existing assets at market rates with flexible structures customized for specific operator needs.

The team has over 60 years of real estate development and management experience, seven within the cannabis industry. Target assets include retail dispensaries leased to tenants in the medicinal and/or recreation cannabis industry.

Rainbow's portfolio of successful ventures is unparalleled in the industry. Rainbow's parent is a master limited partnership that owns and operates a diversified portfolio of real estate assets located throughout the United States, including being the largest investor and manager of two publicly traded New York Stock Exchange REITs; One Liberty Properties, Inc. (NYSE: OLP) and BRT Apartments Corp. (NYSE: BRT).

Seed Capital Contribution

The Sub-Manager, or an affiliate thereof, intends to contribute not less than $5 million as an initial capital contribution in any combination of cash, securities or other assets to the Operating Partnership, and the Sub-Manager or an affiliate thereof will receive units of limited partnership interest in the Operating Partnership (the "***Seed OP Units***"). Such units of limited partnership will be subject to customary holding period, ownership percentage limits, transfer, and other restrictions as imposed by the U.S. federal securities laws and by the Code (as defined below).

The units of limited partnership interest of the Operating Partnership received by the Sub-Manager in exchange for the initial capital contribution may be redeemed by the Company at the election of the Sub-Manager. Such redemption may be in the form of cash, for an exchange of an equivalent amount of Shares of the Company, or for an interest in the pro rata amount of the assets of the Company equivalent to the value of the units of limited partnership interests of the Operating Partnership, all to be determined at the option of the Sub-Manager.

There shall be no Selling Commissions, Managing Dealer Fees, Distribution Fees, Advisor Shareholder Servicing Fees, Dealer Shareholder Servicing Fees, or Management Fees charged on, and no performance participation interest granted or charged with respect to: (i) any Seed OP Units (whether retained as operating partnership units or converted into shares in the Company), or (ii) any units in the Operating Partnership issued to any Special Limited Partner on account of any performance participation interest (whether retained as operating partnership units or converted into shares of the Company). Any such Seed OP Units or operating partnership that are so converted shall be converted into Class I Shares, and shall be subject to all fees and expenses applicable to such Class I Shares.

MANAGEMENT

Board of Trustees

The Company will be governed by and operate under the direction of a board of trustees (the "***Board***") comprised of four trustees (each, a "***Trustee***"). The Board will retain the Manager to manage the Company's day-to-day affairs, implement the Company's investment strategy to manage the acquisition and dispositions of the Company's investments, subject to the Board's oversight and supervision, and the Manager will retain the Sub-Manager and delegate to Sub-Manager its right to manage certain of the Company's day-to-day affairs and implement the Company's investment strategy.

The initial trustees of the Board will be selected as follows: (1) one trustee designated by the Manager (the "***Manager Designee***"); (2) one trustee designated by the Sub-Manager (the "***Sub-Manager Designee***"); (3) one independent trustee designated by the Manager Designee (the "***Manager Independent Trustee***"), and (4) one independent trustee designated by the Sub-Manager Designee (the "***Sub-Manager Independent Trustee***"). Thereafter, each of the Company's trustees will be elected by the Company's Shareholders and will serve for the terms set forth in the Charter.

Pursuant to the Charter, the Board may delegate some of its powers to one or more committees as deemed appropriate by the Board. The Board will form an audit committee (the "***Audit Committee***").

The Board will generally meet quarterly, or more frequently if necessary, in addition to meetings of any committees of the Board described below. The Company's Trustees are not required to devote all of their time to the Company's business and are only required to devote the time to the Company's business as their duties may require. Consequently, in the exercise of their fiduciary responsibilities, the Company's Trustees will rely heavily on the Manager and on information provided by the Manager. The Board is empowered to fix the compensation (if any) of all officers and trustees for services rendered to the Company. For so long as the Company is externally managed, it does not intend to pay its officers any compensation and only intend to pay its independent trustees compensation for their service as trustees.

Trustees and Executive Officers

The Company's Trustees and executive officers are set forth below.

Name	Age	Position
Christopher R. Reece	50	Trustee, Chairman and Chief Executive Officer
Matthew J. Gould	62	Trustee
Matthew Malone	42	Independent Trustee
Jeff Malach	39	Independent Trustee

Christopher R. Reece has served as Chairman and Chief Executive Officer of the Company since inception. Mr. Reece co-founded AC Capital Partners LLC, a national sponsor of alternative investments and serves as a managing director at Arcview Capital, a FINRA registered broker-dealer. In his role with Arcview Capital, he focuses his efforts on developing relationships with independent broker dealers, regional firms and wirehouses. Prior to joining Arcview Capital, he spent nine years at FS Investments, where he built a team of client portfolio managers to serve as alternative investment experts. His focus on educating advisers and clients led he and his team to successfully raise over $10 billion in assets. Before FS Investments, he spent five years as a Director with Turner Investment Partners ("***Turner***"), an investment firm that, at the time, managed more than $13 billion of securities for institutions and individuals. At Turner, he was responsible for managing the firm's largest institutional relationships spread across alternative, domestic and international strategies. In this role, he was also responsible for generating investment research and articulating detailed portfolio analysis of the firm's strategies to clients. Before joining Turner, he was a Product Specialist with Planco/The Hartford Mutual Funds and was instrumental in successfully building out their registered investment advisor channel. Prior to this role, he spent two years at David Vaughan Investments as a senior relationship manager and eight years at The Vanguard Group, most recently as an international investment analyst. Mr. Reece received his MBA from Villanova University and his BS in Finance

from Drexel University. He is registered with FINRA as a Series 7 and Series 63 representative and is a CFA charterholder.

Matthew J. Gould will join the Board prior to the commencement of this offering. Mr. Gould has spent his entire career in the real estate industry with various organizations. He currently serves as CEO of Georgetown Partners, Inc. and Managing General Partner of Gould Investors, L.P., a diversified primarily real estate owner and operator since 1994. Since 2012, Mr. Gould has served as Chairman of One Liberty Properties, Inc. (NYSE:OLP), a single tenant net lease REIT, holding earlier positions as Vice Chairman and President dating back to 1989. He is a Board Member and Senior Vice President of BRT Apartments Corporation (NYSE: BRT), a multifamily REIT, performing various roles dating back to 1984. Since 2019 he has served as CEO of the Rainbow Realty Group Funds, which manages two private funds that own and provide mortgages to borrowers in the cannabis space. He is a Board Member of Halsa Holdings, LLC, a CA cannabis operator, since 2021 and Vice President of Majestic Property Management Corp., a privately held real estate management fund, since 1984. Mr. Gould earned a B.A in English Literature from University of Michigan in 1981 and a J.D. from the Benjamin Cardozo School of Law in 1984.

Matthew Malone will join our Board prior to the commencement of this offering. Mr. Malone has spent his entire career in the alternative investment industry. He currently serves as the President of Lonsdale Investment Management and the Head of Investment Management at Lonsdale Investment Technology, a technology enabled platform that provides wealth managers with specialized portfolio construction tools and access to curated platforms of alternative investment managers. Prior to joining Lonsdale, Mr. Malone served in various roles at FS Investments, an alternative asset management firm, including serving as Managing Director, Real Estate and successfully launching the FS Credit REIT, a non-traded REIT focused on investments in commercial real estate loans. Prior to his time at FS Investments, Mr. Malone was a partner at the law firm Snyder Kearney, LLC and specialized in research and diligence of alternative investments on behalf of wealth management platforms. Mr. Malone is a CFA charterholder and has served as the Board Chair of the CFA Society of Washington, DC and the Alternative Direct Investment Securities Association (ADISA). Mr. Malone earned a BA in Economics from the University of Maryland and a J.D. from The George Washington University.

Jeff Malach will join the Board prior to the commencement of this offering. Mr. Malach is currently Managing Director of Capital Markets and Strategy at Quanta Finance, a Senior Advisor and member of the investment committee at Landrace Financial, Senior Advisor to New Roots Capital, and Advisor to Pincanna. Prior to joining Quanta Finance, Mr. Malach was a Managing Director at Landrace Financial and oversaw the cannabis lending portfolio. He was Head of Capital Markets at Barnett Capital, a family office located outside of Chicago, where he focused on the capital structuring of all Barnett Capital's business lines. Additionally, Mr. Malach developed and ran the commercial real estate bridge lending platform for Barnett Capital. Previously he was the Regional Vice President for B2R Finance, a Blackstone Group Fund. Earlier in his career, he was the initial employee and eventually Senior Business Development Director of Hilco Real Estate Finance, a lender to residential real estate investors. As part of the management team, Mr. Malach helped develop and grow that business to an eventual successful sale to Garrison Investment Group. Mr. Malach holds a Juris Doctor from Chicago-Kent College of law and a Bachelor of Arts from the University of Michigan. He is a licensed attorney in the state of Illinois.

The individuals who serve as the Company's executive officers have certain responsibilities arising from the Charter. These responsibilities include executing contracts and other instruments in the Company's name and on its behalf and such other responsibilities as may be prescribed by the Board from time to time. The Company's officers will devote such portion of their time to the Company's affairs as is required for the performance of their responsibilities, but they are not required to devote all of their time to the Company.

Committees of the Board of Trustees

The entire Board is responsible for supervising the Company's business. However, pursuant to the Charter, the Board may delegate some of its powers to one or more committees as it deems appropriate. Members of any such committees formed by the Board will be appointed by the Board.

Compensation of Trustees

Each of the Company's trustees who do not serve in an executive officer capacity for the Company, the Manager, the Sub-Manager, or any of their respective affiliates are entitled to receive annual retainer fees and annual fees for serving as committee chairperson, determined based on the Company's most recent prior month's NAV. Amounts payable are determined as follows:

Net Asset Value	Annual Retainer	Audit Committee Chair Retainer
$0 to $250 million	$10,000	$5,000
$250 million to $500 million	$25,000	$7,500
> $500 million	$55,000	$10,000

Until the Company reaches an NAV of $250 million, it intends to pay 100% of the applicable independent trustee compensation in the form of restricted of Class I Shares. After the Company's NAV reaches the $250 million threshold 75% of the applicable compensation will be paid quarterly in cash in arrears and 25% of the applicable compensation in the form of restricted shares of Class I Shares. Above $500 million, 100% of appliable compensation will be paid quarterly in cash in arrears. The restricted shares will generally vest one year from the date of grant, however, in connection with the trustees' first annual grant, the restricted shares will vest on the one year anniversary of the commencement of the Offering.

Executive Compensation

The Company is externally managed by the Manager and have no paid employees. The Company's executive officers also serve as officers of the Manager and are employees of the Manager or one or more of its affiliates. The Management Agreement provides that the Manager is responsible for managing the Company's investment activities, as such the Company's executive officers do not receive any compensation from the Company or any of its subsidiaries for serving as the Company's executive officers and instead receive compensation from the Manager. The Company does not reimburse the Manager for compensation it pays to the Company's executive officers. Furthermore, the Company does not have employment agreements with its executive officers.

Although the Company does not pay its executive officers any cash compensation, the Company pays the Manager the fees described below under the heading "—The Management Agreement."

The Audit Committee

The Board has established an audit committee, which consists of Matt Malone. Matt Malone serves as the chair of the audit committee and qualifies as an "audit committee financial expert" as that term is defined by the SEC. The SEC has determined that the audit committee financial expert designation does not impose on a person with that designation any duties, obligations or liability that are greater than the duties, obligations or liability imposed on such person as a member of the audit committee of the board of trustees in the absence of such designation. The audit committee assists the Board in overseeing:

- the Company's accounting and financial reporting processes,
- the integrity and audits of the Company's financial statements,
- the Company's compliance with legal and regulatory requirements;
- the qualifications and independence of the Company's independent auditors, and
- the performance of the Company's internal and independent auditors.

In addition, the audit committee selects the independent auditors to audit the Company's annual financial statements and reviews with the independent auditors the plans and results of the audit engagement. The audit committee also approves the audit and non-audit services provided by the independent public accountants and the fees the Company pays for these services.

Name	Age	Position
Matt Malone	42	Independent Trustee

For biographical information concerning the members of the Audit Committee, see "—Trustees and Executive Officers" above.

The Manager and the Management Agreement

Overview

The Company is externally managed by the Manager, MJ REIT Advisors, LLC, a subsidiary of AC Capital Partners LLC ("***AC Capital Partners***"), a newly created sponsor of alternative investments designed for individual investors. AC Capital Partners seeks to be the industry leader of investment products designed to solve investor challenges by providing access to opportunities in cannabis, and adjacent industries. Given the difficulties investors have in gaining access to this area of the market, AC Capital Partners believes it can create a platform of investment options to satisfy these challenges.

AC Capital Partners is managed by seasoned industry professionals who have spent their entire careers in the investment world. The Company's founders have deep experience in compliance, distribution, and product management.

Pursuant to the Management Agreement, subject to such oversight by the Board, the Manager will be responsible for managing the day-to-day affairs of the Company and for identifying and making investments on its behalf, however, the Board at all times has oversight and policy-making authority, including responsibility for governance, financial controls, compliance and disclosure with respect to the Company and its Operating Partnership.

The Company believes the Manager currently has sufficient staff and resources so as to be capable of fulfilling the duties set forth in the Management Agreement.

Services

Pursuant to the terms of the Management Agreement, the Manager is responsible for, among other things:

- serving as an advisor to the Company and the Operating Partnership with respect to the establishment and periodic review of the Company's and the Operating Partnership's investments, financing activities and operations;

- sourcing, evaluating and monitoring investment opportunities and executing the acquisition, management, financing and disposition of the Company's assets, in accordance with the Company's Investment Guidelines and subject to oversight by the Board;

- with respect to prospective acquisitions, purchases, sales, exchanges or other dispositions of investments, conducting negotiations on the Company's and Operating Partnership's behalf with sellers, purchasers, and other counterparties and, if applicable, their respective agents, advisors and representatives, and determining the structure and terms of such transactions;

- providing the Company with portfolio management and other related services;

- serving as the Company's advisor with respect to decisions regarding any of its financings, hedging activities or borrowings; and

- engaging and supervising, on the Company's and Operating Partnership's behalf and at the Company's and the Operating Partnership's expense, various service providers.

The above summary is provided to illustrate the material functions which the Manager will perform and it is not intended to include all of the services which may be provided by the Manager.

The Manager may retain, at the Company's sole cost and expense, such service providers as the Manager deems necessary or advisable in connection with the Company's management and operation, which may include affiliates of the Manager; provided, that any such services may only be provided by affiliates of the Manager to the extent such services are approved by a majority of the Board, including, from and after the date when the Board is comprised of a majority of independent trustees, a majority of the independent trustees, not otherwise interested in such transactions as being fair and reasonable to the Company and on terms and conditions not less favorable to the Company than those available from non-affiliated third parties.

Fees to the Manager

Asset Management Fee. The Manager will be paid a monthly asset management fee (the "Management Fee") at an annual rate equal to 1.50% of the most recent NAV, conducted in accordance with the Company's valuation procedures. Additionally, to the extent that the Operating Partnership issues Operating Partnership units to parties other than the Company or Sub-Manager or any affiliates of Sub-Manager, the Operating Partnership will pay the Manager a Management Fee equal to 1.50% of the NAV of the Operating Partnership attributable to such Operating Partnership units not held by the Company per annum payable monthly. The Management Fee may be paid, at the Manager's election, in either (i) cash or (ii) Shares or Operating Partnership units with an aggregate NAV amount equivalent to the cash fee otherwise payable. If the Manager elects to receive any portion of its Management Fee in Shares or Operating Partnership units, the Manager may elect to have the Company or the Operating Partnership, as applicable, repurchase such Shares or Operating Partnership units from the Manager at a later date. Shares held by the Manager will not be subject to the repurchase limits of the Share Repurchase Program or any reduction or penalty for an early repurchase. Operating Partnership units held by the Manager will not be subject to any minimum holding period and will be redeemed by the Operating Partnership for cash unless the Board determines that any such repurchase for cash would be prohibited by applicable law or the Charter, in which case such Operating Partnership units will be repurchased for Shares with an equivalent aggregate NAV. The Manager may waive or defer the Management Fee in whole or in part in its sole discretion.

Origination Fee. The Manager and the Sub-Manager may earn origination fees based on the loan amount for first lien, subordinated or mezzanine debt, preferred equity or other financing transactions, or based on the purchase price for sale-leaseback transactions. Such origination fees will only be retained to the extent they are paid by the borrower or seller/tenant, either directly to the Manager or the Sub-Manager. The Company expects that these origination fees generally will be paid directly to the Manager or the Sub-Manager. Such origination fees shall be split 40% to the Manager and 60% to the Sub-Manager.

Expense Reimbursements to the Manager

The Company will reimburse the Manager and Sub-Manager for all reasonable and direct expenses incurred in connection with (i) the organization of the Company, the Manager, the Sub-Manager and related entities and (ii) the preparation of all materials in connection with the Offering of the Shares. Such Organization and Offering Expenses shall include, but are not limited to, legal, tax, accounting, printing, mailing, travel, meals, entertainment, due diligence costs, training and education costs, and other costs and expenses associated with organizing and marketing the Company, including fees, costs, and expenses of or incurred by the Managing Dealer, as applicable. Reimbursements for Organization and Offering Expenses by the Company to the Manager will be limited to 2.0% of gross Offering proceeds. The Manager may elect to receive reimbursement of Organization and Offering Expenses in either cash, OP Units, or in Common Shares with an aggregate NAV amount equivalent to the cash fee otherwise payable. The Manager may, in its sole discretion, defer or entirely forego reimbursement for all or any portion of any Organization and Offering Expenses incurred by the Manager. All classes of Shares will be responsible for the pro rata portion of Organization and Offering Expenses attributable to such class.

In addition to the compensation paid to the Manager pursuant to the Management Agreement, the Company or the Operating Partnership shall reimburse the Manager, Sub-Manager and each of their respective Affiliates for costs and expenses of such party incurred on behalf of the Company or the Operating Partnership. Without limiting the

generality of the foregoing, the Company will be responsible for all costs and expenses relating to the Company's activities, investments and ongoing business, as further and more fully described in the Management Agreement.

Term and Termination

Term. The Management Agreement shall be effective on the date first set forth above and shall continue in full force and effect until December 31, 2025 (such period, the "***Initial Term***"), unless earlier terminated pursuant thereto. The Management Agreement shall automatically renew for the first of an unlimited number of successive one (1) year terms (each a "***Renewal Term***"), with each Renewal Term commencing on January 1st of the first fiscal year of each Renewal Term and ending on December 31st of the fiscal year of each Renewal Term, subject to the termination of the Management Agreement pursuant to its terms.

Termination. This Agreement may be terminated at any time: (a) by the Manager upon 60 days' notice; (b) by the Company upon 60 days' notice, or (c) otherwise immediately subsequent to certain events, including the removal of the Manager by a simple majority vote of the Shareholders (excluding any Shares held by the Manager or its affiliates), or for Cause (as defined in the Management Agreement).

Indemnification

Pursuant to the Management Agreement:

To the fullest extent permitted by applicable law, the Company or Operating Partnership, on a joint and several basis, shall indemnify and hold harmless the Manager, the Sub-Manager and each of their respective direct or indirect affiliates, members, partners, shareholders, officers, directors, employees, agents, and legal representatives (each, a "***Manager and Sub-Manager Indemnified Person***"), from all liability, claims, damages or losses, and related expenses, including reasonable attorneys' fees (collectively, "***Losses***"), arising from or related to the performance of their duties under the Management Agreement and/or the Sub-Management Agreement, to the extent such Losses are not fully reimbursed by insurance; provided, however, that no such indemnification shall be provided with respect to Losses arising from or related to a Manager and Sub-Manager Indemnified Person's fraud, willful misconduct, gross negligence or reckless disregard of its duties under the Management Agreement and/or the Sub-Management Agreement.

To the fullest extent permitted by applicable law, the Manager shall indemnify and hold harmless the Company, the Operating Partnership, the Sub-Manager and each of their respective direct or indirect affiliates, members, partners, shareholders, officers, directors, employees, agents, and legal representatives (each, a "***Company Indemnified Person***"), from any and all Losses to the extent that (i) such Losses are not fully reimbursed by insurance and (ii) are incurred by the Company Indemnified Person by reason of the Manager's fraud, willful misconduct, gross negligence or reckless disregard of its duties under the Management Agreement.

Pursuant to the Sub-Management Agreement:

To the fullest extent permitted by applicable law, the Company, the Operating Partnership. and the Manager, on a joint and several basis, shall indemnify and hold harmless the Sub-Manager and each of its direct or indirect affiliates, members, partners, shareholders, officers, directors, employees, agents, and legal representatives, from all Losses, arising from or related to the performance of their duties under the Sub-Management Agreement, to the extent such Losses are not fully reimbursed by insurance; provided, however, that no such indemnification shall be provided with respect to Losses arising from or related to the Sub-Manager's fraud, willful misconduct, gross negligence or reckless disregard of its duties under the Sub-Management Agreement.

To the fullest extent permitted by applicable law, the Sub-Manager shall indemnify and hold harmless the Company, the Operating Company, and the Manager and each of their respective direct or indirect affiliates, partners, shareholders, officers, directors, employees, agents, and legal representatives from all Losses to the extent that (i) such Losses are not fully reimbursed by insurance and (ii) are incurred by the Company, the Operating Partnership, and the Manager by reason of the Sub-Manager's fraud, willful misconduct, gross negligence or reckless disregard of its duties under the Sub-Management Agreement; *provided*, *however*, that the Sub-Manager shall not be held responsible for

any action of the board of directors of the Company or the Manager in following or declining to follow any advice or recommendation given by the Sub-Manager.

NET ASSET VALUE CALCULATION AND VALUATION GUIDELINES

The Company's NAV per Share for each class of Shares is calculated on a monthly basis. The Company's NAV per Share for each class of Shares will determine the price per Share in the Offering and the price that is paid to participants in the Share Repurchase Program.

The calculation of the Company's NAV is a calculation of fair value of the Company's assets less its outstanding liabilities. The Manager has adopted a valuation policy that provides for the methodologies to be used to estimate the fair value of the Company's assets for purposes of the Company's NAV calculation.

The Company has adopted, and its valuation policy will be performed in accordance with, Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, or ASC Topic 820, which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. ASC Topic 820 clarifies that the fair value is the price in an orderly transaction between market participants to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. ASC Topic 820 provides a consistent definition of fair value which focuses on exit price and prioritizes, within a measurement of fair value, the use of market-based inputs over entity-specific inputs. In addition, ASC Topic 820 provides a framework for measuring fair value and establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

For purposes of calculating the Company's NAV, the Manager will use the following valuation methods:

- The market value of each exchange-traded security will be the last reported sale price at the relevant valuation date on the composite tape or on the principal exchange on which such security is traded.

- If no sale is reported for an exchange-traded security on the valuation date or if a security is an OTC security, the Manager intends to value such securities using quotations obtained from an independent third-party pricing service, which will provide prevailing bid and ask prices that are screened for validity by the service from dealers on the valuation date. For investments for which a third-party pricing service is unable to obtain quoted prices, the Manager intends to obtain bid and ask prices directly from dealers who make a market in such securities. In all such cases, securities will be valued at the mid-point of the average bid and ask prices obtained from such sources.

- The Company's properties will be valued at cost which the Company expects to represent fair value as the time of investment. Each property will be valued by an independent third-party appraisal firm within the first full 12-months after acquisition and no less than annually thereafter.

- The majority of the Company's investments are expected to be investments for which no active secondary market exists and, therefore, no bid and ask prices can be readily obtained. These investments will be valued as follows:

    - Commercial real estate debt and related instruments will generally be valued at amortized cost, net of unamortized acquisition premiums or discounts, loan fees, and origination costs, as applicable, unless the loans are deemed impaired. Impairment is indicated when it is deemed probable that the Company will not be able to collect all amounts due pursuant to the contractual terms of the loan. If a loan is determined to be impaired, the loan is written down through a charge to the provision for loan losses. Impairment of these loans, which are collateral-dependent, is measured by comparing the estimated fair value of the underlying collateral, less costs to sell, to the book value of the respective loan. These valuations require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plans, loan sponsorship, actions of other lenders, and other factors

deemed necessary by the Manager and the Sub-Manager. Actual losses, if any, could ultimately differ from these estimates.

- At least quarterly, the Manager, with assistance from the Sub-Manager, will evaluate for impairment each loan classified as held-for-investment.

- To the extent the Company holds other types of investments for which no secondary market exists, such as distressed or below investment grade debt or equity interests, the Manager intends to value such investments at fair value.

Fair value as determined in good faith by the Manager in accordance with its valuation guidelines. In making such determination, it is expected that the Manager may rely upon valuations obtained from an independent valuation service. Prior to engaging an independent valuation firm, the Manager will review various factors, including among other things, the firm's services, pricing, and reputation.

The Manager will monitor each of the Company's investments for events that the Manager believes may be expected to have a material impact on the most recent estimated values of such investment. If, in the opinion of the Manager, an event becomes known to it that is likely to have any material impact on previously provided estimated value of the affected investment, the Manager will adjust the valuation of such investment, subject to the review and confirmation for reasonableness of the independent valuation advisor.

The Company calculates the value of its assets in accordance with its valuation guidelines. Because these value calculations involve significant professional judgment in the application of both observable and unobservable attributes, the valuation of the Company's assets may differ from their actual realizable value or future fair value. Furthermore, no rule or regulation requires that the Company calculate NAV in a certain way. While the Company believes its NAV calculation methodologies are consistent with standard industry principles, there is no established practice among REITs, whether listed or not, for calculating NAV in order to establish a purchase and repurchase price. As a result, other REITs may use different methodologies or assumptions to determine NAV.

RISK FACTORS

An investment in Shares involves risks. You should specifically consider the following material risks in addition to the other information contained in this Memorandum before you decide to purchase 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 the Company faces, but do represent those risks and uncertainties that the Company believes are most significant to the Company's business, operating results, financial condition, prospects and forward-looking statements.

Risks Related to This Offering and The Company's Organizational Structure

The Company has no operating history and there is no assurance that the Company will be able to successfully achieve the Company's investment objectives.

The Company is a newly formed entity with no operating history and may not be able to achieve the Company's investment objectives. As of the date of this Memorandum, the Company has not made any investments or commenced operations. The Company cannot assure you that the past experiences of the Manager and its affiliates will be sufficient to allow the Company to successfully achieve the Company's investment objectives. As a result, an investment in the Shares may entail more risk than the shares of a REIT with a substantial operating history.

You may not have the opportunity to evaluate the Company's future investments before the Company makes them, which makes your investment more speculative.

The Company has not yet acquired any investments and is not able to provide you with any information to assist you in evaluating the merits of any specific investments that the Company may make. The Company will seek to invest substantially all of the net offering proceeds from this offering, after the payment of fees and expenses, in the acquisition of or investment in assets consistent with the investment objectives and investment strategy described herein. However, because you will not, subject to the exceptions noted above, be able to evaluate the economic merit of the Company's future investments before the Company makes them, you have to rely entirely on the ability of the Manager to select suitable and successful investment opportunities. Furthermore, the Manager has broad discretion in selecting the types of properties the Company will invest in and you will not have the opportunity to evaluate potential investments. These factors increase the risk that your investment in the Company may not generate returns comparable to other real estate investment alternatives.

The Manager manages the Company's portfolio pursuant to broad investment guidelines and generally is not required to seek the approval of the Company's board of trustees for each investment, financing or asset allocation decision it makes, which may result in the Company making riskier investments and which could adversely affect the Company's results of operations and financial condition.

The Company's board of trustees approved broad investment guidelines that delegate to the Manager the authority to execute acquisitions and dispositions of investments on the Company's behalf, in each case so long as such investments are consistent with the investment guidelines and the Company's charter. There can be no assurance that the Manager will be successful in applying any strategy or discretionary approach to the Company's investment activities. the Company's board of trustees will review the Company's investment guidelines on an annual basis (or more often as it deems appropriate) and will review the Company's investment portfolio periodically.

Economic events that may cause the Company's shareholders to request that the Company repurchases their Shares may materially adversely affect the Company's cash flow and the Company's results of operations and financial condition.

Economic events affecting the U.S. economy, such as the general negative performance of the real estate sector, unemployment, stock market volatility and other impacts of the coronavirus pandemic, could cause the Company's shareholders to seek to sell their Shares to the Company pursuant to the Share Repurchase Program at a time when such events are adversely affecting the performance of the Company's assets. Even if the Company decides to satisfy all resulting repurchase requests, the Company's cash flow could be materially adversely affected. In addition, if the Company determines to sell assets to satisfy repurchase requests, the Company may not be able to realize the return

on such assets that the Company may have been able to achieve had the Company sold at a more favorable time, and the Company's results of operations and financial condition, including, without limitation, breadth of the Company's portfolio by property type and location, could be materially adversely affected.

The amount and source of distributions the Company may make to the Company's shareholders is uncertain, and the Company may be unable to generate sufficient cash flows from the Company's operations to make distributions to Company's shareholders at any time in the future.

The Company's ability to make distributions to the Company's shareholders may be adversely affected by a number of factors, including the risk factors described in this Memorandum. the Company's Board will make determinations regarding distributions based upon, among other factors, the Company's financial performance, debt service obligations, debt covenants, REIT qualification and tax requirements and capital expenditure requirements. Among the factors that could impair the Company's ability to make distributions to the Company's shareholders are:

- the limited size of the Company's portfolio in the early stages of the Company's development;
- changes in the economy, including as a result of the coronavirus pandemic;
- the Company's inability to invest the proceeds from sales of Shares on a timely basis in income-producing properties;
- the Company's inability to realize attractive risk-adjusted returns on the Company's investments;
- high levels of expenses or reduced revenues that reduce the Company's cash flow or non-cash earnings; and
- defaults in the Company's investment portfolio or decreases in the value of the Company's investments.

As a result, the Company may not be able to make distributions to the Company's shareholders at any time in the future, and the level of any distributions the Company do make to the Company's shareholders may not increase or even be maintained over time, any of which could materially and adversely affect the value of your investment.

The Company may pay distributions from sources other than the Company's cash flow from operations, including, without limitation, the sale of assets, borrowings or offering proceeds, and the Company has no limits on the amounts the Company may pay from such sources.

The Company may not generate sufficient cash flow from operations to fully Company distributions to shareholders. Therefore, the Company may Company distributions to the Company's shareholders from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital or offering proceeds (including from sales of the Company's common shares or Operating Partnership units). The extent to which the Company pays distributions from sources other than cash flow from operations will depend on various factors, including the level of participation in the DRIP, the extent to which the Manager elects to receive its management fee in Shares or Operating Partnership units and the Special Limited Partner elects to receive distributions on its Performance Participation Allocation in Operating Partnership units, how quickly the Company invests the proceeds from this and any future offering and the performance of the Company's investments. Companying distributions from the sales of assets, borrowings, return of capital or proceeds of this offering will result in the Company having less funds available to make investments. As a result, the return you realize on your investment may be reduced. Doing so may also negatively impact the Company's ability to generate cash flows. Likewise, Companying distributions from the sale of additional securities will dilute your interest in the Company on a percentage basis and may impact the value of your investment especially if the Company sells these securities at prices less than the price you paid for your Shares. The Company may be required to continue to Company the Company's regular distributions from a combination of some of these sources if the Company's investments fail to perform, if expenses are greater than the Company's revenues or due to numerous other factors. The Company has not established a limit on the amount of the Company's distributions that may be paid from any of these sources.

To the extent the Company borrows funds to pay distributions, the Company would incur borrowing costs and these borrowings would require a future repayment. The use of these sources for distributions and the ultimate repayment

of any liabilities incurred could adversely impact the Company's ability to pay distributions in future periods, decrease the Company's NAV, decrease the amount of cash the Company has available for operations and new investments and adversely impact the value of your investment.

The Company may also defer operating expenses or pay expenses (including the fees of the Manager or distributions to the Special Limited Partner) with Shares or Operating Partnership units in order to preserve cash flow for the payment of distributions. The ultimate repayment of these deferred expenses could adversely affect the Company's operations and reduce the future return on your investment. The Company may repurchase shares or redeem Operating Partnership units from the Manager or the Special Limited Partner shortly after issuing such Shares or Operating Partnership units as compensation. The payment of expenses in Shares or with Operating Partnership units will dilute your ownership interest in the Company's portfolio of assets. There is no guarantee any of the Company's operating expenses will be deferred and the Manager and Special Limited Partner are under no obligation to receive fees or distributions in Shares or Operating Partnership units and may elect to receive such amounts in cash.

The termination or replacement of the Manager could trigger a repayment event under the Company's mortgage loans for some of the Company's properties and the credit agreement governing any of the Company's lines of credit.

Lenders for certain of the Company's properties may request provisions in the mortgage loan documentation that would make the termination or replacement of the Manager an event requiring the immediate repayment of the full outstanding balance of the loan. The termination or replacement of the Manager could trigger repayment of outstanding amounts under any credit agreements that the Company may obtain. If a repayment event occurs, the Company's results of operations and financial condition may be adversely affected.

Payments to the Manager or the Special Limited Partner with respect to Shares or Operating Partnership units they elect to receive in lieu of cash Management Fees or distributions will dilute future cash available for distribution to the Company's shareholders.

The Manager or the Special Limited Partner may choose to receive Shares or Operating Partnership units in lieu of certain fees or distributions. The holders of all Operating Partnership units are entitled to receive cash from operations pro rata with the distributions being paid to the Company and such distributions to the holder of the Operating Partnership units will reduce the cash available for distribution to the Company and to the Company's shareholders. Furthermore, under certain circumstances the Operating Partnership units held by the Manager or the Special Limited Partner are required to be repurchased, and there may not be sufficient cash to make such a repurchase payment; therefore, the Company may need to use cash from operations, borrowings, offering proceeds or other sources to make the payment, which will reduce cash available for distribution to you or for investment in the Company's operations. Repurchases of Shares issued to the Manager as payment of Management Fees are not subject to the quarterly volume limitations under the Share Repurchase Program, and such repurchases receive priority over other Shares for which repurchase is requested during such period. Operating Partnership units held by the Manager (including those issued to the Manager as payment of Management Fees) are not subject to any minimum holding period in order to be eligible for redemption by the Operating Partnership and will be redeemed for cash unless the Company's board of trustees determines that any such redemption for cash would be prohibited by applicable law or the partnership agreement. Operating Partnership units distributed to the Special Limited Partner with respect to its Performance Participation Allocation are not subject to any minimum holding period in order to be eligible for redemption by the Operating Partnership and will be redeemed for cash unless the Company's board of trustees determines that any such redemption for cash would be prohibited by applicable law or the partnership agreement.

Purchases and repurchases of Shares are not made based on the NAV per Share as of the date of purchase or repurchase.

Generally, the transaction price per Share for Shares sold in this offering and at which the Company repurchases Shares will equal the NAV per Share as of the last calendar day of the prior quarter. The NAV per Share as of the date on which you make your subscription request or repurchase request may be significantly different than the transaction price you pay or the repurchase price you receive. Certain of the Company's investments or liabilities will be subject to high levels of volatility from time to time and could change in value significantly between the end of the prior quarter as of which the Company's NAV is determined and the date that you purchase or the Company repurchases

your Shares, however the prior quarter's NAV per Share will generally continue to be used as the transaction price per Share and repurchase price per Share. In exceptional circumstances, the Company may in the Company's sole discretion, but are not obligated to, sell and repurchase Shares at a different price that the Company believes reflects the NAV per Share more appropriately than the prior quarter's NAV per Share, including by updating a previously disclosed transaction price, in cases where the Company believes there has been a material change (positive or negative) to the Company's NAV per Share since the end of the prior quarter and the Company believes an updated price is appropriate. In such extraordinary cases, the offering price and repurchase price will not equal the Company's NAV per Share as of the date of purchase or repurchase. The foregoing risks are heightened given the fact that the Company calculates the Company's NAV on a quarterly basis and accept subscriptions for shares on a monthly basis. As a result, investors who purchase Shares at a monthly closing, or tender their Shares for repurchase at a monthly repurchase date, in which the NAV per Share has not been recently updated may pay or receive more or less than the actual per Share value.

Valuations and appraisals of the Company's assets are estimates of fair value and may not necessarily correspond to realizable value.

For the purposes of calculating the Company's monthly NAV, the value of each property the Company acquires will initially reflect the cost to acquire the property from a third party. The Company anticipates that such cost will approximate fair value through the end of the fourth full quarter after the date that The Company acquires the property. However, if the property is acquired from an affiliate, the value of such property will be confirmed by the Company's independent valuation advisor. Thereafter, valuations of the Company's properties will be determined by the Manager based in part on annual appraisals of each of the Company's properties by the Company's independent valuation advisor in accordance with valuation guidelines approved by the Company's board of trustees. The Manager will also conduct a quarterly valuation of the Company's properties that are reviewed by the Company's independent valuation advisor for reasonableness. For more information regarding the Company's valuation process, see "Net Asset Value Calculation and Valuation Guidelines."

Although the Company's independent valuation advisor will review and provide a positive assurance report with respect to the quarterly valuations of each of the Company's real properties prepared by the Manager, such valuations are based on asset and portfolio-level information provided by the Manager, including historical operating revenues and expenses of the properties, lease agreements on the properties, revenues and expenses of the properties, information regarding recent or planned capital expenditures and any other information relevant to valuing the real estate property, which information is not independently verified by the Company's independent valuation advisor. In addition, the Company's investments in real estate-related debt and real estate-related securities, while a component of NAV, are valued by the Manager, based on market quotations or at fair value, and are not reviewed for reasonableness or appraised by the Company's independent valuation advisor.

Within the parameters of the Company's valuation guidelines, the valuation methodologies used to value the Company's properties will involve subjective judgments and projections and may not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. Valuations and appraisals of the Company's properties are estimates of fair value. Ultimate realization of the value of an asset depends to a great extent on economic, market and other conditions beyond the Company's control and the control of the Manager and the Company's independent valuation advisor. Further, valuations do not necessarily represent the price at which an asset would sell, since market prices of assets can only be determined by negotiation between a willing buyer and seller. As such, the carrying value of an asset may not reflect the price at which the asset could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. In addition, accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer market transactions that can be considered in the context of the appraisal. There will be no retroactive adjustment in the valuation of such assets, the offering price of the Company's Shares, the price the Company paid to repurchase Shares or NAV-based fees the Company paid to the Manager to the extent such valuations prove to not accurately reflect the realizable value of the Company's assets. Because the price you will pay for Shares in this offering, and the price at which your Shares may be repurchased by the Company pursuant to the Share Repurchase Program are generally based on the Company's prior month's NAV per Share, you may pay more than realizable value or receive less than realizable value for your investment.

It may be difficult to reflect, fully and accurately, material events that may impact the Company's monthly NAV.

The Manager's determination of the Company's monthly NAV per Share is based in part on appraisals of each of the Company's properties provided at least annually by the Company's independent valuation advisor in accordance with valuation guidelines approved by the Company's board of trustees. As a result, the Company's NAV per Share in any given month may not fully reflect any or all changes in value that may have occurred since the most recent appraisal or valuation. The Manager will review appraisal reports and monitor the Company's properties, and is responsible for notifying the independent valuation advisor of the occurrence of any property-specific or market-driven event it believes may cause a material valuation change in the real estate valuation, but it may be difficult to reflect fully and accurately rapidly changing market conditions or material events that may impact the value of the Company's assets or liabilities between valuations, or to obtain quickly complete information regarding any such events. For example, a material increase or decrease in vacancies or an unanticipated structural or environmental event at a property may cause the value of a property 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 the Company's NAV may be appropriately adjusted in accordance with the Company's valuation guidelines. Depending on the circumstance, the resulting potential disparity in the Company's NAV may be in favor or to the detriment of either shareholders who request that the Company repurchases their Shares, or shareholders who buy new Shares.

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

The method for calculating the Company's NAV, including the components used in calculating the Company's NAV, is not prescribed by rules of the SEC or any other regulatory agency. Further, there are no accounting rules or standards that prescribe which components should be used in calculating NAV, and the Company's NAV is not audited by the Company's independent registered public accounting firm. The Company will calculate its NAV solely for purposes of establishing the price at which the Company sells and repurchases Shares, and you should not view the Company's NAV as a measure of the Company's historical or future financial condition or performance. The components and methodology used in calculating the Company's NAV may differ from those used by other companies now or in the future.

Additionally, errors may occur in calculating the Company's NAV, which could impact the price at which the Company sells and repurchases Shares and the amount of the Manager's Management Fee and the Special Limited Partner's Performance Participation Allocation. The Manager has implemented certain policies and procedures to address such errors in NAV calculations. If such errors were to occur, the Manager, depending on the circumstances surrounding each error and the extent of any impact the error has on the price at which Shares were sold or repurchased or on the amount of the Manager's management fee or the Special Limited Partner's Performance Participation Allocation, may determine in its sole discretion to take certain corrective actions in response to such errors.

The Company face risks associated with the deployment of the Company's capital.

In light of the nature of the Company's continuous offering and the Company's investment strategy and the need to be able to deploy capital quickly to capitalize on potential investment opportunities, the Company may have difficulty identifying and making suitable investments on attractive terms. There could be a delay between the time the Company receives net proceeds from the sale of Shares in the offering and the time the Company invests the net offering proceeds. The Company may also from time to time hold cash pending deployment into investments or have less than the Company's targeted leverage, which cash or shortfall in target leverage may at times be significant, particularly at times when the Company is receiving high amounts of offering proceeds and/or times when there are few attractive investment opportunities. Such cash may be held in an account that may be invested in money market accounts or other similarly temporary investments. In the event the Company is unable to find suitable investments, such cash may be maintained for longer periods which would be dilutive to overall investment returns. This could cause a substantial delay in the time it takes for your investment to realize its full potential return and could adversely affect the Company's ability to pay regular distributions of cash flow from operations. It is not anticipated that the temporary investment of cash into money market accounts or other similar temporary investments pending deployment into investments will generate significant interest, and low interest payments on the temporarily invested cash may adversely affect overall returns. In the event the Company fails to timely invest the net proceeds of this offering or do

not deploy sufficient capital to meet the Company's targeted leverage, the Company's results of operations and financial condition may be adversely affected.

The Company's UPREIT structure may result in potential conflicts of interest with limited partners in the Company's Operating Partnership whose interests may not be aligned with those of the Company's shareholders.

The Company's trustees and officers have duties to the Company and its shareholders under applicable law and the Company's charter in connection with their management of the Company. At the same time, the Company, as general partner, has fiduciary duties under Delaware law to the Company's Operating Partnership and to the limited partners of the Operating Partnership in connection with the management of the Company's Operating Partnership. The Company's duties as general partner of the Company's Operating Partnership and its partners may come into conflict with the duties of the Company's trustees and officers to the Company and the Company's shareholders. 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. The partnership agreement of the Company's Operating Partnership provides that, for so long as the Company owns a controlling interest in the Company's Operating Partnership, any conflict that cannot be resolved in a manner not adverse to either the Company's shareholders or the limited partners may be resolved in favor of the Company's shareholders.

Additionally, the partnership agreement of the Company's Operating Partnership expressly limits the Company's liability by providing that the Company and the Company's officers, trustees, agents and employees will not be liable or accountable to the Company's Operating Partnership for losses sustained, liabilities incurred or benefits not derived if the Company or the Company's officers, trustees, agents or employees acted in good faith. In addition, the Company's Operating Partnership is required to indemnify the Company and the Company's officers, trustees, employees, agents and designees to the extent permitted by applicable law from and against any and all claims arising from operations of the Company's Operating Partnership, unless it is established that: (1) the act or omission was material to the matter giving rise to the proceeding and either was committed in bad faith 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 the Company has not obtained an opinion of counsel covering the provisions set forth in the partnership agreement of the Company's Operating Partnership that purport to waive or restrict the Company's fiduciary duties.

Your investment return may be reduced if the Company is required to register as an investment company under the Investment Company Act.

The Company intends to conduct the Company's operations so that neither the Company, nor the Company's Operating Partnership nor the subsidiaries of the Company's Operating Partnership are investment companies under the Investment Company Act. However, there can be no assurance that the Company and the Company's subsidiaries will be able to successfully avoid operating as an investment company.

A change in the value of any of the Company's assets could negatively affect the Company's ability to avoid operating as an investment company or to maintain an exception from the definition of investment company under the Investment Company Act. To avoid operating as an investment company or to maintain compliance with an applicable exception under the Investment Company Act, the may be unable to sell assets the Company would otherwise want to sell and may need to sell assets the Company would otherwise wish to retain. In addition, the Company may have to acquire additional assets that the Company might not otherwise have acquired or may have to forego opportunities to acquire assets that the Company would otherwise want to acquire and would be important to the Company's investment strategy.

If the Company was required to register as an investment company but failed to do so, the Company would become subject to substantial regulation with respect to the Company's capital structure (including the Company's ability to use borrowings), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), and portfolio composition, including disclosure requirements and restrictions with respect to diversification and

industry concentration, and other matters. Compliance with the Investment Company Act would, accordingly, limit the Company's ability to make certain investments and require the Company to significantly restructure the Company's business plan, which could materially adversely affect the Company's NAV and the Company's ability to pay distributions to the Company's shareholders.

The Company may fail to comply with the requirements for a private offering exemption.

The Shares are being offered and sold in reliance upon an exemption from the registration requirements of the Securities Act provided by Regulation D promulgated under the Securities Act and applicable state securities law exemptions. The Manager intends to use its best efforts to assure compliance with the requirements of the applicable exemptions. There can be no assurance that a court reviewing the facts and circumstances of this offering might not determine later that one or more of the applicable exemption provisions was not properly complied with. Should it be determined that the Company failed to comply with the requirements of Regulation D or any other applicable exemption from registration, certain shareholders could have a right to various remedies against the Company, including the right to rescind their investment. If a sufficient number of such shareholders should seek rescission, the Company could face financial demands which could adversely affect the Company's ability to continue in business which, in turn, could result in adverse consequences to both rescinding and non-rescinding shareholders.

Risks Related to Investments in Real Estate

The Company's operating results will be affected by economic and regulatory changes that impact the real estate market in general.

The Company is 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;
- future adverse national real estate trends, including increasing vacancy rates, declining rental rates and general deterioration of market conditions;
- adverse economic conditions as a result of an epidemic, pandemic or other health-related issue in one or more markets where the Company owns property;
- changes in supply of or demand for similar properties in a given market or metropolitan area, which could result in rising vacancy rates or decreasing market rental rates;
- increased competition for properties targeted by the Company's investment strategy;
- bankruptcies, financial difficulties or lease defaults by the Company's tenants;
- increases in interest rates and lack of availability of financing; and
- changes in government rules, regulations and fiscal policies, including increases in property taxes, changes in zoning laws, limitations on rental rates, and increasing costs to comply with environmental laws.

All of these factors are beyond the Company's control. Any negative changes in these factors could affect the Company's performance and the Company's ability to meet the Company's obligations and make distributions to shareholders.

The current outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economy and has had an adverse impact on the Company's performance and results of operations.

Since the first quarter of 2020 the global outbreak of a novel coronavirus ("***COVID-19***") has spread to over 100 countries, including the United States, and to every state in the United States. The World Health Organization has designated COVID-19 as a pandemic, and numerous countries, including the United States, have declared national emergencies with respect to COVID-19. The global impact of the outbreak has been widespread and many countries

have reacted by instituting quarantines and restrictions on travel, closing financial markets or restricting trading, and limiting operations of non-essential businesses. Such actions have created disruption in global supply chains, and are adversely impacting many industries. The outbreak could have a continued adverse impact on economic and market conditions and has triggered a global economic slowdown.

The COVID-19 pandemic may have an adverse impact on the Company's NAV, results of operations, cash flows and fundraising, and may have an adverse impact on the Company's ability to source new investments, obtain financing, Company distributions to the Company's shareholders and satisfy repurchase requests, among other factors.

The rapid development and fluidity of the COVID-19 pandemic precludes any prediction as to the ultimate adverse impact of the pandemic on economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Company's performance. While certain geographies are experiencing declining infection levels and are reopening businesses, others are seeing persistent or accelerating levels. The full extent of the impact and effects of the COVID-19 pandemic will depend on future developments, including, among other factors, the duration and spread of the pandemic, along with related travel advisories, quarantines and restrictions, the recovery time of the disrupted supply chains and industries, the impact of labor market interruptions, the impact of government interventions, and uncertainty with respect to the duration of the global economic slowdown. COVID-19 and the current financial, economic and capital markets environment, and future developments in these and other areas present uncertainty and risk with respect to the Company's performance, results of operations and ability to pay distributions and satisfy Share repurchase requests.

Rental levels at the properties that the Company acquires can vary over time and the Company may not be able to maintain the occupancy rates the Company anticipates.

The Company will make the Company's determination regarding the acquisition of properties that the Company acquires based on, among other things, the property's projected rent levels. However, there can be no assurance that a property will continue to be occupied at the projected rents. If the tenants of the properties do not renew or extend their leases, if tenants default under their leases at the properties, if issues arise with respect to the permissibility of certain uses at the properties, if tenants of the properties terminate their leases, or if the terms of any renewal (including concessions to the tenants) are less favorable than existing lease terms, the operating results of the properties could be substantially affected. As a result, the Company may not be able to make distributions to the Company's shareholders at the anticipated levels.

Because the Company will rely on third parties to manage the day-to-day affairs of any properties the Company may acquire, should the staff of a particular property perform poorly, the Company's operating results for that property will similarly be hindered and the Company's net income may be reduced.

The Company will depend upon the performance of third-party property managers to effectively manage the Company's properties. Rising vacancies across real estate properties have resulted in increased pressure on real estate investors and their property managers to maintain adequate occupancy levels. In order to do so, the Company may have to offer inducements, such as free rent and resident amenities, to compete for residents. Poor performance by those sales, leasing and other management staff members operating a particular property will necessarily translate into poor results of operations for that particular property. Should the third-party property managers fail to identify problems in the day-to-day management of a particular property or fail to take the appropriate corrective action in a timely manner, the Company's operating results may be hindered and the Company's net income reduced.

The Company's inability to sell a property at the time and on the terms the Company wants could limit the Company's ability to pay distributions to the Company's shareholders.

Many factors that are beyond the Company's control affect the real estate market and could affect the Company's ability to sell the Company's properties for the price, on the terms or within the time frame that the Company desires. These factors include general economic conditions, the availability of financing, interest rates and other factors, including supply and demand. Because real estate investments are relatively illiquid, the Company has a limited ability to vary the Company's portfolio in response to changes in economic or other conditions. Further, before the Company can sell a property on the terms the Company wants, it may be necessary to expend funds to correct defects or to make improvements. However, the Company can give no assurance that the Company will have the funds available to

correct such defects or to make such improvements. The Company may be unable to sell the Company's properties at a profit. The Company's inability to sell properties at the time and on the terms the Company wants could reduce the Company's cash flow and limit the Company's ability to make distributions to the Company's shareholders and could reduce the value of your investment.

The Company may have no or only limited recourse for any problems later identified for properties the Company acquires, which could materially and adversely affect the Company, including the Company's results of operations.

The Company anticipates sellers will sell properties "as is," "where is" and "with all faults," without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase and sale agreements may contain limited warranties, representations and indemnifications that will only survive for a limited period after the closing. The purchase of properties with no or limited warranties increases the risk that the Company may lose some or all of the Company's invested capital in the property, as well as the loss of rental income from that property, which could materially and adversely affect the Company's financial condition and ability to pay distributions to the Company's shareholders

Costs imposed pursuant to applicable laws and regulations may reduce the Company's net income and the cash available for distributions to the Company's shareholders.

Real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to protection of the environment and human health. The Company could be subject to liability in the form of fines, penalties 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 and hazardous materials, the remediation of contamination associated with the release or disposal of solid and hazardous materials, the presence of toxic building materials and other health and safety-related concerns.

Some of these laws and regulations may impose joint and several liability on the tenants, owners or operators of real property for the costs to investigate or remediate contaminated properties, regardless of fault, whether the contamination occurred prior to purchase, or whether the acts causing the contamination were legal. Activities of the Company's tenants, the condition of properties at the time the Company buys them, operations in the vicinity of the Company's properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect the Company's properties.

The presence of hazardous substances, or the failure to properly manage or remediate these substances, may hinder the Company's ability to sell, rent, or pledge such property as collateral for future borrowings. Any material expenditures, fines, penalties or damages the Company must pay will reduce the Company's ability to make distributions and may reduce the value of your investment.

Potential liability for environmental matters could adversely affect the Company's financial condition.

Although the Company intends to subject the Company's properties to an environmental assessment prior to acquisition, the Company may not be made aware of all the environmental liabilities associated with a property prior to its purchase. There may be hidden environmental hazards that may not be discovered prior to acquisition. The costs of investigation, remediation or removal of hazardous substances may be substantial. In addition, the presence of hazardous substances on one of the Company's properties, or the failure to properly remediate a contaminated property, could adversely affect the Company's ability to sell or rent the property or to borrow using the property as collateral.

Various federal, state and local environmental laws impose responsibilities on an owner or operator of real estate and subject those persons to potential joint and several liabilities. Typical provisions of those laws include:

- responsibility and liability for the costs of investigation, removal, or remediation of hazardous substances released on or in real property, generally without regard to knowledge of or responsibility for the presence of the contaminants;

- liability for claims by third parties based on damages to natural resources or property, personal injuries, or costs of removal or remediation of hazardous or toxic substances in, on, or migrating from the Company's property;

- responsibility for managing asbestos-containing building materials, and third-party claims for exposure to those materials; and

- environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require expenditures.

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce the Company's cash flows and the return on the Company's shareholders' investment.

There are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution, or environmental matters that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with potential acts of terrorism could significantly increase the premiums the Company pays for coverage against property and casualty claims. Additionally, mortgage lenders in some cases have begun to insist that commercial property owners purchase coverage against terrorism as a condition for providing mortgage loans. Such insurance policies may not be available at reasonable costs, which may increase the Company's cost of obtaining financing. The Company may not have adequate coverage for such losses. If any of the Company's properties incurs a casualty loss that is not fully insured, the value of the Company's assets will be reduced by any such uninsured loss, which may reduce the value of your investment. In addition, other than any working capital reserve or other reserves the Company may establish, the Company have no source of Companying to repair or reconstruct any uninsured property. Also, to the extent the Company must pay unexpectedly large amounts for insurance, the Company could suffer reduced earnings, which would adversely impact the Company's ability to pay distributions to the Company's shareholders.

The Company may be unable to secure funds for future capital improvements, which could adversely impact the Company's ability to make cash distributions to the Company's shareholders.

When tenants do not renew their leases or otherwise vacate their space at one of the Company's properties, in order to attract replacement tenants, the Company may be required to expend funds for capital improvements to the vacated unit. In addition, the Company may require substantial funds to renovate a property in order to sell it, upgrade it or reposition it in the market. If the Company has insufficient capital reserves, the Company will have to obtain financing from other sources. The Company intends to establish capital reserves in an amount that the Company believes is necessary. A lender also may require escrow of capital reserves in excess of any established reserves. If these reserves or any reserves otherwise established are designated for other uses or are insufficient to meet the Company's cash needs, the Company may have to obtain financing from either affiliated or unaffiliated sources to Company the Company's cash requirements. The Company cannot assure the Company's shareholders that sufficient financing will be available or, if available, will be available on economically feasible terms or on terms acceptable to the Company. Moreover, certain reserves required by lenders may be designated for specific uses and may not be available for capital purposes such as future capital improvements. Additional borrowing for capital needs and capital improvements will increase the Company's interest expense, and therefore the Company's financial condition and the Company's ability to make distributions to the Company's Shareholders may be adversely affected.

The Company's properties will be subject to property taxes that may increase in the future, which could adversely affect the Company's cash flow.

The Company's properties will be subject to real and personal property taxes that may increase as tax rates change and as the properties are assessed or reassessed by taxing authorities. As the owner of the properties, the Company is ultimately responsible for payment of the taxes to the applicable government authorities. If the Company fails to pay any such taxes, the applicable taxing authority may place a lien on the real property and the real property may be subject to a tax sale.

Increases in costs to own and maintain the Company's properties may materially and adversely affect the Company's results of operations and cash flows.

The Company may experience increased costs associated with operating expenses, including capital improvements, routine property maintenance, real estate taxes and utility expenses. Any increases in the Company's expenses to own and maintain the Company's properties would consequently reduce the Company' results of operations and cash flows.

Risks Associated with Investments in Real Estate-Related Securities

The operating and financial risks of issuers and the underlying default risk across capital structures may adversely affect the Company's results of operations and financial condition.

The Company's debt securities investments will involve credit or default risk, which is the risk that an issuer or borrower will be unable to make principal and interest payments on its outstanding debt when due. The risk of default and losses on real estate debt instruments will be affected by a number of factors, including global, regional and local economic conditions, interest rates, the commercial real estate market in general, an issuer's equity and the financial circumstances of the issuer, as well as general economic conditions. Such default risk will be heightened to the extent the Company makes relatively junior investments in an issuer's capital structure since such investments are structurally subordinate to more senior tranches in such issuer's capital structure, and the Company's overall returns would be adversely affected to the extent one or more issuers is unable to meet its debt payment obligations when due. To the extent the Company holds an equity or "mezzanine" interest in any issuer that is unable to meet its debt payment obligations, such equity or mezzanine interest could become subordinated to the rights of such issuer's creditors in a bankruptcy. Furthermore, the financial performance of one or more issuers could deteriorate as a result of, among other things, adverse developments in their businesses, changes in the competitive environment or an economic downturn. As a result, underlying properties or issuers that the Company expected to be stable may operate, or expect to operate, at a loss or have significant fluctuations in ongoing operating results, may otherwise have a weak financial condition or be experiencing financial distress and subject the Company's investments to additional risk of loss and default.

Investments in real estate debt are subject to risks including various creditor risks and early redemption features which may materially adversely affect the Company's results of operations and financial condition.

The debt and other interests in which the Company may invest may include secured or unsecured debt at various levels of an issuer's capital structure. The real estate debt in which the Company may invest may not be protected by financial covenants or limitations upon additional indebtedness, may be illiquid or have limited liquidity, and may not be rated by a credit rating agency. Real estate debt is also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligation and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. The Company's investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Company earlier than expected, resulting in a lower return to the Company than anticipated or reinvesting in a new obligation at a lower return to the Company.

The Company may invest in commercial mortgage loans which are non-recourse in nature and include limited options for financial recovery in the event of default; an event of default may adversely affect the Company' results of operations and financial condition.

The Company may invest from time to time in commercial mortgage loans, including mezzanine loans and B-notes, which are secured by properties and are subject to risks of delinquency and foreclosure and risks of loss. Commercial real estate loans are generally not fully amortizing, which means that they may have a significant principal balance or balloon payment due on maturity. Full satisfaction of the balloon payment by a commercial borrower is heavily dependent on the availability of subsequent financing or a functioning sales market, as well as other factors such as the value of the property, the level of prevailing mortgage rates, the borrower's equity in the property and the financial condition and operating history of the property and the borrower. In certain situations, and during periods of credit distress, the unavailability of real estate financing may lead to default by a commercial borrower. In addition, in the absence of any such takeout financing, the ability of a borrower to repay a loan secured by an income-producing property will depend upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay

the loan may be impaired. Furthermore, the Company may not have the same access to information in connection with investments in commercial mortgage loans, either when investigating a potential investment or after making an investment, as compared to publicly traded securities.

Commercial mortgage loans are usually non-recourse in nature. Therefore, if a commercial borrower defaults on the commercial mortgage loan, then the options for financial recovery are limited in nature. Default rates and losses on commercial mortgage loans will be affected by a number of factors, including global, regional and local economic conditions in the area where the mortgage properties are located, the borrower's equity in the mortgage property, the financial circumstances of the borrower, tenant mix, property management decisions, including with respect to capital improvements, property location and condition, competition from other properties offering the same or similar services, environmental conditions, real estate tax rates, tax credits and other operating expenses, governmental rules, regulations and fiscal policies, acts of God, terrorism, social unrest and civil disturbances. A continued decline in specific commercial real estate markets and property valuations may result in higher delinquencies and defaults and potentially foreclosures. In the event of default, the lender will have no right to assets beyond collateral attached to the commercial mortgage loan. The overall level of commercial mortgage loan defaults remains significant and market values of the underlying commercial real estate remain distressed in many cases. It has also become increasingly difficult for lenders to dispose of foreclosed commercial real estate without incurring substantial investment losses, ultimately leading to a decline in the value of such investments.

In the event of any default under a mortgage or real estate loan held directly by the Company, the Company 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 or real estate loan, which could have a material adverse effect on the Company's profitability. In the event of the bankruptcy of a mortgage or real estate loan borrower, the mortgage or real estate loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage or real estate loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Additionally, in the event of a default under any senior debt, the junior or subordinate lender generally forecloses on the equity, purchases the senior debt or negotiates a forbearance or restructuring arrangement with the senior lender in order to preserve its collateral.

The Company may invest in subordinated debt, which is subject to greater credit risk than senior debt.

The Company may invest in debt instruments, including "mezzanine" or junior mortgage loans (*e.g*., B-Notes), that are subordinated in an issuer's capital structure. To the extent the Company invests in subordinated debt of an issuer's capital structure, including "mezzanine" debt, such investments and The Company's remedies with respect thereto, including the ability to foreclose on any collateral securing such investments, will be subject to the rights of holders of more senior tranches in an issuer's capital structure and, to the extent applicable, contractual inter-creditor, co-lender and participation agreement provisions.

Investments in subordinated debt involve greater credit risk of default and loss than the more senior classes or tranches of debt in an issuer's capital structure. Subordinated tranches of debt instruments absorb losses from default before other more senior tranches of such instruments, which creates a risk particularly if such instruments (or securities) have been issued with little or no credit enhancement or equity. As a result, to the extent the Company invests in subordinate debt instruments, the Company would likely receive payments or interest distributions after, and must bear the effects of losses or defaults on, the senior debt (including underlying mortgage loans and senior mezzanine debt) before, the holders of other more senior tranches of debt instruments with respect to such issuer.

The Company will face risks related to the Company's investments in mezzanine loans.

Although not directly secured by the underlying real estate, mezzanine loans are also subject to risk of subordination and share certain characteristics of subordinate loan interests described above. As with commercial mortgage loans, repayment of a mezzanine loan is dependent on the successful operation of the underlying properties and, therefore, is subject to similar considerations and risks.

With most mezzanine loans, the bulk of the loan balance is payable at maturity with a one-time "balloon payment." Full satisfaction of the balloon payment by a borrower is heavily dependent on the availability of subsequent financing

or a functioning sales market, and full satisfaction of a loan will be affected by a borrower's access to credit or a functioning sales market. In certain situations, and during periods of credit distress, the unavailability of real estate financing may lead to default by a borrower. In addition, in the absence of any such takeout financing, the ability of a borrower to repay a loan may be impaired. Moreover, mezzanine loans are usually non-recourse in nature. Therefore, if a borrower defaults on the loan, then the options for financial recovery are limited in nature. To the extent the underlying default rates with respect to the pool or tranche of commercial real estate loans in which the Company directly or indirectly invest increase, the performance of the Company's investments related thereto may be adversely affected.

The Company invests in real estate-related equity, which is subordinate to any indebtedness, but involves different rights.

The Company may invest from time to time in non-controlling preferred equity positions, common equity and other real estate-related interests of companies that invest in properties. Preferred equity investments generally rank junior to all existing and future indebtedness, including commercial mezzanine and mortgage loans, but rank senior to the owners' common equity. Preferred equity investments typically pay a dividend rather than interest payments and often have the right for such dividends to accrue if there is insufficient cash flow to pay currently. These interests are not secured by the underlying real estate, but upon the occurrence of a default, the preferred equity provider typically has the right to effectuate a change of control with respect to the ownership of the property. In addition, equity investments may be illiquid or have limited liquidity due to lock-out periods, limited trading volume or other limitations or prohibitions against their transfer, sale, pledge or disposition, including any necessary registration with the SEC requiring coordination with the issuer for the sale of such securities. The Company's investments in real estate-related equity securities will involve risks relating to the particular issuer of the securities, including the financial condition and business outlook of the issuer. Issuers of real estate-related common equity securities generally invest in real estate or real estate-related assets and are subject to the inherent risks associated with investments in real estate.

The Company may invest in equity securities of other REITs and other real estate-related companies that invest in cannabis-related properties, which will subject the Company to certain risks including those risks associated with an investment in the Company's own common shares.

Any investments the Company makes in equity securities of REITs and other real estate-related companies that invest in cannabis-related properties will be subject to the risks of the real estate market and securities market.

REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in financing a limited number of projects. REITs may be subject to management fees and other expenses, and therefore when the Company invests in REITs the Company will bear the Company's proportionate share of the costs of the REITs' operations. Investing in REITs and real estate-related companies involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. The market value of REIT shares and the ability of the REIT to distribute income may be adversely affected by several factors, including the risks described herein that relate to an investment in the Shares. REITs depend generally on their ability to generate cash flow to make distributions to shareholders, and certain REITs have self-liquidation provisions by which mortgages held may be paid in full and distributions of capital returns may be made at any time. In addition, distributions received by the Company from REITs may consist of dividends, capital gains or return of capital. Generally, dividends received by the Company from REIT shares and distributed to the Company's shareholders will not constitute "qualified dividend income" eligible for the reduced tax rate applicable to qualified dividend income. In addition, the performance of a REIT may be affected by changes in the tax laws or by its failure to qualify for tax-free pass-through of income.

A REIT may impose limits on how much of its securities any one investor may own. These ownership limitations may result in an investor being unable to purchase (or otherwise obtain economic exposure to) the desired amounts of certain REITs. In some circumstances, the Company may seek and obtain a waiver from a REIT to exceed the REIT's ownership limitations without being subject to the adverse consequences of exceeding such limit were a waiver not obtained, provided that the Company complies with the provisions of the waiver.

REITs are subject to interest rate risk. Rising interest rates may cause REIT investors to demand a higher annual yield, which may, in turn, cause a decline in the market price of the equity securities issued by a REIT.

Investing in certain REITs and real estate-related companies, which often have small market capitalizations, may also involve the same risks as investing in other small capitalization companies. REITs and real estate-related companies may have limited financial resources and their securities may trade less frequently and in limited volume and may be subject to more abrupt or erratic price movements than larger company securities.

The Company may make open market purchases or invest in publicly traded securities.

The Company may invest in securities that are publicly traded and are, therefore, subject to the risks inherent in investing in public securities. When investing in public securities, the Company may be unable to obtain financial covenants or other contractual rights, including management rights that it might otherwise be able to obtain in making privately negotiated investments. Moreover, the Company may not have the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments. In addition, an investment may be sold by the Company to a public company where the consideration received is a combination of cash and stock of the public company, which may, depending on the securities laws of the relevant jurisdiction, be subject to lock-up periods.

The lack of liquidity in the Company's securities investments may adversely affect the Company's business.

There can be no assurance that there will be a ready market for the resale of the Company's real estate-related securities investments because such investments may not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale by the Company, particularly for certain of the Company's loan investments. The credit markets have periodically experienced decreased liquidity on the primary and secondary markets during periods of market volatility. Such market conditions could re-occur and would impact the valuations of the Company's investments and impair the Company's ability to sell such investments if the Company were required to liquidate all or a portion of the Company's investments quickly. Additionally, certain of the Company's investments in securities may be subject to holding period and other restrictions that limit the Company's ability to sell such investments.

The Company may enter into tax protection agreements in connection with UPREIT transactions.

The Company is organized as an UPREIT. A sale of property directly to a REIT is generally a taxable transaction to the selling property owner. However, a seller of appreciated property who desires to defer taxable gain on the transfer of such property may, subject to meeting applicable tax requirements, transfer the property (or their interests in the entities that own the property) to the Operating Partnership in exchange for limited partnership interests in the Operating Partnership on a tax-free basis. In connection with such transactions, the Operating Partnership may enter into what are commonly referred to as "tax protection agreements" with the parties that contribute properties to the Operating Partnership in exchange for limited partnership interests.

The primary purpose of such tax protection agreements is to protect the contributor of the property from recognizing gain upon the contribution transaction and for a specified period thereafter. Pursuant to a typical tax protection agreement, the Operating Partnership would agree that, for the specified period (i) there will be sufficient Operating Partnership liabilities allocated, for income tax purposes, to the contributing limited partner or available to be guaranteed by the contributing limited partner to prevent the recognition of gain, and (ii) the Operating Partnership will not dispose of the contributed property in a taxable transaction that triggers the taxable built-in gain to the contributing limited partner. The additional costs associated with indemnifying property contributors from tax liabilities resulting from the sale of the contributed assets and other terms of any tax protection agreements that the Operating Partnership enters into may restrict the Company's ability to sell one or more properties or pay off indebtedness when it would otherwise be favorable or prudent.

Risks Associated with Investments in Real Estate-Related Loans

The Company's commercial real estate-related loans will be subject to the risks typically associated with real estate.

The Company's commercial real estate-related loans will generally be directly or indirectly secured by a lien on real property (or the equity interests in an entity that owns real property) that, upon the occurrence of a default on the loan, could result in the Company acquiring ownership of the property. The Company will not know whether the values of the properties ultimately securing the Company's loans will remain at the levels existing on the dates of origination of those loans. If the values of the mortgaged properties drop, the Company's risk will increase because of the lower value of the security associated with such loans. In this manner, real estate values could impact the values of the Company's loan investments. The Company's investments in commercial real estate-related loans may be similarly affected by real estate property values. Therefore, the Company's investments will be subject to the risks typically associated with real estate (which are further enumerated above).

The Company's real estate-related loans may be impacted by unfavorable real estate market conditions, which could decrease the value of the Company's investments.

The real estate-related loans the Company makes or invests in will be at risk of defaults caused by many conditions beyond the Company's control, including local and other economic conditions affecting real estate values and interest rate levels. The Company does not know whether the values of the property securing the real estate-related loans will remain at the levels existing on the dates of origination of such loans. If the values of the underlying properties drop, the Company's risk will increase and the value of the Company's investments may decrease.

The Company's real estate-related loans will be subject to interest rate fluctuations that could reduce the Company's returns as compared to market interest rates.

If the Company invests in fixed-rate, long-term real estate-related loans and interest rates rise, such loans could yield a return lower than then-current market rates. If interest rates decrease, the Company will be adversely affected to the extent that real estate-related loans are prepaid, because the Company may not be able to make new loans at the previously higher interest rate.

Delays in liquidating defaulted mortgage loans could reduce the Company's investment returns.

If there are defaults under the Company's mortgage loans, the Company may not be able to repossess and sell the underlying properties quickly. The resulting time delay could reduce the value of the Company's investment in the defaulted mortgage loans. 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 other lawsuits if the mortgagor raises defenses or counterclaims. In the event of default by a mortgagor, these restrictions, among other things, may impede the Company's ability to foreclose on or sell the mortgaged property or to obtain proceeds sufficient to repay all amounts due to the Company on the mortgage loan.

Returns on the Company's real estate-related loans may be limited by regulations.

The Company's loan investments may be subject to regulation by federal, state and local authorities and subject to various laws and judicial and administrative decisions. The Company may determine not to make or invest in real estate-related loans in any jurisdiction in which the Company believes the Company has not complied in all material respects with applicable requirements. If the Company decides not to make or invest in real estate-related loans in several jurisdictions, it could reduce the amount of income the Company would otherwise receive.

Foreclosures create additional ownership risks that could adversely impact the Company's returns on mortgage investments.

If the Company acquires property by foreclosure following defaults under the Company's mortgage loans, the Company will have the same economic and liability risks as the previous owner.

The mezzanine loans in which the Company may invest would involve greater risks of loss than senior loans secured by income-producing real properties.

The Company 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 the entity owning the real property. These types of investments involve a higher degree of risk than long-term senior mortgage lending 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, the Company may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy the Company's mezzanine loan. If a borrower defaults on the Company's mezzanine loan or debt senior to the Company's loan, or in the event of a borrower bankruptcy, the Company's mezzanine loan will be satisfied only after the senior debt. As a result, the Company may not recover some or all of the Company's 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.

Risks of cost overruns and non-completion of the construction or renovation of the properties underlying loans the Company makes or acquires may materially adversely affect the Company's investment.

The renovation, refurbishment or expansion by a borrower under a mortgaged or leveraged property involves risks of cost overruns and non-completion. Costs of construction or improvements to bring a property up to standards established for the market position intended for that property may exceed original estimates, possibly making a project uneconomical. Other risks may include environmental risks and construction, rehabilitation and subsequent leasing of the property not being completed on schedule. If such construction or renovation is not completed in a timely manner, or if it costs more than expected, the borrower may experience a prolonged impairment of net operating income and may not be able to make payments on the Company's investment.

The Company's investments in commercial real estate-related loans are subject to changes in credit spreads.

The Company's investments in commercial real estate-related loans are subject to changes in credit spreads. When credit spreads widen, the economic value of such investments decrease. Even though a loan may be performing in accordance with its loan agreement and the underlying collateral has not changed, the economic value of the loan may be negatively impacted by the incremental interest foregone from the widened credit spread.

Investments in non-conforming or non-investment grade rated loans or securities involve greater risk of loss.

Some of the Company's investments may not conform to conventional loan standards applied by traditional lenders and either will not be rated or will be rated as non-investment grade by the rating agencies. In addition, the Company may invest in securities that are rated below investment grade by rating agencies or that would be likely rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and illiquid. The non-investment grade ratings for these assets typically result from the overall leverage of the loans, the lack of a strong operating history for the properties underlying the loans, the borrowers' credit history, the properties' underlying cash flow or other factors. As a result, these investments may have a higher risk of default and loss than investment grade-rated assets. Any loss the Company incurs may be significant and may reduce distributions to the Company's shareholders and adversely affect the value of the Company's common shares.

Investments that are not U.S. government insured involve risk of loss.

The Company may originate and acquire uninsured loans and assets as part of the Company's investment strategy. Such loans and assets may include mortgage loans, mezzanine loans and bridge loans. While holding such interests, the Company is subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. In the event of any default under loans, the Company bears the risk of loss of principal and nonpayment of interest and fees to the extent of any deficiency between the value of the collateral and the principal amount of the loan. To the extent the Company suffers such losses with respect to the Company's investments in such loans, the value of the Company and the value of the Company's common shares may be adversely affected.

Risks Associated with Debt Financing

The Company is likely to obtain mortgage indebtedness and other borrowings, which increases the Company's risk of loss due to potential foreclosure.

The Company plans to obtain long-term financing that may be secured by the Company's properties. In some instances, the Company may acquire properties by financing a portion of the price of such properties and mortgaging or pledging some or all of the properties purchased as security for that debt. The Company may also incur mortgage debt on properties that the Company already owns in order to obtain funds to acquire additional properties, to Company property improvements and other capital expenditures, to make distributions, and for other purposes. In addition, the Company may borrow as necessary or advisable to ensure that the Company maintains the Company's qualification as a REIT for federal income tax purposes. However, the Company can give no assurance that the Company will be able to obtain such borrowings on satisfactory terms.

Incurring mortgage debt increases the risk of loss of a property since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, the Company could lose the property securing the loan that is in default, reducing the value of the Company's shareholders' investment. For tax purposes, a foreclosure of any of the Company's properties would 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 the Company's tax basis in the property, the Company would recognize taxable income on foreclosure even though the Company would not necessarily receive any cash proceeds. The Company may give full or partial guaranties to lenders of mortgage debt on behalf of the entities that own the Company's properties as well as with respect to debt associated with the Company's preferred equity investments, mezzanine loans or equity investments in a property or land which will be developed into a property. When the Company gives a guaranty on behalf of an entity that owns one of the Company's properties, the Company will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any mortgages contain cross-collateralization or cross-default provisions, a default on a single property could affect many properties.

The Company's properties may be cross-collateralized.

The Company may obtain a line of credit or other debt financing from a bank or other lender which the Company may utilize to acquire properties and Company the Company's operations. Thus, the Company's assets may be cross-collateralized. The Company has not obtained a commitment for such a line of credit. Therefore, the amount and terms of any such line of credit are uncertain. No assurance can be given that future cash flow will be sufficient to make the debt service payments on any loans and to cover all of the Company's operating expenses. If the Company's revenues are insufficient to pay debt service and operating costs, the Company may be required to seek additional working capital. There can be no assurance that such additional funds will be available. The degree to which the Company is leveraged could have an adverse impact on the Company, including (i) increased vulnerability to adverse general economic and market conditions, (ii) impaired ability to expand and to respond to increased competition, (iii) impaired ability to obtain additional financing for future working capital, capital expenditures, general corporate or other purposes and (iv) requiring that a significant portion of cash provided by operating activities be used for the payment of debt obligations, thereby reducing funds available for operations.

High mortgage rates or changes in underwriting standards may make it difficult for the Company to finance or refinance certain properties, which could reduce the number of properties the Company can acquire, the Company's cash flows from operations and the amount of cash distributions the Company can make.

If mortgage debt is unavailable at reasonable rates, the Company may not be able to finance the purchase of certain properties. If the Company places mortgage debt on a property, the Company runs the risk of being unable to refinance part or all of such property when the debt becomes due or of being unable to refinance on favorable terms. If interest rates are higher when the Company refinances the Company's properties, the Company's income could be reduced. The Company may be unable to refinance or may only be able to partly refinance the Company's properties if underwriting standards, including loan to value ratios and yield requirements, among other requirements, are stricter than when the Company originally financed the properties. If any of these events occurs, the Company's cash flow could be reduced or the Company might have to pay down existing mortgages. This, in turn, would reduce cash available for distribution to the Company's shareholders, could cause the Company to require additional capital and may hinder the Company's ability to raise additional capital.

Lenders may require the Company to enter into restrictive covenants relating to the Company's operations, which could limit the Company's ability to make distributions to the Company's shareholders.

When providing financing, a lender may impose restrictions on the Company that affect the Company's distribution and operating policies and the Company's ability to incur additional debt. Loan agreements the Company enters into may contain covenants that limit the Company's ability to further mortgage a property or that prohibit the Company from discontinuing insurance coverage. These or other limitations would decrease the Company's operating flexibility and the Company's ability to achieve the Company's operating objectives.

Increases in interest rates could increase the amount of the Company's debt payments and limit the Company's ability to make distributions to the Company's shareholders.

The Company expects that the Company will incur debt in the future and increases in interest rates will increase the cost of that debt, which could reduce the cash the Company has available for distributions. Additionally, if the Company incurs variable-rate debt, increases in interest rates would increase the Company's interest costs, which would reduce the Company's cash flows and the Company's ability to make distributions to the Company's shareholders. In addition, if the Company needs to repay existing debt during periods of rising interest rates, the Company could be required to liquidate one or more of the Company's investments at times that may not permit realization of the maximum return on such investments.

The Company has broad authority to incur debt and high debt levels could hinder the Company's ability to make distributions and decrease the value of the Company's shareholders' investment.

The Company is not limited, by applicable law or the terms of the Company's organizational documents, with respect to the amount of indebtedness that the Company may incur in the aggregate or with respect to any single asset. High debt levels would cause the Company to incur higher interest charges and higher debt service payments and may also be accompanied by restrictive covenants. These factors could limit the amount of cash the Company has available to distribute and could result in a decline in the value of the Company's Shares.

Interest-only indebtedness may increase the Company's risk of default and ultimately may reduce the Company's funds available for distribution to the Company's shareholders.

The Company may obtain loans that require interest-only payments for a number of years before the Company is required to make payments on the principal. During the interest-only period, the amount of each scheduled payment will be less than that of a traditional amortizing mortgage loan. The principal balance of the mortgage loan will not be reduced (except in the case of prepayments) because there are no scheduled monthly payments of principal during this period. After the interest- only period, the Company will be required either to make scheduled payments of amortized principal and interest or to make a lump-sum, or "balloon," payment at maturity. These required principal or balloon payments will increase the amount of the Company's scheduled payments and may increase the Company's risk of default under the related mortgage loan. If the mortgage loan has an adjustable interest rate, the amount of the Company's scheduled payments also may increase at a time of rising interest rates. Increased payments and substantial principal or balloon maturity payments will reduce the funds available for distribution to the Company's shareholders because cash otherwise available for distribution will be required to pay principal and interest associated with these mortgage loans.

The Company is uncertain of the Company's sources for Companying the Company's future capital needs. If the Company does not have sufficient funds from operations to cover the Company's expenses or to Company improvements to the Company's properties and cannot obtain debt or equity financing on acceptable terms, the Company's ability to cover the Company's expenses or to Company improvements to the Company's properties may be adversely affected.

Until the Company has made substantial investments, the Company does not expect to have sufficient funds from operations to cover all of the Company's expenses. Accordingly, in the event that the Company develops a need for additional capital in the future for the improvement of the Company's properties or for any other reason, sources of Companying may not be available to the Company. If the Company does not have sufficient funds from cash flow

generated by the Company's assets or out of net sale proceeds, or cannot obtain debt or equity financing on acceptable terms, the Company's financial condition and ability to make distributions may be adversely affected.

The derivative financial instruments that the Company may use to hedge against interest rate fluctuations may not be successful in mitigating the Company's risks associated with interest rates and could reduce the overall returns on your investment.

The Company may use derivative financial instruments, such as interest rate cap or collar agreements and interest rate swap agreements, to hedge exposures to changes in interest rates on loans secured by the Company's assets, but no hedging strategy can protect the Company completely. 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 the Company's exposure to interest rate changes. The Company cannot assure you that the Company's hedging strategy and the derivatives that the Company uses will adequately offset the risk of interest rate volatility or that the Company's hedging transactions will not result in losses. In addition, the use of such instruments may reduce the overall return on the Company's investments. These instruments may also generate income that may not be treated as qualifying REIT income for purposes of the REIT income tests.

The Company may not have sufficient funds to pay interest payments if the interest rates increase significantly.

It is anticipated that mortgage loans the Company obtains may have variable interest rates. In the event that the interest rate on any mortgage loan increases significantly, the Company may not have sufficient funds to pay the required interest payments. In such event, the Company's continued ownership of the applicable property that secures such loan may be threatened.

Risks Related to Conflicts of Interest

Various potential and actual conflicts of interest will arise, and these conflicts may not be identified or resolved in a manner favorable to the Company.

The Company, the Manager and the Sub-Manager have conflicts of interest, or conflicting loyalties, as a result of the numerous activities and relationships of the Company, the Manager, the Sub-Manager and their respective affiliates, some of which are described herein. However, not all potential, apparent and actual conflicts of interest are included herein, and additional conflicts of interest could arise as a result of new activities, transactions or relationships commenced in the future. If any matter arises that the Company and the Company's affiliates determine in the Company's good faith judgment constitutes an actual and material conflict of interest, the Company and the Company's will take such actions as the Company determines appropriate to mitigate the conflict. There can be no assurance that the Company's board of trustees or either the Manager or Sub-Manger will identify or resolve all conflicts of interest in a manner that is favorable to the Company, and prior to the date that the Company's board is comprised of a majority of independent trustees, there can be no guarantee that the approval of such transactions by the Company's board of trustees will effectively mitigate the potential conflicts inherent in such transactions.

The fees the Company pays in connection with this offering and the agreements entered into with the Manager and its affiliates were not determined on an arm's-length basis and therefore may not be on the same terms the Company could achieve from a third party.

The compensation paid to the Manager and its affiliates for services they provide the Company was not determined on an arm's-length basis. All service agreements, contracts or arrangements between or among the Company, the Manager, the Sub-Manager and their respective affiliates were not negotiated at arm's-length. Such agreements include, without limitation, the Management Agreement, the Sub-Management Agreement, and the Operating Partnership's partnership agreement.

The Manager faces a conflict of interest because the Management Fee it receives is based in part on the Company's NAV, which the Manager is responsible for determining.

The Management Fee the Company will pay to the Manager is based on the Company's NAV, which is calculated by the Manager. In addition, the distributions to be received by the Special Limited Partner with respect to its Performance

Participation Allocation are based in part upon the Operating Partnership's net assets (which is a component of the Company's NAV). The calculation of the Company's NAV includes certain subjective judgments with respect to estimating, for example, the value of the Company's portfolio and the Company's accrued expenses, net portfolio income and liabilities, and therefore, the Company's NAV may not correspond to realizable value upon a sale of those assets. The Manager may benefit by causing the Company to retain ownership of the Company's assets at times when the Company's shareholders may be better served by the sale or disposition of the Company's assets in order to avoid a reduction in the Company's NAV. If the Company's NAV is calculated in a way that is not reflective of the Company's actual NAV, then the purchase price of Shares or the price paid for the repurchase of your Shares on a given date may not accurately reflect the value of the Company's portfolio, and your Shares may be worth less than the purchase price you paid, or more than the repurchase price you receive, for such Shares. The valuation of the Company's investments will affect the amount and timing of the Management Fee paid to the Manager and the Special Limited Partner's Performance Participation Allocation. As a result, there may be circumstances where the Manager is incentivized to determine valuations that are higher than the actual fair value of the Company's investments.

The Management Fee paid to the Manager and the Special Limited Partner's Performance Participation Allocation may not create proper incentives or may induce the Manager and its affiliates to make certain investments, including speculative investments, that increase the risk of the Company's real estate portfolio.

The Company pays the Manager the Management Fee regardless of the performance of the Company's portfolio. The Manager's entitlement to the Management Fee, which is not based upon performance metrics or goals, might reduce its incentive to devote its time and effort to seeking investments that provide attractive risk-adjusted returns for the Company's portfolio. The Company would be required to pay the Manager the Management Fee in a particular period even if the Company experienced a net loss or a decline in the value of the Company's portfolio during that period.

The existence of the Special Limited Partner's Performance Participation Allocation, which is based on the Company's total distributions plus the change in NAV per Share, may create an incentive for the Manager to make riskier or more speculative investments on the Company's behalf or cause the Company to use more leverage than it would otherwise make in the absence of such performance-based compensation. In addition, the change in NAV per Share will be based on the value of the Company's investments on the applicable measurement dates and not on realized gains or losses. As a result, the Performance Participation Allocation may receive distributions based on unrealized gains in certain assets at the time of such distributions and such gains may not be realized when those assets are eventually disposed of.

Because the Management Fee and Performance Participation Allocation are based on the Company's NAV, the Manager may also be motivated to accelerate acquisitions in order to increase NAV or, similarly, delay or curtail repurchases to maintain a higher NAV.

Risks Related to the Company's REIT Status and Certain Other Tax Items

If the Company does not qualify as a REIT, the Company will face serious tax consequences that will substantially reduce the funds available to satisfy the Company's obligations, to implement the Company's business strategy and to make distributions to the Company's shareholders for each of the years involved.

The Company expects to operate so as to qualify as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, various compliance requirements could be failed and could jeopardize the Company's REIT status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for the Company to qualify as a REIT. If the Company fails to qualify as a REIT in any tax year, then:

- the Company would be taxed as a regular domestic corporation, which under current laws would result in, among other things, means being unable to deduct distributions to shareholders in computing the Company's taxable income and being subject to federal and applicable state and local income tax on the Company's taxable income at regular corporate income tax;

- any resulting tax liability could be substantial and could have a material adverse effect on the Company's book value;

- unless the Company were entitled to relief under applicable statutory provisions, the Company would be required to pay taxes, and therefore, the Company's cash available for distribution to shareholders would be reduced for each of the years during which the Company did not qualify as a REIT and for which the Company had taxable income; and

- the Company generally would not be eligible to re-elect to be taxed as a REIT for the subsequent four full taxable years.

The Company may be subject to adverse legislative or regulatory tax changes that could increase the Company's tax liability, reduce the Company's operating flexibility and reduce the NAV of the Shares.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of U.S. federal income tax laws applicable to investments similar to an investment in Shares. On December 22, 2017, tax legislation commonly referred to as the "Tax Cuts and Jobs Act" was signed into law. The Tax Cuts and Jobs Act resulted in fundamental changes to the Code, with many of the changes applicable to individuals applying only through December 31, 2025. Among the numerous changes included in the Tax Cuts and Jobs Act is a deduction of up to 20% of qualified REIT dividends for non-corporate U.S. taxpayers for taxable years through 2025. Further changes to the tax laws are possible. In particular, the federal income taxation of REITs may be modified, possible with retroactive effect, by legislative, administrative or judicial action at any time.

The Company cannot assure shareholders that any such other changes will not adversely affect the taxation of the Company's shareholders. Any such changes could have an adverse effect on an investment in the Shares or on the market value or the resale potential of the Company's assets. Shareholders are urged to consult with their tax advisors with respect to the impact of these legislative changes on their investment in the Shares and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in the Shares. Although REITs generally receive certain tax advantages compared to entities taxed as regular corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U.S. federal income tax purposes as a corporation. As a result, the Company's charter authorizes the Company's board of trustees to revoke or otherwise terminate the Company's REIT election, without the approval of the Company's shareholders, if it determines that changes to U.S. federal income tax laws and regulations or other considerations mean it is no longer in the Company's best interests to qualify as a REIT.

To maintain the Company's REIT status, the Company may have to borrow funds on a short-term basis during unfavorable market conditions.

To qualify as a REIT, the Company generally must distribute annually to the Company's shareholders dividends equal to at least 90% of the Company's net taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains. The Company will be subject to regular corporate income taxes on any undistributed REIT taxable income, each year, including any undistributed net capital gains. Additionally, the Company will be subject to a 4% nondeductible excise tax on any amount by which distributions paid by the Company in any calendar year are less than the sum of 85% of the Company's ordinary income, 95% of Company's capital gain net income and 100% of the Company's undistributed income from previous years. Certain payments the Company makes to the Company's shareholders under the Share Repurchase Program may not be taken into account for purposes of these distribution requirements. If the Company does not have sufficient cash to make distributions necessary to preserve the Company's REIT status for any year or to avoid taxation, the Company may be forced to borrow funds or sell assets even if the market conditions at that time are not favorable for these borrowings or sales. These options could increase the Company's costs or reduce the Company's equity.

Compliance with REIT requirements may cause the Company to forego otherwise attractive opportunities, which may hinder or delay the Company's ability to meet the Company's investment objectives and reduce your overall return.

To qualify as a REIT, the Company is required at all times to satisfy tests relating to, among other things, the sources of the Company's income, the nature and diversification of the Company's assets, the ownership of the Company's Shares and the amounts the Company distributes to the Company's shareholders. Compliance with the REIT requirements may impair the Company's ability to operate solely on the basis of maximizing profits. For example, the Company may be required to make distributions to shareholders at disadvantageous times or when the Company does not have funds readily available for distribution.

Compliance with REIT requirements may force the Company to liquidate or restructure otherwise attractive investments.

To qualify as a REIT, at the end of each calendar quarter, at least 75% of the value of the Company's assets must consist of cash, cash items, government securities and qualified real estate assets. The remainder of the Company's investments in securities (other than qualified real estate assets and government securities) generally cannot include more than 10% of the voting securities of any one issuer or more than 10% of the value of the outstanding securities (other than securities that qualify for the straight debt safe harbor) of any one issuer unless the Company and such issuer jointly elect for such issuer to be treated as a taxable REIT subsidiary, or TRS, under the Code. Debt will generally meet the "straight debt" safe harbor if the debt is a written unconditional promise to pay on demand or on a specified date a certain sum of money, the debt is not convertible, directly or indirectly, into stock, and the interest rate and the interest payment dates of the debt are not contingent on profits, the borrower's discretion, or similar factors. Additionally, no more than 5% of the value of the Company's assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, no more than 20% of the value of the Company's assets may be represented by securities of one or more TRS. If the Company fails to comply with these requirements at the end of any calendar quarter, the Company must dispose of a portion of the Company's assets within 30 days after the end of such calendar quarter (or within 6 months if certain requirements are met) or qualify for certain statutory relief provisions, in order to avoid losing the Company's REIT qualification and suffering adverse tax consequences. In order to satisfy these requirements and maintain the Company's qualification as a REIT, the Company may be forced to liquidate assets from the Company's portfolio or not make otherwise attractive investments. These actions could have the effect of reducing the Company's income and amounts available for distribution to the Company's shareholders.

The Company's charter does not permit any person or group to own more than 9.9% in value or number of shares, whichever is more restrictive, of the Company's outstanding common shares or of the Company's outstanding capital shares of all classes or series, and attempts to acquire the Company's common shares or the Company's capital shares of all other classes or series in excess of these 9.9% limits would not be effective without an exemption (prospectively or retroactively) from these limits by the Company's board of trustees.

For the Company to qualify as a REIT under the Code, not more than 50% of the value of the Company's outstanding shares may be owned directly or indirectly, by five or fewer individuals (including certain entities treated as individuals for this purpose) during the last half of a taxable year after the first year for which the Company elects to qualify as a REIT. The Company's charter prohibits beneficial or constructive ownership by any person or group of more 9.9%, in value or by number of shares, whichever is more restrictive, of the outstanding shares of the Company's outstanding common shares or 9.9% in value or number of shares, whichever is more restrictive, of the Company's outstanding capital shares of all classes or series, which the Company refers to as the "Ownership Limits." The constructive ownership rules under the Code and the Company's charter are complex and may cause shares of the Company's outstanding common shares owned by a group of related persons to be deemed to be constructively owned by one person. As a result, the acquisition of less than 9.9% of the Company's outstanding common shares or the Company's capital shares by a person could cause another person to be treated as owning in excess of 9.9% of the outstanding common shares or the Company's capital shares, respectively, and thus violate the Ownership Limits. There can be no assurance that the Company's board of trustees, as permitted in the charter, will not decrease these Ownership Limits in the future. Any attempt to own or transfer shares of the Company's common shares in excess of the Ownership Limits without the consent of the Company's board of trustees will result either in the shares in excess of the limit being transferred by operation of the Company's charter to a charitable trust, or in the transfer being void.

The Ownership Limits may have the effect of precluding a change in control of the Company by a third party, even if such change in control would be in the best interests of the Company's shareholders or would result in receipt of a premium to the price of the Company's common shares (and even if such change in control would not reasonably

jeopardize the Company's REIT status). Any exemptions to the Ownership Limits that the Company grants in the future may limit the Company's board of trustees' power to increase the Ownership Limits or grant further exemptions.

Non-U.S. holders may be required to file U.S. federal income tax returns and pay U.S. federal income tax upon their disposition of shares of the Company's common shares or upon their receipt of certain distributions from the Company.

In addition to any potential withholding tax on ordinary dividends, a non-U.S. holder other than a "qualified shareholder" or a "qualified foreign pension Company," as each is defined for purposes of the Code, that disposes of a "United States real property interest" ("USRPI") (which includes shares of stock of a U.S. corporation whose assets consist principally of USRPIs), is generally subject to U.S. federal income tax under the Foreign Investment in Real Property Tax Act of 1980, as amended ("FIRPTA"), on the gain from such disposition. FIRPTA gains must be reported on U.S. federal income tax returns and are taxable at regular U.S. federal income tax rates. Such tax does not apply, however, to the gain on disposition of stock in a REIT that is "domestically controlled." Generally, a REIT is domestically controlled if less than 50% of its stock, by value, has been owned directly or indirectly by non-U.S. persons during a continuous five-year period ending on the date of disposition or, if shorter, during the entire period of the REIT's existence. The Company cannot assure the Company's shareholders that the Company will qualify as a domestically controlled REIT. If the Company were to fail to so qualify, amounts received by a non-U.S. holder on certain dispositions of shares of the Company's common stock (including a redemption) would be subject to tax under FIRPTA, unless (i) the Company's shares of common stock were regularly traded on an established securities market and (ii) the non-U.S. holder did not, at any time during a specified testing period, hold more than 10% of the Company's common stock. The Company does not expect the Shares to be regularly traded on an established securities market until such time, if ever, as the Company lists the Shares on a national securities exchange. Furthermore, even if the Company is domestically controlled, distributions by the Company that are attributable to gains from dispositions of USRPIs will be subject to tax under FIRPTA and special withholding rules unless the conditions in clauses (i) and (ii) of the immediately preceding sentence are satisfied, subject to certain exceptions. See "Material U.S. Federal Income Tax Considerations."

A non-U.S. holder other than a "qualified shareholder" or a "qualified foreign pension fund," that receives a distribution from a REIT that is attributable to gains from the disposition of a USRPI as described above, including in connection with a repurchase of the Company's common shares, is generally subject to U.S. federal income tax under FIRPTA to the extent such distribution is attributable to gains from such disposition, regardless of whether the difference between the fair market value and the tax basis of the USRPI giving rise to such gains is attributable to periods prior to or during such non-U.S. holder's ownership of the Company's common shares unless the relevant class of shares is regularly traded on an established securities market in the United States and such non-U.S. holder did not own more than 10% of such class at any time during the one-year period ending on the date of such distribution. In addition, a repurchase of the Company's common shares, to the extent not treated as a sale or exchange, may be subject to withholding as an ordinary dividend.

The Company seeks to act in the best interests of the Company as a whole and not in consideration of the particular tax consequences to any specific holder of Shares. Potential non-U.S. holders should inform themselves as to the U.S. tax consequences, and the tax consequences within the countries of their citizenship, residence, domicile, and place of business, with respect to the purchase, ownership and disposition of Shares.

The Company may incur tax liabilities that would reduce the Company's cash available for distribution to you.

Even if the Company qualifies and maintains the Company's status as a REIT, the Company may become subject to U.S. federal income taxes and related state and local taxes. For example, net income from the sale of properties that are "dealer" properties sold by a REIT (a "prohibited transaction" under the Code) will be subject to a 100% tax. In addition, the Company may not make sufficient distributions to avoid excise taxes applicable to REITs with respect to undistributed income. Similarly, if the Company were to fail a gross income test (and did not lose the Company's REIT status because such failure was due to reasonable cause and not willful neglect), the Company would be subject to tax on the income that does not meet the income test requirements. The Company also may decide to retain net capital gain the Company earns from the sale or other disposition of the Company's investments and pay income tax directly on such income. In that event, the Company's shareholders would be treated as if they earned that income and paid the tax on it directly. However, shareholders that are tax-exempt, such as charities or qualified pension plans,

would have no benefit from their deemed payment of such tax liability unless they file U.S. federal income tax returns and thereon seek a refund of such tax. The Company also may be subject to state and local taxes on its income or property, including franchise, payroll, mortgage recording and transfer taxes, either directly or at the level of the other companies through which the Company indirectly owns its assets, such as its taxable REIT subsidiaries, which are subject to full U.S. federal, state and local corporate-level income taxes. Any taxes the Company pays directly or indirectly will reduce the Company's cash available for distribution to you.

Restrictions on the deduction of the Company's interest expense could prevent the Company from satisfying the REIT distribution requirements and avoiding the incurrence of income or excise taxes.

The Company and its subsidiaries may be subject to limitations on the deduction of interest expense. The deduction for business interest expense may be limited to the amount of the taxpayer's business interest income plus 30% of the taxpayer's "adjusted taxable income" unless the taxpayer's gross receipts do not exceed $25 million per year during the applicable testing period or the taxpayer qualifies to elect and elects to be treated as an "electing real property trade or business." A taxpayer's adjusted taxable income will start with its taxable income and add back items of non-business income and expense, business interest income and business interest expense, net operating losses, any deductions for "qualified business income," and any deductions for depreciation, amortization or depletion. A taxpayer that is exempt from the interest expense limitations as an electing real property trade or business is ineligible for certain expensing benefits and is subject to less favorable depreciation rules for real property. The rules for business interest expense will apply to the Company and at the level of each entity in which or through which the Company invests that is not a disregarded entity for U.S. federal income tax purposes. To the extent that the Company's interest expense is not deductible, the Company's taxable income will be increased, as will the Company's REIT distribution requirements and the amounts the Company needs to distribute to avoid incurring income and excise taxes.

The Company's board of trustees is authorized to revoke the Company's REIT election without shareholder approval, which may cause adverse consequences to the Company's shareholders.

The Company's charter authorizes the Company's board of trustees to revoke or otherwise terminate the Company's REIT election, without the approval of the Company's shareholders, if it determines that changes to U.S. federal income tax laws and regulations or other considerations mean it is no longer in the Company's best interests to qualify as a REIT. The Company's board of trustees has fiduciary duties to the Company and the Company's shareholders and could only cause such changes in the Company's tax treatment if it determines in good faith that such changes are in the Company's best interests and in the best interests of the Company's shareholders. In this event, the Company would become subject to U.S. federal income tax on the Company's taxable income, and the Company would no longer be required to distribute most of its net income to the Company's shareholders, which may cause a reduction in the total return to its shareholders.

You may have current tax liability on distributions you elect to reinvest in the Company's common shares.

If you participate in the DRIP, you will be deemed to have received, and for U.S. federal income tax purposes will be taxed on, the amount reinvested in Shares to the extent the amount reinvested was not a tax-free return of capital. Therefore, unless you are a tax-exempt entity, you may be forced to use funds from other sources to pay your tax liability on the reinvested dividends.

Generally, ordinary dividends payable by REITs do not qualify for reduced U.S. federal income tax rates.

Currently, the maximum tax rate applicable to qualified dividend income payable to certain non-corporate U.S. shareholders, including individuals, is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. REIT dividends that are not designated as qualified dividend income, or capital gain dividends are taxable as ordinary income. Although this does not adversely affect the taxation of REITs or dividends payable by REIT, the more favorable rates applicable to regular corporate qualified dividend income could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends. However, for taxable years through 2025, non-corporate U.S. taxpayers may be entitled to claim a deduction in determining their taxable income of up to 20% of qualified REIT dividends (which are dividends other than capital gain dividends and dividends attributable to certain qualified dividend income received by the Company). Shareholders are urged to consult with their tax advisors regarding the effect of this change

on their effective tax rate with respect to REIT dividends.

The Company's taxable REIT subsidiaries are subject to special rules that may result in increased taxes.

The Company may conduct certain activities or invest in assets through one or more taxable REIT subsidiaries. A taxable REIT subsidiary is a corporation other than a REIT in which a REIT directly or indirectly holds stock and that has made a joint election with such REIT to be treated as a taxable REIT subsidiary. Other than some activities relating to management of hotel and health care properties, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A domestic taxable REIT subsidiary is subject to U.S. federal income tax as a regular C corporation.

No more than 20% of the value of a REIT's total assets may consist of stock or securities of one or more taxable REIT subsidiaries. This requirement limits the extent to which the Company can conduct the Company's activities through taxable REIT subsidiaries. The values of some of the Company's assets, including assets that the Company holds through taxable REIT subsidiaries, may not be subject to precise determination, and values are subject to change in the future. In addition, as a REIT, the Company must pay a 100% penalty tax on IRS adjustments to certain payments that the Company made or receives if the economic arrangements between the Company and any of the Company's taxable REIT subsidiaries are not comparable to similar arrangements between unrelated parties. The Company intends to structure transactions with any taxable REIT subsidiary on terms that the Company believes are arm's length to avoid incurring the 100% excise tax described above: however, the IRS may successfully assert that the economic arrangements of any of the Company's intercompany transactions are not comparable to similar arrangements between unrelated parties.

Complying with REIT requirements may limit the Company's ability to hedge effectively and may cause the Company to incur tax liabilities.

The REIT provisions of the Code may limit the Company's ability to hedge the Company's assets and operations. Under these provisions, any income that the Company generates from hedging transactions will be excluded from gross income for purposes of the 75% and 95% gross income tests if: (i) the instrument (A) hedges interest rate risk or foreign currency exposure on liabilities used to carry or acquire real estate assets, (B) hedges risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income tests or (C) hedges a position entered into pursuant to clause (A) or (B) after the extinguishment of such liability or disposition of the asset producing such income; and (ii) such instrument is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the 75% and 95% gross income tests. As a result of these rules, the Company may have to limit its use of hedging techniques that might otherwise be advantageous or implement those hedges through a taxable REIT subsidiary. This could increase the cost of the Company's hedging activities because its taxable REIT subsidiary would be subject to tax on gains or expose the Company to greater risks associated with changes in interest rates than the Company would otherwise want to bear. In addition, losses in the Company's taxable REIT subsidiary will generally not provide any tax benefit, except for being carried forward against future taxable income in the taxable REIT subsidiary.

Sales of the Company's properties at gains are potentially subject to the prohibited transaction tax, which could reduce the return on a shareholder's investment.

The Company's ability to dispose of property is restricted as a result of the Company's REIT status. Under applicable provisions of the Code regarding prohibited transactions by REITs, the Company will be subject to a 100% tax on any gain realized on the sale or other disposition of any property (other than foreclosure property) the Company owns, directly or through a subsidiary entity, including the Operating Partnership, but excluding the Company's TRSs, that is deemed to be inventory or property held primarily for sale to customers in the ordinary course of trade or business unless a safe harbor applies under the Code. Whether property is inventory or otherwise held primarily for sale to customers in the ordinary course of a trade or business depends on the particular facts and circumstances surrounding each property. The Company intends to avoid the 100% prohibited transaction tax by (1) conducting activities that may otherwise be considered prohibited transactions through a TRS, (2) conducting the Company's operations in such a manner so that no sale or other disposition of an asset the Company owns, directly or through any subsidiary other than a TRS, will be treated as a prohibited transaction, or (3) structuring certain dispositions of the Company's

properties to comply with certain safe harbors available under the Code. However, no assurance can be given that any particular property will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business or that a safe harbor will apply.

Retirement Plan Risks

If the fiduciary of an employee benefit plan subject to ERISA fails to meet the fiduciary and other standards under ERISA, the Code or common law as a result of an investment in the Company's shares, the fiduciary could be subject to civil penalties.

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

- the investment is consistent with your fiduciary obligations under applicable law, including common law, ERISA and the Code;
- the investment is made in accordance with the documents and instruments governing the trust, plan or IRA, including a plan's investment policy;
- the investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA and other applicable provisions of ERISA and the Code;
- the investment will not impair the liquidity of the trust, plan or IRA;
- the investment will not produce "unrelated business taxable income" for the plan or IRA;
- the Company's shareholders will be able to value the assets of the plan annually in accordance with ERISA requirements and applicable provisions of the plan or IRA; and
- the investment will not constitute a non-exempt prohibited transaction under Title I 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 equitable remedies. In addition, if an investment in Shares constitutes a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code, the fiduciary that authorized or directed the investment may be subject to the imposition of excise taxes with respect to the amount invested.

If the Company's assets at any time are deemed to constitute "plan assets" under ERISA, that may lead to the rescission of certain transactions, tax or fiduciary liability and the Company's being held in violation of certain ERISA and Code requirements.

Shareholders subject to ERISA should consult their own advisors as to the effect of ERISA on an investment in the Shares. As discussed under "Certain ERISA Considerations," if the Company's assets are deemed to constitute "plan assets" of shareholders that are Covered Plans (as defined below) (i) certain transactions that the Company might enter into in the ordinary course of the Company's business might have to be rescinded and may give rise to certain excise taxes and fiduciary liability under Title I of ERISA or Section 4975 of the Code; (ii) the Company's management, as well as various providers of fiduciary or other services to the Company (including the Manager), and any other parties with authority or control with respect to the Company or the Company's assets, may be considered fiduciaries or otherwise parties in interest or disqualified persons for purposes of the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code; and (iii) the fiduciaries of shareholders that are Covered Plans would not be protected from "co-fiduciary liability" resulting from the Company's decisions and could be in violation of certain ERISA requirements.

Accordingly, prospective investors that are (i) "employee benefit plans" (within the meaning of Section 3(3) of

ERISA), which are subject to Title I of ERISA; (ii) "plans" defined in Section 4975 of the Code, which are subject to Section 4975 of the Code (including "Keogh" plans and "individual retirement accounts"); or (iii) entities whose underlying assets are deemed to include plan assets within the meaning of Section 3(42) of ERISA and the regulations thereunder (*e.g.*, an entity of which 25% or more of the total value of any class of equity interests is held by "benefit plan investors") (each such plan, account and entity described in clauses (i), (ii) and (iii) the Company refers to as "Covered Plans") should consult with their own legal, tax, financial and other advisors prior to investing to review these implications in light of such investor's particular circumstances. The sale of Shares to any Covered Plan is in no respect a representation by the Company or any other person associated with the offering of Shares that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan.

Risks Related to the Cannabis Industry and Related Regulations

Cannabis remains illegal under federal law, and therefore, strict enforcement of federal laws regarding cannabis would likely result in the Company's inability and the inability of the Company's tenants to execute the Company's respective business plans.

Cannabis is a Schedule I controlled substance under the Comprehensive Drug Abuse Prevention and Control Act of 1970, as amended (the "***CSA***"). Even in those jurisdictions in which cannabis has been legalized at the state level, the possession, distribution, cultivation, manufacture and use of cannabis all remain violations of federal law that are punishable by imprisonment, substantial fines and forfeiture. U.S. federal law does not differentiate between "medical cannabis," "retail cannabis," "adult-use cannabis" and any other designations that state or local law may apply to cannabis. Moreover, individuals and entities may violate federal law if they intentionally aid and abet another in violating federal laws, including those regarding controlled substances, or conspire with another to violate them, and violating the federal cannabis laws is also a predicate for certain other crimes under anti-money laundering laws or the Racketeer Influenced and Corrupt Organizations Act (the "***RICO Act***"). The U.S. Supreme Court has ruled in *United States v. Oakland Cannabis Buyers' Coop.* and *Gonzales v. Raich* that it is the federal government that has the right to regulate and criminalize the sale, possession and use of cannabis, even for medical purposes. The Company would likely be unable to execute the Company's business plan if the federal government were to strictly enforce federal law regarding cannabis.

In January 2018, the then-acting U.S. Attorney General Jeff Sessions issued a memorandum (the "***Sessions Memo***") rescinding certain prior memoranda, including the so-called "Cole Memo" issued on August 29, 2013 under the Obama Administration. The Cole Memo had characterized enforcement of federal cannabis prohibitions under the CSA to prosecute those complying with state regulatory systems allowing the use, manufacture and distribution of medical cannabis as an inefficient use of federal investigative and prosecutorial resources when state regulatory and enforcement efforts are effective with respect to enumerated federal enforcement priorities under the CSA. In rescinding the Cole Memo, DOJ instructed its prosecutors to enforce the laws enacted by Congress and to follow well-established principles that govern all federal prosecutions when deciding whether to pursue prosecutions related to cannabis activities. As a result, under the Sessions Memo—which technically remains in effect—federal prosecutors could, and still can, use their prosecutorial discretion to decide to prosecute actors compliant with their state laws. Although there have not been any identified prosecutions of state law compliant cannabis entities, there can be no assurance that the federal government will not enforce federal laws against the regulated cannabis industry generally, including the Company's tenants and the Company.

Furthermore, President Biden's Attorney General, Merrick Garland, who was confirmed to that position on March 10, 2021, has not yet provided a clear policy directive for the U.S. as it pertains to state-legal cannabis-related activities. It is not yet known whether the DOJ under President Biden and Attorney General Garland will re-adopt the Cole Memo (or another similar policy) or whether it will announce a substantive cannabis enforcement policy which may result in DOJ increasing its enforcement actions against the regulated cannabis industry, including the Company's tenants and the Company.

Congress previously enacted an omnibus spending bill that includes a provision prohibiting the DOJ (which includes the DEA) from using funds appropriated by that bill to prevent states from implementing their medical-use cannabis laws. Commonly referred to as the "Rohrabacher-Blumenauer Amendment," this so-called "rider" provision has been

appended to the Consolidated Appropriations Acts for fiscal years 2015, 2016, 2017, 2018, and 2019. Under the terms of the Rohrabacher-Blumenauer rider, the federal government is prohibited from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. Congress previously extended the application of the Rohrabacher-Blumenauer Amendment; however, there is no assurance that Congress will approve inclusion of a similar prohibition in future appropriations bills to prevent DOJ from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. In USA vs. McIntosh, the U.S. Court of Appeals for the Ninth Circuit held that this provision prohibits the DOJ from spending funds from relevant appropriations acts to prosecute individuals who engage in conduct permitted by state medical-use cannabis laws and who strictly comply with such laws. However, the Ninth Circuit's opinion, which only applies to the states of Alaska, Arizona, California, Hawaii, and Idaho, also held that persons who do not strictly comply with all state laws and regulations regarding the distribution, possession and cultivation of medical-use cannabis have engaged in conduct that is unauthorized, and in such instances the DOJ may prosecute those individuals.

Additionally, financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes, unlicensed money transmitter statutes and the Bank Secrecy Act. The penalties for violation of these laws include imprisonment, substantial fines and forfeiture. Prior to the DOJ's rescission of the Cole Memo, supplemental guidance from the DOJ issued under the Obama administration directed federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memo when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. This supplemental guidance was followed by the February 14, 2014 FinCEN Memorandum outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. Under these guidelines, financial institutions must submit a Suspicious Activity Report in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories—cannabis limited, cannabis priority, and cannabis terminated—based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively.

The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. Although the Sessions Memo rescinded the Cole Memo, the FinCEN Memorandum technically remained intact during President Trump's administration; however, it is unclear whether the current administration will continue to follow the FinCEN Memorandum. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the DOJ's prosecuting banks and financial institutions for crimes that were not previously prosecuted.

Federal prosecutors have significant discretion to investigate and prosecute suspected violations of federal law and no assurance can be given that the federal prosecutor in each judicial district where the Company purchases a property will not choose to strictly enforce the federal laws governing cannabis operations. Any change in the federal government's enforcement posture with respect to state-licensed cannabis operations, including the enforcement postures of individual federal prosecutors in judicial districts where the Company purchases properties, would result in the Company's inability to execute the Company's business plan, and the Company would likely suffer significant losses with respect to the Company's investment in cannabis facilities in the U.S., which would adversely affect the value of the Company's Shares. Furthermore, following any such change in the federal government's enforcement position, the Company could be subject to criminal prosecution, which could impact the Company's ability to operate and could lead to imprisonment and/or the imposition of penalties, fines, or forfeiture.

The Company's ability to grow the Company's business depends on state laws pertaining to the cannabis industry.

Continued development of the medical-use and adult-use cannabis industry depends upon continued legislative authorization of cannabis at the state level. The status quo of, or progress in, the regulated medical-use and adult-use cannabis industry is not assured and any number of factors could slow or halt further progress in this area. While there may be ample public support for legislative action permitting the cannabis operations, numerous factors impact the

legislative process. For example, many states that voted to legalize medical-use and/or adult-use cannabis have seen significant delays in the drafting and implementation of industry regulations and issuance of licenses. In addition, burdensome regulation at the state level could slow or stop further development of the medical-use and adult-use cannabis industry, such as limiting the medical conditions for which medical cannabis can be recommended by physicians for treatment, not strictly enforcing regulations for non-licensed cannabis operators, restricting the form in which medical cannabis can be consumed, imposing significant registration requirements on physicians and patients or imposing significant taxes on the growth, processing and/or retail sales of cannabis, which could have the impact of dampening growth of the cannabis industry and making it difficult for cannabis businesses, including the Company's tenants, to operate profitably in those states. Any one of these factors could slow or halt additional legislative authorization of medical-use and adult-use cannabis, which could harm the Company's business prospects.

FDA regulation of cannabis and the possible registration of facilities where cannabis is grown could negatively affect the cannabis industry, which would directly affect the Company's business (including the Company's financial performance and condition).

Should the federal government legalize cannabis, it is possible that the FDA would seek to regulate it under the Food, Drug and Cosmetics Act of 1938 or under the Public Health Service Act. Additionally, the FDA may issue rules, regulations, or guidance including certified good manufacturing practices, related to the growth, cultivation, harvesting and processing of cannabis. If regulated by the FDA as a drug, clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations or enforcement actions are imposed, the Company does know what the impact this would have on the cannabis industry, including what costs, requirements and possible prohibitions may be enforced. If the Company or the Company's tenants are unable to comply with the regulations or registration as prescribed by the FDA, the Company and or the Company's tenants may be unable to continue to operate their and the Company's business in its current form or at all.

The Company and the Company's tenants may have difficulty accessing the service of banks, which may make it difficult to contract for real estate needs.

Financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes, unlicensed money transmitter statute and the Bank Secrecy Act. Recent guidance issued by the Financial Crimes Enforcement Network, or FinCen, a division of the U.S. Department of the Treasury, clarifies how financial institutions can provide services to cannabis-related businesses consistent with their obligations under the Bank Secrecy Act. Furthermore, supplemental guidance from the U.S. Department of Justice directs federal prosecutors to consider the federal enforcement priorities enumerated in the "Cole Memo" when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. Nevertheless, banks remain hesitant to offer banking services to cannabis-related businesses. Consequently, those businesses involved in the regulated medical-use cannabis industry continue to encounter difficulty establishing banking relationships. The Company's inability to maintain the Company's current bank accounts would make it difficult for the Company to operate the Company's business, increase the Company's operating costs, and pose additional operational, logistical and security challenges and could result in the Company's inability to implement the Company's business plan.

Loans to cannabis businesses may be forfeited to the federal government.

Any assets used in conjunction with the violation of federal law are potentially subject to federal forfeiture, even in states that have legalized cannabis. In July 2017, the DOJ issued a new policy directive regarding asset forfeiture, referred to as the "equitable sharing program." This policy directive represents a reversal of DOJ's policy under the Obama administration, and allows for forfeitures to proceed that are not in accord with the limitations imposed by state-specific forfeiture laws. This new policy directive could lead to increased use of asset forfeitures by local, state and federal enforcement agencies. If the federal government decides to initiate forfeiture proceedings against cannabis businesses, such as the cannabis facilities that are owned or utilized by the Company's borrowers, the Company's loans to the Company's borrowers would likely be materially and adversely affected.

The Company may have difficulty accessing bankruptcy courts.

Because cannabis is illegal under federal law, federal bankruptcy protection is currently not available to parties who engage in the cannabis industry or cannabis-related businesses. Recent bankruptcy rulings have denied bankruptcies for dispensaries upon the justification that businesses cannot violate federal law and then claim the benefits of federal bankruptcy for the same activity and upon the justification that courts cannot ask a bankruptcy trustee to take possession of, and distribute cannabis assets as such action would violate the CSA. Therefore, the Company may not be able to seek the protection of the bankruptcy courts, and this could materially affect the Company's business or the Company's ability to obtain credit.

Liability relating to environmental matters may impact the value of properties that the Company may acquire upon foreclosure of the properties securing the Company's loans.

To the extent the Company forecloses on properties securing the Company's loans, the Company may be subject to environmental liabilities arising from such foreclosed properties. In particular, cannabis cultivation and manufacturing facilities may present environmental concerns of which the Company are not currently aware. Under various federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. Accordingly, if environmental contamination exists on properties the Company acquires or develops after acquisition, the Company could become subject to liability for the contamination.

The presence of hazardous substances may adversely affect an owner's ability to sell real estate or borrow using real estate as collateral. To the extent that an owner of a property securing one of the Company's loans becomes liable for removal costs, the ability of the owner to make payments to the Company may be reduced, which in turn may adversely affect the value of the relevant loan held by the Company and the Company's ability to make distributions to the Company's shareholders.

If the Company forecloses on any properties securing the Company's loans, the presence of hazardous substances on a property may adversely affect the Company's ability to sell the property and the Company may incur substantial remediation costs, thus harming the Company's financial condition. The discovery of material environmental liabilities attached to any properties securing the Company's loans could have a material adverse effect on the Company's results of operations and financial condition and the Company's ability to make distributions to the Company's shareholders.

Certain of the Company's tenants engage in operations for the adult-use cannabis industry in addition to or in lieu of operations for the medical-use cannabis industry, and such tenants, the Company and the Company's properties may be subject to additional risks associated with such adult-use cannabis operations.

The Company expects that leases that the Company enters into with future tenants at other properties the Company acquires will not, prohibit cannabis operations for adult-use that is permissible under state and local laws where the Company's facilities are located and certain of the Company's tenants are currently engaged in operations in the adult-use cannabis industry, which may subject the Company's tenants, the Company and the Company's properties to different and greater risks, including greater prosecution risk for aiding and abetting violation of the CSA and federal laws governing money laundering. In addition, while the Company may purchase properties in states that only permit medical-use cannabis at the time of acquisition, such states may in the future authorize by state legislation or popular vote the legalization of adult-use cannabis, thus permitting the Company's tenants to engage in adult-use cannabis operations at the Company's properties. For example, Arizona, California, Illinois and Massachusetts permit licensed adult-use cannabis operations, and the Company's leases with tenants in those states allow for adult-use cannabis operations to be conducted at the properties in compliance with state and local laws.

New laws that are adverse to the business of the Company's tenants may be enacted, and current favorable national, state or local laws or enforcement guidelines relating to cannabis operations may be modified or eliminated in the future.

Relevant state or local laws may be amended or repealed, or new laws may be enacted in the future to eliminate existing laws permitting cannabis operations. If the Company's tenants were forced to close their operations, the

Company would need to replace those tenants with tenants who are not engaged in the cannabis industry, who most likely will pay significantly lower rents. Moreover, any changes in state or local laws that reduce or eliminate the ability to conduct cannabis operations would likely result in a high vacancy rate for the kinds of properties that the Company seeks to acquire, which would depress the Company's lease rates and property values. In addition, the Company would realize an economic loss on any and all improvements made to properties that were specific to the cannabis industry.

For example, in connection with the Centers for Disease Control and Prevention identifying cases of vaping-related lung injuries, certain state and local governments had instituted temporary bans. In addition to litigation and reputational risks surrounding vaping-related lung injuries, bans or heightened regulations could have a material adverse impact on the Company's tenants' operations in those states and localities where such a ban or other restrictive regulation has been implemented.

Owners of properties located in close proximity to the Company's properties may assert claims against the Company regarding the use of the property as a cannabis dispensing facility, which if successful, could materially and adversely affect the Company's business (including the Company's financial performance and condition).

Owners of properties located in close proximity to the Company's properties may assert claims against the Company regarding the use of the Company's properties for cannabis dispensing, including assertions that the use of the property constitutes a nuisance that diminishes the market value of such owner's nearby property. Such property owners may also attempt to assert such a claim in federal court as a civil matter under the RICO Act. If a property owner were to assert such a claim against the Company, the Company may be required to devote significant resources and costs to defending ourselves against such a claim, and if a property owner were to be successful on such a claim, the Company's tenants may be unable to continue to operate their business in its current form at the property, which could materially and adversely impact the tenant's business and the value of the Company's property, the Company's business (including the Company's financial performance and condition) and the value of the Company's Shares.

Laws and regulations affecting the regulated cannabis industry are constantly changing, which could materially and adversely affect the Company's operations, and the Company cannot predict the impact that future regulations may have on the Company.

Local, state and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require the Company to incur substantial costs associated with compliance or alter the Company's business plan. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's business and result in a material adverse effect on the Company's operations. It is also possible that regulations may be enacted in the future that will be directly applicable to the Company's business. The Company cannot predict the nature of any future laws, regulations, interpretations or applications, nor can the Company determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company's business.

The properties that the Company own are subject to extensive regulations, which may result in significant costs and materially and adversely affect the Company's business (including the Company's financial performance and condition), liquidity and results of operations.

The Company's properties are and other properties that the Company expects to acquire will be subject to various laws and regulatory requirements. For example, local property regulations, including restrictive covenants of record, may restrict the use of properties the Company acquires and may require the Company to obtain approval from local authorities with respect to the properties that the Company expects to acquire, including prior to acquiring a property or when developing or undertaking renovations. Among other things, these restrictions may relate to cultivation, processing or dispensing of medical-use and adult-use cannabis, the use of water and the discharge of waste, water, fire and safety, seismic conditions, asbestos-cleanup or hazardous material abatement requirements. The Company's failure to obtain such regulatory approvals could have a material adverse effect on the Company's business (including the Company's financial performance and condition), liquidity and results of operations. Furthermore, the Company cannot assure you that the regulatory requirements and statutory prohibitions relating to properties used in cannabis operations will not materially and adversely affect the Company or the timing or cost of any future acquisitions,

developments or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional prohibition or costs.

There may only be a limited number of medical-use cannabis facilities operated by suitable tenants available for the Company to acquire, which could adversely affect the return on your investment.

In light of the current regulatory landscape regarding medical-use cannabis, including but not limited to, the rigorous state licensing processes, limits on the number of licenses granted in certain states and in counties within such states, zoning regulations related to medical-use cannabis facilities, the inability of potential tenants to open bank accounts necessary to pay rent and other expenses and the ever-changing federal and state regulatory landscape, the Company may have only a limited number of medical-use cannabis facilities available to purchase that are operated by licensees that the Company believe would be suitable tenants. The Company's inability to locate suitable investment properties and tenants would have a material adverse effect on the Company's ability to generate cash flow and make distributions to the Company's shareholders.

Liability for uninsured losses could adversely affect the Company's financial condition.

While the terms of the Company's leases with the Company's tenants generally will require that they carry property and casualty insurance, losses from disaster-type occurrences, such as earthquakes, floods and weather-related disasters, may be either uninsurable or not insurable on economically viable terms. Should an uninsured loss occur, the Company could lose the Company's capital investment or anticipated profits and cash flows from one or more properties.

Due to the Company's involvement in the regulated medical-use cannabis industry, the Company may have a difficult time obtaining the various insurances that are desired to operate the Company's business, which may expose the Company to additional risk and financial liabilities.

Insurance that is otherwise readily available, such as workers' compensation, general liability, title insurance and trustees' and officers' insurance, is more difficult for the Company and the Company's borrowers to find and more expensive, because of the Company's borrowers' involvement in the regulated cannabis industry. There are no guarantees that the Company or the Company's borrowers will be able to find such insurance now or in the future, or that such insurance will be available on economically viable terms. If the Company or the Company's borrowers are forced to go without such insurance, it may prevent the Company from entering into certain business sectors, may inhibit the Company's growth, may expose the Company to additional risk and financial liabilities and, in the case of an uninsured loss, may result in the loss of anticipated cash flow or the value of the Company's loan.

The properties that the Company expects to acquire will be subject to extensive regulations, which may result in significant costs and materially and adversely affect the Company's business, financial condition, liquidity and results of operations.

The properties that the Company expect to acquire will be subject to various local laws and regulatory requirements. Local property regulations may restrict the use of properties the Company acquire and may require the Company to obtain approval from local authorities with respect to the properties that the Company expect to acquire, including prior to acquiring a property or when developing or undertaking renovations. Among other things, these restrictions may relate to cultivation of medical-use cannabis, the use of water and the discharge of waste, water, fire and safety, seismic conditions, asbestos-cleanup or hazardous material abatement requirements. The Company cannot assure you that existing regulatory policies will not materially and adversely affect the Company or the timing or cost of any future acquisitions, developments or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. The Company's failure to obtain such regulatory approvals could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

Many cannabis businesses are dependent on key personnel with sufficient experience in the cannabis industry.

The success of businesses in the cannabis industry is largely dependent on the performance of their respective management teams and key employees and their continuing ability to attract, develop, motivate and retain highly

qualified and skilled employees. Qualified individuals are in high demand, and significant costs may be incurred to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent a business from executing on its business plan and strategy, and the business may be unable to find adequate replacements on a timely basis, or at all.

DELAWARE STATUTORY TRUST

*The following summary of the material provisions concerning the Company's Shares is qualified in its entirety by the terms of the Delaware Statutory Trust Statute, the Agreement and Declaration of Trust of the Company (the "**Charter**"), the Company's bylaws, if any, (the "**By-laws**") and the policies adopted by the Board.*

The Company was formed as a Delaware statutory trust under the laws of the State of Delaware. The rights of the Shareholders are governed by Delaware law as well as the Charter, the By-laws and the policies adopted by the Board. The Company has authorized an unlimited number of Shares each with a par value of $0.001 per share.

The Board, in their discretion, may from time to time without vote of the Shareholders issue Shares including preferred shares, in addition to the then issued and outstanding Shares and Shares held in the treasury, to such party or parties and for such amount and type of consideration, including cash or property, at such time or times, and on such terms as the Board may determine, and may in such manner acquire other assets (including the acquisition of assets subject to, and in connection with the assumption of, liabilities) and businesses. The Board may from time to time, without a vote of the Shareholders, divide, reclassify or combine the Shares into a greater or lesser number without thereby changing the proportionate beneficial interest in such Shares. Issuances and redemptions of Shares may be made in whole Shares and/or 1/1,000ths of a Share or multiples thereof as the Board may determine.

The Board may authorize and issue such other securities of the Company as they determine to be necessary, desirable or appropriate, having such terms, rights, preferences, privileges, limitations and restrictions as the Board sees fit, including preferred interests, debt securities or other senior securities. To the extent that the Board authorizes and issue preferred shares of any class or series, they are hereby authorized and empowered to amend or supplement the Charter as they deem necessary or appropriate, all without the approval of Shareholders. Any such supplement or amendment shall be filed as is necessary. In addition, any such supplement or amendment may set forth the rights, powers, preferences and privileges of such preferred shares and any such supplement or amendment shall operate either as additions to or modifications of the rights, powers, preferences and privileges of any such preferred shares under the Charter. To the extent the provisions set forth in such supplement or amendment conflict with the provisions of the Charter with respect to any such rights, powers and privileges of the preferred shares, such amendment or supplement shall control. Except as contemplated by the immediately preceding sentence, the Charter shall control as to the Company generally and the rights, powers, preferences and privileges of the other Shareholders of the Company. The Board is also authorized to take such actions and retain such persons as the Board sees fit to offer and sell such securities.

Shareholder Rights

Shareholders shall have no power to vote on any matter except matters on which a vote of Shareholders is required by the Charter or resolution of the Trustees or, after a listing on a national securities exchange. The Charter expressly provides that no matter for which voting, consent or other approval is required by the Delaware Statutory Trust Statute in the absence of the contrary provision in the Charter shall require any vote. Except as otherwise provided herein, any matter required to be submitted to Shareholders and affecting one or more classes or series of Shares shall require approval by the required vote of all the affected classes and series of Shares voting together as a single class. Shareholders of a particular class or series of Shares shall not be entitled to vote on any matter that affects only one or more other classes or series of Shares. Each whole Share shall be entitled to one vote as to any matter on which it is entitled to vote and each fractional Share shall be entitled to a proportionate fractional vote. There shall be no cumulative voting in the election or removal of Trustees. Trustees shall be elected by a plurality of votes.

A Shareholder may not sell, assign or transfer all or a portion of its Shares without the prior written consent of the Manager, which consent may be withheld in the Manager's sole and absolute discretion.

Distribution Policy

The Company intends to declare distributions based on record dates established by the Board and to pay such distributions on a monthly basis. The Company's distribution policy is set by the Board and is subject to change based on available cash flows. Neither the Company, nor the Manager or Sub-Manager can guarantee the amount of distributions paid, if any. Shareholders will not be entitled to receive a distribution if such Shares are repurchased

prior to the applicable time of the record date. In connection with a distribution to Shareholders, the Board intends to approve a monthly distribution for a certain dollar amount per Share. Each Shareholder's specific distribution amount will then be calculated using applicable record and declaration dates. A Shareholder's distributions will begin to accrue on the date it is admitted as a Shareholder.

To qualify as a REIT, the Company is required to pay distributions sufficient to satisfy the requirements for qualification as a REIT for tax purposes. The Board intends to distribute sufficient income so that the Company satisfies the requirements for qualification as a REIT. In order to qualify as a REIT, the Company is required to distribute 90% of the Company's annual REIT taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains, to Shareholders. See the "Material U.S. Federal Income Tax Considerations" section of this Memorandum. Generally, income distributed to Shareholders will not be taxable to the Company under the Code if the Company distributes at least 90% of its REIT taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains.

Distributions will be authorized at the discretion of the Board, in accordance with the Company's earnings, cash flows and general financial condition. The Board's discretion is directed, in substantial part, by its obligation to cause the Company to comply with the REIT requirements. Because the Company may receive income from interest or rents at various times during its fiscal year, distributions may not reflect the Company's income earned in that particular distribution period but may be made in anticipation of cash flows which the Board expect to receive during a later quarter and may be made in advance of actual receipt of funds in an attempt to make distributions relatively uniform. Due to these timing differences, the Company may be required to borrow money, use proceeds from the issuance of securities or sell assets in order to distribute amounts sufficient to satisfy the requirement that the Company distributes at least 90% of its REIT taxable income in order to qualify as a REIT. The Company has not established any limit on the amount of proceeds from this offering that may be used to Company distributions other than those limits imposed by the Company's organizational documents and Delaware law. See the "Material U.S. Federal Income Tax Considerations" section of this Memorandum for information concerning the U.S. federal income tax consequences of distributions paid by the Company.

There is no assurance the Company will pay distributions in any particular amount, if at all. The Company may Company any distributions from sources other than cash flow from operations, including, without limitation, the sale of Company assets, borrowings or offering proceeds, and there are no limits on the amounts the Company may pay from such sources. The extent to which the Company pay distributions from sources other than cash flow from operations will depend on various factors, including the level of participation in the DRIP, the extent to which the Manager elects to receive the Management Fee in Shares or Operating Partnership units and the Special Limited Partner elects to receive distributions on its Performance Participation Allocation in Operating Partnership units, how quickly the Company invests the proceeds from this and any future offering and the performance of the Company's investments. Companying distributions from the sale of the Company's assets, borrowings or proceeds of this offering will result in the Company having less funds available to make investments. As a result, the return Shareholders realize on their investments may be reduced. Doing so may also negatively impact the Company ability to generate cash flows. Likewise, Companying distributions from the sale of additional securities will dilute a Shareholder's interest in the Company on a percentage basis and may impact the value of such Shareholder's investment especially if the Company sells these securities at prices less than the price such Shareholder paid for their Shares. The Board believes the likelihood that the Company pays distributions from sources other than cash flow from operations will be higher in the early stages of the offering.

Distribution Reinvestment Plan

The Company has adopted the DRIP, a copy of which is attached hereto as Appendix B, whereby Shareholders and holders of Operating Partnership units will have their cash distributions automatically reinvested in Shares unless they elect to receive their distributions in cash. Any cash distributions attributable to the Shares or Operating Partnership units, as applicable, owned by participants in the DRIP will be immediately reinvested in additional Shares on behalf of the participants on the business day such distribution would have been paid to such shareholder or holder of Operating Partnership units. See "U.S. Federal Income Tax Considerations" for information concerning the U.S. federal income tax consequences of participating in the DRIP.

The per Share purchase price for Shares purchased pursuant to the DRIP will be equal to ninety-nine percent (99%) of the then-current Net Asset Value of such Shares. Shareholders will not pay any Placement Agent Fees when purchasing Shares pursuant to the DRIP. Shares acquired under the DRIP will entitle the participant to the same rights and be treated in the same manner as Shares purchased in this offering.

The Board reserves the right to amend, suspend or terminate the DRIP at any time without the consent of the Shareholders or holders of Operating Partnership units, provided that notice of any such amendment, suspension or termination will be disclosed in a supplement to this Memorandum. A participant's participation in the DRIP will be terminated to the extent that a reinvestment of such participant's distributions in Shares would cause the percentage ownership or other limitations, if any, contained in the Charter to be violated. Participants may terminate their participation in the DRIP upon ten business days' prior written notice.

Each participant in the DRIP is required to promptly notify the Company in writing if such participant experiences a material change in his, her or its financial condition, including without limitation the failure to continue to qualify as an "accredited investor" (as defined by Regulation D of the Securities Act) or any other investment suitability standards imposed by the Board or the Manager.

SUMMARY OF THE OPERATING PARTNERSHIP AGREEMENT

The following summary of the material terms of the Limited Partnership Agreement of the Operating Partnership, which we refer to as the "partnership agreement," is qualified in its entirety by the terms of the partnership agreement.

Management of Our Operating Partnership

The Operating Partnership was formed on May 20, 2022 to acquire and hold assets on our behalf. We intend to hold substantially all of our assets in the Operating Partnership or in subsidiary entities in which the Operating Partnership owns an interest. For purposes of satisfying the asset and gross income tests for qualification as a REIT for U.S. federal income tax purposes, our proportionate share of the assets and income of the Operating Partnership will be deemed to be our assets and income.

We are and expect to continue to be the sole general partner of the Operating Partnership. As of the date of this Memorandum, the only limited partners of the Operating Partnership are us and the Special Limited Partners (who are affiliates of the Manager and Sub-Manager, respectively). In the future, certain investors who have exchanged property for limited partnership units in the Operating Partnership may become additional limited partners, including in connection with the acquisition of the Initial Portfolio. For additional information, see "Initial Portfolio."

As the sole general partner of the Operating Partnership, we have the exclusive power to manage and conduct the business of the 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. No limited partner of the Operating Partnership may transact business for the 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 oversight and policy-making authority, including responsibility for governance, financial controls, compliance and disclosure with respect to the Operating Partnership. However, pursuant to the Advisory Agreement, we have delegated to the Adviser authority to make decisions related to the management of our and the Operating Partnership's assets, including sourcing, evaluating and monitoring our investment opportunities and making decisions related to the acquisition, management, financing and disposition of our assets, in accordance with our investment objectives, guidelines, policies and limitations, subject to oversight by our board of directors.

The Special Limited Partners have expressly acknowledged and any future limited partners of the Operating Partnership will expressly acknowledge that we, as general partner, are acting on behalf of the Operating Partnership, ourselves and our shareholders collectively. Neither we nor our board of directors is under any obligation to give priority to the separate interests of the limited partners of the Operating Partnership or our shareholders in deciding whether to cause the Operating Partnership to take or decline to take any actions. If there is a conflict between the interests of our shareholders on the one hand and the 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 shareholders or the Operating Partnership's limited partners; *provided, however*, that for so long as we own a controlling interest in the Operating Partnership, any conflict that cannot be resolved in a manner not adverse to either our shareholders or the Operating Partnership's limited partners may be resolved in favor of our shareholders. We are not liable under the partnership agreement to the 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 the Operating Partnership be operated in a manner that will enable us, among other things, to (1) satisfy the requirements for qualification as a REIT for U.S. federal income tax purposes, unless we otherwise cease to qualify as a REIT, and as a "domestically controlled qualified investment entity" within the meaning of Section 897(h)(4) of the Code, (2) avoid any U.S. federal income or excise tax liability and (3) ensure that the Operating Partnership will not be classified as a "publicly traded partnership" that is taxable as a corporation. See "U.S. Federal Income Tax Considerations."

Capital Contributions

We intend to contribute the net proceeds from this offering, after payment of fees and expenses attributable to our offering and operations, to the Operating Partnership as capital contributions. 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 this offering and our operations.

If the Operating Partnership requires additional funds at any time in excess of capital contributions made by us, the Operating Partnership may borrow funds from a financial institution or other lenders or we or any of our affiliates may provide such additional funds through loans, purchase of additional partnership interests or otherwise (which we or such affiliates will have the option, but not the obligation, of providing). In addition, the Operating Partnership may admit additional limited partners whose investments may be subject to a different Management Fee and repurchase limitations if our board of directors concludes in good faith that such admittance is in our best interest.

Limited Partnership Units Generally

Limited partnership units represent an interest as a limited partner in the Operating Partnership. The Operating Partnership may issue additional partnership units and classes of partnership units with rights different from, and superior to, those of limited partnership units of any class, without the consent of the limited partners or our shareholders. Holders of limited partnership units do not have any preemptive rights with respect to the issuance of additional units.

Limited partners do not have the right to participate in the management of the Operating Partnership. Limited partners who do not participate in the management of the Operating Partnership, by virtue of their status as limited partners, generally are not liable for the debts and liabilities of the Operating Partnership beyond the amount of their capital contributions. The voting rights of the limited partners are generally limited to approval of specific types of amendments to the partnership agreement.

Special Limited Partner Interest

So long as the Management Agreement has not been terminated (including by means of non-renewal), the MJ Special Limited Partner will hold a performance participation interest in the Operating Partnership that entitles it to receive distributions from the Operating Partnership equal to 6% of the Total Return, subject to a 7% Hurdle Amount and a High Water Mark, with a Catch-Up (each term as defined below) (the "MJ SLP Performance Allocation Percentage"). So long as the Sub-Management Agreement has not been terminated (including by means of non-renewal), the RB Special Limited Partner will hold a performance participation interest in the Operating Partnership that entitles it to receive distributions from the Operating Partnership equal to 9% of the Total Return, subject to a 7.0% Hurdle Amount and a High Water Mark, with a Catch-Up ("RB SLP Performance Allocation Percentage," and together with the MJ SLP Performance Allocation, the "15% Performance Allocation share of Total Return"). Such distributions will be measured on a calendar year basis, made quarterly and accrued monthly.

In addition, following a termination of the Sub-Management Agreement for reasons other than a voluntary termination of by Sub-Manager or the occurrence of a "Cause" event with respect to Sub-Manager, RB Special Limited Partner will be entitled to a continued performance participation interest in the Operating Partnership that entitles it to receive distributions from the Operating Partnership equal to (i) 4.5% of the Total Return, subject to a 7.0% Hurdle Amount and a High Water Mark, with a Catch-Up for the first 12 month period following termination, plus (ii) 2.25% of the Total Return, subject to a 7.0% Hurdle Amount and a High Water Mark, with a Catch-Up for the second 12 month period following termination (collectively referred to as the "RB SLP Reduced Performance Allocation Percentage," and together with 15% Performance Allocation share of Total Return, the "SLP Performance Allocation Percentages"). Such distributions will be made monthly.

Promptly following the end of each calendar quarter that is not also the end of a calendar year, each Special Limited Partner will be entitled to a performance participation allocation as described above calculated in respect of the portion of the year to date, less any performance participation allocation received with respect to prior quarters in that year (the "Quarterly Allocation"). The performance participation allocation that each Special Limited Partner is entitled to receive at the end of each calendar year will be reduced by the cumulative amount of Quarterly Allocations that year.

Specifically, the Special Limited Partners will be allocated a total performance participation ("Performance Allocation") in an amount equal to:

- First, if the Total Return for the applicable period exceeds the sum of (i) the Hurdle Amount for that period and (ii) the Loss Carryforward Amount (any such excess, "Excess Profits"), 100% of such annual Excess Profits to the Special Limited Partners until the total amount allocated to the Special Limited Partners equals 15% of the sum of (x) the Hurdle Amount for that period and (y) any amount allocated to the Special Limited Partners pursuant to this clause (this is commonly to as a "Catch-Up"); and

- Second, to the extent there are remaining Excess Profits, 15% of such remaining Excess Profits.

- The Performance Allocation will be allocated between the MJ Special Limited Partner and the RB Special Limited Partner in accordance with the SLP Performance Allocation Percentages described above.

"Total Return" for any period since the end of the prior calendar year shall equal the sum of:

(i) all distributions accrued or paid (without duplication) on the Operating Partnership units outstanding at the end of such period since the beginning of the then-current calendar year plus

(ii) the change in aggregate NAV of such units since the beginning of the year, before giving effect to (x) changes resulting solely from the proceeds of issuances of Operating Partnership units, (y) any allocation/accrual to the performance participation interest and (z) applicable stockholder servicing fee expenses (including any payments made to us for payment of such expenses).

For the avoidance of doubt, the calculation of Total Return will (i) include any appreciation or depreciation in the NAV of units issued during the then-current calendar year but (ii) exclude the proceeds from the initial issuance of such units.

"Hurdle Amount" for any period during a calendar year means that amount that results in a 7% annualized internal rate of return on the NAV of the Operating Partnership units outstanding at the beginning of the then-current calendar year and all Operating Partnership units issued since the beginning of the then-current calendar year, taking into account the timing and amount of all distributions accrued or paid (without duplication) on all such units and all issuances of Operating Partnership units over the period and calculated in accordance with recognized industry practices. The ending NAV of the Operating Partnership units used in calculating the internal rate of return will be calculated before giving effect to any allocation/accrual to the performance participation interest and applicable stockholder servicing fee expenses. For the avoidance of doubt, the calculation of the Hurdle Amount for any period will exclude any Operating Partnership units repurchased during such period, which units will be subject to the performance participation allocation upon repurchase as described below.

Except as described in Loss Carryforward below, any amount by which Total Return falls below the Hurdle Amount will not be carried forward to subsequent periods.

"Loss Carryforward Amount" shall initially equal zero and shall cumulatively increase by the absolute value of any negative annual Total Return and decrease by any positive annual Total Return, provided that the Loss Carryforward Amount shall at no time be less than zero and provided further that the calculation of the Loss Carryforward Amount will exclude the Total Return related to any Operating Partnership units repurchased during such year, which units will be subject to the performance participation allocation upon repurchase as described below. The effect of the Loss Carryforward Amount is that the recoupment of past annual Total Return losses will offset the positive annual Total Return for purposes of the calculation of the Special Limited Partner's performance participation. This is referred to as a "High Water Mark."

The Special Limited Partner will also be allocated a performance participation with respect to all Operating Partnership units that are repurchased at the end of any month (in connection with repurchases of our shares in our share repurchase plan) in an amount calculated as described above with the relevant period being the portion of the year for which such

unit was outstanding, and proceeds for any such unit repurchase will be reduced by the amount of any such performance participation.

If a Quarterly Allocation is made and at the end of a subsequent calendar quarter in the same calendar year the Special Limited Partner is entitled to less than the previously received Quarterly Allocation(s) (a "Quarterly Shortfall"), then subsequent distributions of any Quarterly Allocations or year-end Performance Allocations in that calendar year will be reduced by an amount equal to such Quarterly Shortfall, until such time as no Quarterly Shortfall remains. If all or any portion of a Quarterly Shortfall remains at the end of a calendar year following the application described in the previous sentence, distributions of any Quarterly Allocations and year-end Performance Allocations in the subsequent four calendar years will be reduced by (i) the remaining Quarterly Shortfall plus (ii) an annual rate of 7% on the remaining Quarterly Shortfall measured from the first day of the calendar year following the year in which the Quarterly Shortfall arose and compounded quarterly (collectively, the "Quarterly Shortfall Obligation") until such time as no Quarterly Shortfall Obligation remains; provided, that the Special Limited Partner (or its affiliate) may make a full or partial cash payment to reduce the Quarterly Shortfall Obligation at any time; provided, further, that if any Quarterly Shortfall Obligation remains following such subsequent four calendar years, then the Special Limited Partner (or its affiliate) will promptly pay the Operating Partnership the remaining Quarterly Shortfall Obligation in cash.

Distributions on the performance participation interest may be payable in cash or units of the Operating Partnership at the election of each Special Limited Partner; provided, however, that the Company intends to make such distributions in cash to the extent sufficient cash is available for such distribution. If a Special Limited Partner elects to receive such distributions in Operating Partnership units, such Special Limited Partner may request the Operating Partnership to repurchase such Operating Partnership units from such Special Limited Partner at a later date. The Operating Partnership will repurchase any such units for Shares or cash (at the applicable Special Limited Partner's election). Pursuant to the Operating Partnership agreement of the Operating Partnership, such Special Limited Partner will have the right to request a repurchase of Operating Partnership units allocable it.

Of the 15% Performance Allocation share of Total Return, MJ Special Limited Partner is entitled to 6% and RMJ Special Limited Partner is entitled to 9%. Following a termination of the Sub-Management Agreement for reasons other than a voluntary termination by RMJ Special Limited Partner or the occurrence of a "Cause" event with respect to RMJ Special Limited Partner, RMJ Special Limited Partner will be entitled to a Performance Allocation equal to 4.5% out of the 15% Performance Allocation share of Total Return for the first 12-month period following termination plus a Performance Allocation equal to 2.25% out of the 15% Performance Allocation share of Total Return for the second 12-month period following termination. The Special Limited Partners will also be allocated a performance participation with respect to all Operating Partnership units that are repurchased at the end of any month (in connection with repurchases of Shares in the Share Repurchase Program) in an amount calculated as described above with the relevant period being the portion of the year for which such unit was outstanding, and proceeds for any such unit repurchase will be reduced by the amount of any such performance participation.

The NAV of the Operating Partnership calculated on the last trading day of a calendar year shall be the amount against which changes in NAV is measured during the subsequent calendar year. In our first calendar year of operations, the Performance Participation Allocation will be prorated for the portion of the calendar year.

The measurement of the foregoing net assets change is also subject to adjustment by our board of directors to account for any unit dividend, unit split, recapitalization or any other similar change in the Operating Partnership's capital structure or any distributions made after the commencement of this offering that the board of directors deems to be a return of capital (if such changes are not already reflected in the Operating Partnership's net assets).

The Special Limited Partners will not be obligated to return any portion of the Performance Participation Allocation paid based on our subsequent performance.

Changes in our Operating Partnership's NAV per unit will generally correspond to changes in our NAV per Share. Distributions with respect to the Performance Participation Allocation are calculated from the Operating Partnership's Total Return over a calendar year. As a result, the Special Limited Partners may be entitled to receive compensation under the Performance Participation Allocation for a given year even if some of our shareholders who purchased Shares during such year experienced a decline in NAV per Share. Similarly, shareholders whose Shares are

repurchased during a given year may have their Shares repurchased at a lower NAV per Share as a result of an accrual for the estimated Performance Participation Allocation at such time, even if no Performance Participation Allocation for such year are ultimately payable to the Special Limited Partners at the end of such calendar year.

In the event the Advisory Agreement or Sub-Management Agreement is terminated, the relevant Special Limited Partner will be allocated any accrued Performance Participation Allocation with respect to all Operating Partnership units as of the date of such termination.

Issuance of Additional Limited Partnership Interests

As sole general partner of the Operating Partnership, we will have the ability to cause the Operating Partnership to issue additional limited partnership interests, preferred partnership interests or convertible securities. We have issued Operating Partnership units, and may issue more in the future, including in connection with the acquisition of the Initial Portfolio. For additional information, see "Initial Portfolio."

Our Operating Partnership allows us to be organized as an UPREIT. 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, subject to meeting applicable tax requirements, transfer the property to the Operating Partnership in exchange for limited partnership interests on a tax-free basis. The Operating Partnership may enter into tax protection agreements with parties that contribute properties to the Operating Partnership in exchange for limited partnership interests. Such agreements would obligate the Operating Partnership to indemnify such parties if certain taxable events are triggered. Being able to offer a seller the opportunity to defer taxation of gain until the seller disposes of its interest in the Operating Partnership may give us a competitive advantage in acquiring desired properties relative to buyers who cannot offer this opportunity.

In addition, investing in the 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.

Transferability of Interests

Without the consent of a majority in interest of the limited partners of the Operating Partnership, other than interests held by us, we may not voluntarily withdraw as the general partner of the Operating Partnership, engage in any merger, consolidation or other business combination or transfer our general partnership interest in the Operating Partnership (except to a wholly owned subsidiary), unless: (1) the transaction in which such withdrawal, business combination or transfer occurs results in the limited partners of the Operating Partnership 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 had exercised their exchange rights immediately prior to such transaction or (2) in the case of a merger or other business combination, the successor entity contributes substantially all of its assets to the Operating Partnership in return for an interest in the Operating Partnership and agrees to assume all obligations of the general partner of the Operating Partnership.

With certain exceptions, the limited partners may not transfer their interests in the Operating Partnership, in whole or in part, without our written consent, as general partner.

Redemption of Operating Partnership Units

Subject to the terms of any agreements between the Operating Partnership and one or more limited partners with respect to the Operating Partnership units held by such limited partners, each limited partner, after holding any Operating Partnership units for at least one year, has the right to require the Operating Partnership to redeem all or a portion of such Operating Partnership units for Shares or cash. As the general partner of the Operating Partnership, we will determine, in our sole discretion, whether Operating Partnership units tendered for redemption will be redeemed for cash or Shares. Operating Partnership units redeemed for cash will be redeemed at a price per Operating Partnership unit equal to the most recent NAV per Share as of the redemption date. Operating Partnership units redeemed for Shares will be exchanged for Shares on a one-for-one basis.

The Special Limited Partners and the Adviser are not subject to the foregoing one-year holding requirement and may request that the Operating Partnership redeem all or any portion of the Operating Partnership units held by them at any time. Operating Partnership units held by the Special Limited Partners and the Adviser will be redeemed for cash, unless our board of directors determines that any such repurchase for cash would be prohibited by applicable law or the partnership agreement, in which case such Operating Partnership units will be repurchased for Shares.

No limited partner (other than the Special Limited Partners and the Adviser) may deliver more than two redemption requests during each calendar year. No limited partner (other than the Special Limited Partner and the Adviser) may exercise a redemption request for less than 1,000 Operating Partnership units or, if such limited partner holds less than 1,000 Operating Partnership units, all of the units held by such limited partner.

RMJ Special Limited Partner has the right to redeem Operating Partnership units received by it in consideration for its initial Capital Contribution for, at its election, Shares, cash or an interest in a pro rata share of Operating Partnership assets with an equivalent value equal to the cash amount, as determined on the relevant redemption date.

We, as the general partner, may not amend the Partnership Agreement in any manner that would adversely affect the existing redemption rights with respect to Operating Partnership units without the consent of limited partners holding a majority of the Operating Partnership units.

Distribution Reinvestment Plan

We have adopted the DRIP, a copy of which is attached hereto as Appendix B, whereby holders of Operating Partnership units will have their cash distributions from the Operating Partnership automatically reinvested in Shares unless they elect to receive their distributions from the Operating Partnership in cash. The per Share purchase price for Shares purchased pursuant to the DRIP will be equal to the transaction price at the time the distribution is payable. Any Shares issued to a holder of Operating Partnership units pursuant to the DRIP will also automatically participate in the DRIP unless the holder of such Shares elects not to participate in the DRIP with respect to such Shares.

Exculpation

We, as general partner, will not be liable to the 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 interests in the Operating Partnership 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 the Operating Partnership for liabilities we incur in dealings with third parties on behalf of the 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

We are the Operating Partnership's tax matters partner (and partnership representative, as applicable) and have the authority to make tax elections under the Code on the Operating Partnership's behalf.

PLAN OF DISTRIBUTION

The Company may determine in the future to engage and offer Shares through a registered broker-dealer (a "***Managing Dealer***"). To the extent a Managing Dealer is engaged, Shares offered through such Managing Dealer pursuant to this Memorandum would be offered on a "best efforts" basis, meaning that such Managing Dealer will only be required to use its best efforts to sell the Shares, and that no underwriter, broker-dealer, financial adviser or other person will be obligated to purchase any Shares. The Company is offering an unlimited number of Shares on a continuous basis, provided that the Company reserves the right to terminate this offering at any time.

Any engagement by the Company of a Managing Dealer shall be transacted through an agreement with such Managing Dealer, pursuant to which such Managing Dealer will agree to, among other things, serve as the Company's exclusive placement agent in connection with the offer and sale of the Shares in this offering.

Purchase Price

The initial purchase price per Share in the initial Offering will be: (i) $25.00 for Class I Shares, (ii) $25.38 for Class D Shares, (iii) $25.88 for Class S Shares and (iv) $25.88 for Class T Shares.

Thereafter, the Manager will determine the NAV for each class of Shares on a monthly basis, commencing no later than the first full calendar month after commencement of the initial Offering. The Manager expects that such determination will ordinarily be made within 15 business days after each such completed month. Following the commencement of valuations, to the extent that the Company's NAV per Share on the most recent determination increases above or decreases below the Company's net Offering price per Share as stated above, the Manager will adjust the Offering prices of any of the classes of Shares to ensure that no Share is sold at a price, after deduction of Selling Commissions and Managing Dealer Fees, that is above or below the NAV per Share per class as of the most recent valuation date. The adjusted Offering prices will become effective five business days after the Manager determines to set the new prices and the Company publicly discloses such prices. The Manager will continue to adjust the Offering prices of all classes of Shares as necessary in this manner.

Underwriting Compensation

Selling Commissions, Managing Dealer Fees, and Distribution Fees

If engaged by the Company, a Managing Dealer will be entitled to receive selling commissions ("***Selling Commissions***") of up to 3.0%. Such Managing Dealer will be entitled to receive selling commissions of up to 3.5% of gross offering proceeds attributable to sales of Class S Shares. Such Managing Dealer will be entitled to receive selling commissions of up to 1.5% of gross offering proceeds attributable to sales of Class D Shares. Such Managing Dealer may reallow all or a portion of the Selling Commissions applicable to sales of Class T, Class S and Class D Shares to a participating broker-dealer involving a registered representative compensated on a commission basis for the sale. The Selling Commissions may be reduced or waived for any particular sale upon agreement of the Managing Dealer, if applicable, and the participating broker- dealer, if any, involved in the sale of such Class T, Class S and Class D Shares. Class I Shares are not subject to Selling Commissions.

If engaged by the Company, Managing Dealer will receive a managing dealer fee (the "***Managing Dealer Fee***") equal to 0.50% of gross Offering proceeds attributable to sales of Class T Shares. Such Managing Dealer may reallow all or a portion of the Managing Dealer Fee applicable to sales of Class T, Class S and Class D Shares to a participating broker-dealer involving a registered representative compensated on a commission basis for the sale. Such Managing Dealer Fees may be reduced or waived for any particular sale upon agreement of the Managing Dealer, if applicable, and the participating broker- dealer, if any, involved in the sale of such Class T. Class S Shares, Class D Shares and Class I Shares are not subject to Managing Dealer Fees.

Distribution Fees

Certain classes of Shares are subject to Distribution Fee payable from those net assets attributable to such classes. The Distribution Fee shall consist of two components: an Advisor Shareholder Servicing Fee and a Dealer Shareholder Servicing Fee. Class T Shares are subject to an annual Distribution Fee consisting of a 0.65% Advisor Shareholder Servicing Fee per annum and 0.20% Dealer Shareholder Servicing Fee per annum, of the gross offering proceeds attributable to sales of Class T Shares. Class S Shares are subject to a Distribution Fee consisting of an 0.85% Dealer Shareholder Servicing Fee per annum of the gross offering proceeds attributed to Class S Shares. Class D Shares are subject to a Distribution Fee consisting of a 0.25% Dealer Shareholder Servicing Fee per annum of the gross offering proceeds attributed to Class D Shares. The Distribution Fee will be payable in arrears on a monthly basis with respect to all applicable Shares. The Distribution Fee is not payable with respect to Class I Shares. A Managing Dealer may reallow to participating broker-dealers all or a portion of the Distribution Fee for services that broker-dealers perform in connection with the distribution of the Class T Shares. The Company will stop paying the Distribution Fee with respect to any Class T, Class S, or Class D Shares when total underwriting compensation (including Due Diligence Fees) received from the sale of such Class T, Class D or Class S Shares equals 8.75% of the gross Offering proceeds attributable to such Class T, Class D, or Class S Shares.

We will cease paying the Advisor Shareholder Servicing Fee with respect to any Class T share held in a Shareholders' account at the end of the month in which the Dealer Manager in conjunction with the transfer agent determines that total upfront selling commissions, dealer manager fees and stockholder servicing fees paid with respect to the Shares held by such Shareholder within such account would exceed, in the aggregate, 8.75% (or a lower limit as set forth in the applicable agreement between the Dealer Manager and a participating broker-dealer at the time such Class T shares were issued) of the gross proceeds from the sale of such shares (including the gross proceeds of any shares issued under our distribution reinvestment plan with respect thereto). At the end of such month, such Class T share will convert into a number of Class I shares (including any fractional shares) with an equivalent aggregate NAV as such share.

We will cease paying the Advisor Shareholder Servicing Fee with respect to any Class S share held in a Shareholders' account at the end of the month in which the Dealer Manager in conjunction with the transfer agent determines that total upfront selling commissions and stockholder servicing fees paid with respect to the shares held by such Shareholder within such account would exceed, in the aggregate, 8.75% of the gross proceeds from the sale of such shares (including the gross proceeds of any shares issued under our distribution reinvestment plan with respect thereto). At the end of such month, such Class S share will convert into a number of Class I shares (including any fractional shares) with an equivalent aggregate NAV as such share.

We will cease paying the Advisor Shareholder Servicing Fee with respect to any Class D share held in a Shareholders' account at the end of the month in which the Dealer Manager in conjunction with the transfer agent determines that total upfront selling commissions and stockholder servicing fees paid with respect to the shares held by such Shareholder within such account would exceed, in the aggregate, 8.75% of the gross proceeds from the sale of such shares (including the gross proceeds of any shares issued under our distribution reinvestment plan with respect thereto). At the end of such month, such Class D share will convert into a number of Class I shares (including any fractional shares) with an equivalent aggregate NAV as such share.

In addition to the Selling Commissions, Managing Dealer Fees, and Distribution Fees, the Manager may, in the Manager's discretion and from its own resources, pay additional compensation to financial intermediaries in connection with the sale and servicing of Shares.

Organization and Offering Expenses

The Company will reimburse the Manager and Sub-Manager for all reasonable and direct expenses incurred by or on behalf of the Company or the Operating Partnership in connection with (i) the organization of the Company, the Manager, the Sub-Manager and related entities and (ii) the preparation of all materials in connection with the Offering of the Shares. These Organization and Offering Expenses shall include, but are not limited to, legal, tax, accounting, printing, mailing, travel, meals, entertainment, due diligence costs, training and education costs, and other costs and expenses associated with organizing and marketing the Company, including fees, costs, and expenses of or incurred by the Managing Dealer, if applicable. Reimbursements for Organization and Offering Expenses by the Company to the Manager and Sub-Manager will be limited to 2.0% of gross Offering proceeds. All classes of Shares will be responsible for the

pro rata portion of Organization and Offering Expenses attributable to such class. The Seed OP Units shall not be responsible for paying any portion of Organization and Offering Expenses.

Term and Termination of a Managing Dealer Agreement

Any agreement between the Company and a Managing Dealer (a "***Managing Dealer Agreement***") will continue in effect until this offering is terminated; provided, that such Managing Dealer Agreement may provide that such agreement may be terminated before the expiration of the term by the Company, the Placement Agent or the Managing Dealer, as the case may be, for cause or other events to be specified therein.

Indemnification

A Managing Dealer Agreement would generally provide that the Company will indemnify a Managing Dealer, if any, against losses (including reasonable attorneys' fees) based upon (i) any untrue statement or omission of a material fact contained in this Memorandum or any other offering materials; *provided, however*, that such indemnity will not apply to any losses arising based upon an untrue statement or omission of material in any information furnished by or on behalf of such Managing Dealer; (ii) any material breach by the Company of a representation, warranty or covenant in a Managing Dealer Agreement; or (iii) any material failure by the Company to comply with state or federal securities laws applicable to this offering; *provided*, *however*, that the Company will not provide any such indemnification to the extent such losses resulted from such Managing Dealer's fraud, willful misconduct, gross negligence, or a material breach of a representation, warranty or covenant in the Managing Dealer Agreement.

A Managing Dealer Agreement would also generally provide that a Managing Dealer will indemnify the Company and its affiliates against losses (including reasonable attorneys' fees) based upon (i) any action or omission by such Managing Dealer in connection with the performance of its duties under such Managing Dealer Agreement that is determined by a court of competent jurisdiction to have constituted fraud, willful misconduct or gross negligence, (ii) any material breach of such Managing Dealer Agreement by the Managing Dealer, (iii) any material breach by such Managing Dealer of applicable securities laws or regulations in connection with its performance of its obligations under such Managing Dealer Agreement, or (iv) any untrue statement or omission of material fact contained in this Memorandum or any other offering materials (only to the extent that such untrue statement or omission was made in reliance upon written information furnished to the Company by such Managing Dealer specifically for use with reference to such Managing Dealer).

The Company cannot guaranty that a Managing Dealer Agreement would provide for the mutual indemnification as specifically provided hereinabove.

SHARE REPURCHASES

General

The Company has adopted a Share Repurchase Program whereby Shareholders, including any Shareholders affiliated with the Manager or the Sub-Manager, will have an opportunity on a monthly basis to have their Shares redeemed by the Company, subject to certain restrictions and limitations. The purchase for Shares redeemed under the Share Repurchase Program will be the prior month's NAV. The Company is not obligated to redeem its Shares under the Share Repurchase Program.

The procedures relating to the repurchase of Shares are as follows:

- Under the Share Repurchase Program, to the extent the Company chooses to repurchase any Shares in any particular quarter it will repurchase Shares as of the opening of the last calendar day of that month (a "Repurchase Date"). To have your Shares repurchased, your repurchase request and required documentation must be received in good order by 4:00 p.m. (Eastern time) on the second to last business day of the applicable month. Settlements of Share repurchases will generally be made within three business days of the Repurchase Date. Repurchase requests will be effected at a repurchase price equal to the current transaction price on the applicable Repurchase Date (which will generally be equal to the Company's NAV per Share as of the last day of the month immediately preceding the Repurchase Date).

- A Shareholder may withdraw his or her repurchase request by notifying the Company's transfer agent, Phoenix American Financial Services, Inc., directly or through the shareholder's financial intermediary, on the toll-free, automated telephone line, (855) 889-1778. The line is open on each business day between the hours of 9:00 a.m. and 6:00 p.m. (Eastern time). Repurchase requests must be cancelled before 4:00 p.m. (Eastern time) on the last business day of the applicable quarter.

- If a repurchase request is received after 4:00 p.m. (Eastern time) on the second to last business day of the applicable quarter, the repurchase request will be executed, if at all, on the next quarter's Repurchase Date at the transaction price applicable as of such Repurchase Date, unless such request is withdrawn prior to the repurchase. Repurchase requests received and processed by the Company's transfer agent on a business day, but after the close of business on that day or on a day that is not a business day, will be deemed received on the next business day. All questions as to the form and validity (including time of receipt) of repurchase requests and notices of withdrawal will be determined by the Company, in its sole discretion, and such determination shall be final and binding.

- Repurchase requests may be made by mail or by contacting your financial intermediary. If making a repurchase request by contacting your financial intermediary, your financial intermediary may require you to provide certain documentation or information. If making a repurchase request by mail to the Company's transfer agent, you must complete and sign a repurchase authorization form. Written requests should be sent to the following address:

  Vistra USA, LLC
  P.O. Box 2609
  San Rafael, CA 94912-2609

- For processed repurchases, Shareholders may request that repurchase proceeds are to be paid by mailed check provided that the check is mailed to an address on file with the Company for at least 30 days. Shareholders may also receive repurchase proceeds via wire transfer, provided that wiring instructions for their brokerage account or designated U.S. bank account are provided. For all repurchases paid via wire transfer, the funds will be wired to the account on file with the Company or, upon instruction, to another financial institution provided that the shareholder has made the necessary funds transfer arrangements. The customer service representative can provide detailed instructions on establishing Companying arrangements and designating a bank or brokerage account on file. Funds will be wired only to U.S. financial institutions (ACH network members).

- If a shareholder has made multiple purchases of Shares, any repurchase request will be processed on a first in/first out basis unless otherwise requested in the repurchase request.

Sources of Funds for Repurchases

The Company may Company repurchase requests from sources other than cash flow from operations, including, without limitation, the sale of the Company's assets, borrowings or offering proceeds, and the Company has no limits on the amounts the Company may pay from such sources.

In an effort to have adequate cash available to support the Share Repurchase Program, the Company may reserve borrowing capacity under a line of credit. The Company could then elect to borrow against this line of credit in part to repurchase Shares presented for repurchase during periods when it does not have sufficient proceeds from operating cash flows or the sale of Shares in this continuous offering to Company all repurchase requests. If the Company determines to obtain a line of credit, the Company expects that it would afford the Company borrowing availability to Company Share repurchases.

Repurchase Limitations

Shares tendered within 12 months of purchase will be repurchased at 95% of the prior month's NAV. Thereafter, Shares will be repurchased at the prior's month's NAV.

We may repurchase fewer Shares than have been requested in any particular month to be repurchased under our Share Repurchase Program, or none at all, in our discretion at any time. In addition, the aggregate NAV of total repurchases of Class T, Class S, Class D and Class I shares (including repurchases at certain non-U.S. investor access funds primarily created to hold shares of our common stock applicable to the repurchased shares) will be limited to no more than 2% of our aggregate NAV per month (measured using the aggregate NAV attributable to Shareholders as of the end of the immediately preceding month) and no more than 5% of our aggregate NAV per calendar quarter (measured using the average aggregate NAV attributable to Shareholders as of the end of the immediately preceding three months).

In the event that the Company determines to repurchase some but not all of the Shares submitted for repurchase during any quarter, Shares submitted for repurchase during such quarter will be repurchased on a pro rata basis. All unsatisfied repurchase requests must be resubmitted after the start of the next quarter, or upon the recommencement of the Share Repurchase Program, as applicable.

Should repurchase requests, in the Company's judgment, place an undue burden on its liquidity, adversely affect its operations or risk having an adverse impact on the Company as a whole, or should the Company otherwise determine that investing its liquid assets in real properties or other investments rather than repurchasing the Shares is in the best interests of the Company as a whole, the Company may choose to repurchase fewer Shares in any particular quarter than have been requested to be repurchased, or none at all. Further, the Board may make exceptions to, modify or suspend our Share Repurchase Program if in its reasonable judgment it deems such action to be in our best interest and the best interest of our Shareholders. Material modifications, including any amendment to the 2% monthly or 5% quarterly limitations on repurchases, to and suspensions of the Share Repurchase Program will be promptly disclosed to stockholders in a supplement or amendment to this Memorandum or special or periodic report filed by us. Material modifications will also be disclosed on our website. In addition, the Company may determine to suspend the Share Repurchase Program due to regulatory changes, changes in law or if it becomes aware of undisclosed material information that the Company believes should be disclosed before Shares are repurchased. Once the Share Repurchase Program is suspended, the Board must affirmatively authorize the recommencement of the plan before shareholder requests will be considered again.

Operating Partnership units held by the Manager, Sub-Manager, or any of their respective affiliates are not subject to the limitations imposed under the Share Repurchase Program.

CERTAIN REGULATORY CONSIDERATIONS

Securities Act of 1933

The Shares have not been registered under the Securities Act, or any other securities laws, including state securities or blue sky laws, and the Manager does not intend to register the Shares under such laws. The Shares are offered in reliance upon the exemption from registration thereunder provided by Section 4(a)(2) thereof and Rule 506(c) of Regulation D promulgated thereunder. Each prospective purchaser is required to represent, among other customary private placement representations, that he, she, or it is an "accredited investor," as that term is defined in Regulation D, and is acquiring the Shares for investment purposes only and not for resale or distribution.

Securities Exchange Act of 1934

The Company may not limit the issuance and transfer of Shares such that the total number of record holders of the Shares, as determined pursuant to the Exchange Act, is less than 2,000 in order to avoid the registration requirements of Section 12 of the Exchange Act. As a result, the Company may become subject to the periodic public reporting and related requirements of the Exchange Act.

Investment Company Act of 1940

The Company intends to engage primarily in the business of investing in real estate and to conduct the Company's operations, directly and through wholly or majority-owned subsidiaries, so that neither the Company, the Operating Partnership nor any of the subsidiaries of the Operating Partnership is required, as such requirements have been interpreted by the SEC, to register as an investment company under the Investment Company Act. A company is an "investment company" under the Investment Company Act:

- under Section 3(a)(1)(A), if 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; or

- under Section 3(a)(1)(C), if 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 (exclusive of government securities and cash items) on an unconsolidated basis (the "40% test"). The term "investment securities" generally includes all securities except 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.

The Company intends to acquire fee or leasehold interests in, or acquire or originate loans secured by, specialized commercial or industrial real estate assets operated by state-licensed cannabis operators in accordance with applicable State law, or interests therein, through sale-leaseback transactions, third-party purchases, and Companying for build-to-suit projects, as well as in shares of publicly traded REITs or bonds. The Company may also make investments indirectly through joint venture entities, including joint venture entities in which the Company does not own a controlling interest. The Company plans to conduct its businesses primarily through the Operating Partnership, a majority-owned subsidiary, and expect to establish other direct or indirect majority-owned subsidiaries to hold particular assets.

The Company will conduct its operations so that the Company, the Operating Partnership and most, if not all, of the wholly and majority-owned subsidiaries of the Operating Partnership comply with the 40% test. The Company will monitor its holdings on an ongoing basis to determine compliance with this test. The Operating Partnership and most, if not all, of the wholly and majority-owned subsidiaries of the Operating Partnership will not rely on exceptions under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act. Consequently, interests in the Operating Partnership and in these subsidiaries of the Operating Partnership (which are expected to constitute a substantial majority of the Company's assets) generally will not constitute "investment securities." Accordingly, the Board believes that the Company, the Operating Partnership and most, if not all, of the wholly and majority-owned subsidiaries of the

Operating Partnership will not be considered investment companies under Section 3(a)(1)(C) of the Investment Company Act.

In addition, the Board believes that neither the Company, the Operating Partnership nor any of the wholly or majority-owned subsidiaries of the Operating Partnership will be considered an investment company under Section 3(a)(1)(A) of the Investment Company Act because they do not engage primarily or hold themselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, the Company, the Operating Partnership and the subsidiaries of the Operating Partnership will be primarily engaged in non-investment company businesses related to real estate. Consequently, the Company intends to conduct its and the Operating Partnership and its subsidiaries' respective operations such that none of them are required to register as an investment company under the Investment Company Act.

The Board determines whether an entity is a majority-owned subsidiary of the Company. 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 defines voting securities as any security presently entitling the owner or holder thereof to vote for the election of trustees of a company. The Company treats entities in which the Company owns at least 50% of the outstanding voting securities as majority-owned subsidiaries for purposes of the 40% test. If the SEC or its staff was to disagree with the Company's treatment of one or more subsidiary entities as majority-owned subsidiaries, the Company would need to adjust its strategy and its assets in order to continue to pass the 40% test. Any adjustment in strategy could have a material adverse effect on the Company.

If the Company, the Operating Partnership or any of the wholly or majority-owned subsidiaries of the Operating Partnership would ever inadvertently fall within one of the definitions of "investment company," the Company intends to rely on the exception 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." The SEC staff has taken the position that this exception generally requires that at least 55% of an entity's assets be comprised of mortgages and other liens on and interests in real estate, also known as "qualifying assets," and at least another 25% of the entity's assets must be comprised of additional qualifying assets or a broader category of assets ("real estate-related assets") under the Investment Company Act (and no more than 20% of the entity's assets may be comprised of miscellaneous assets).

The Company will classify its assets for purposes of its Section 3(c)(5)(C) exception based upon no-action positions taken by the SEC staff and interpretive guidance provided by the SEC and its staff. These no-action positions are based on specific factual situations that may be substantially different from the factual situations the Company may face, and a number of these no-action positions were issued more than 20 years ago. No assurance can be given that the SEC or its staff will concur with the Company's classification of its assets. In addition, the SEC or its staff may, in the future, issue further guidance that may require the Company to re-classify its assets for purposes of the Investment Company Act. If the Company is required to re-classify its assets, the Company may no longer be in compliance with the exception from the definition of an investment company provided by Section 3(c)(5)(C) of the Investment Company Act.

For purposes of determining whether the Company satisfies the 55%/25% test under Section 3(c)(5)(C), based on certain no-action letters issued by the SEC staff, the Company intends to classify its fee interests in real property, held by the Company directly or through the Company's wholly owned or majority-owned subsidiaries, as qualifying assets. In addition, based on no-action letters issued by the SEC staff, the Company will treat its investments in any joint ventures that in turn invest in qualifying assets such as real property as qualifying assets, but only if the Company is active in the management and operation of the joint venture and have the right to approve major decisions by the joint venture; otherwise, they will be classified as real estate-related assets. The Company will not participate in joint ventures in which the Company does not have or share control to the extent that the Board believes such participation would potentially threaten the Company's status as a non-investment company exempt from the Investment Company Act. This may prevent the Company from participating in certain otherwise suitable investment opportunities. The Company expects that no less than 55% of its assets will consist of investments in real property, including any joint ventures that the Company controls or in which the Company shares control. The Company will treat any investments in real estate-related securities as real estate-related assets, for purposes of determining whether the Company satisfies the 55%/25% test.

A change in the value of any of the Company's assets could negatively affect the Company's ability to maintain its exception from the definition of investment company under the Investment Company Act. To maintain compliance with the Section 3(c)(5)(C) exception, the Company may be unable to sell assets it would otherwise want to sell and may need to sell assets the Company would otherwise retain. In addition, the Company may have to acquire additional assets that the Company might not otherwise have acquired or may have to forego opportunities to acquire assets that the Company would otherwise want to acquire and would be important to the Company's investment strategy.

Qualifying for the Section 3(c)(5)(C) exception will limit the Company's ability to make certain investments. For example, these restrictions may limit the Company's and the Company's subsidiaries' ability to invest directly in mortgage-backed 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, non-controlling equity interests in real estate companies or in assets not related to real estate.

To the extent that the SEC or its staff provides more specific guidance regarding any of the matters bearing upon the definition of investment company and the exemptions to that definition, the Company may be required to adjust the Company's strategy accordingly. Any additional guidance from the SEC or its staff could provide additional flexibility to the Company, or it could further inhibit the Company's ability to pursue its chosen strategies.

Although the Company intends to monitor its portfolio, there can be no assurance that the Company will be able to maintain compliance with any applicable exception from the definition of investment company under the Investment Company Act. If the Company is required to register as an investment company under the Investment Company Act, the Company would become subject to substantial regulation with respect to the Company's capital structure (including the Company's ability to use borrowings), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), and portfolio composition, including disclosure requirements and restrictions with respect to diversification and industry concentration, and other matters. Compliance with the Investment Company Act would, accordingly, limit the Company's ability to make certain investments and require the Company to significantly restructure its business plan.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase and holding of Shares by employee benefit plans that are subject to Title I of ERISA, plans, individual retirement accounts ("IRAs") and other arrangements that are subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws") and any entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Shares of a portion of the assets of any Plan, a fiduciary should consider whether an investment in the Shares is appropriate for the Plan, taking into account the provisions of the Plan documents, the overall investment policy of the Plan and the composition of the Plan's investment portfolio, as there are imposed on Plan fiduciaries certain fiduciary requirements, including those of investment prudence and diversification and the requirement that a Plan's investments be made in accordance with the documents governing the Plan. Further, a fiduciary should consider that in the future there may be no market in which such Plan would be able to sell or otherwise dispose of Shares.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The fiduciary of an ERISA Plan that proposes to purchase or hold any shares should consider, among other things, whether such purchase and holding may involve the sale or exchange of any property between an ERISA Plan and a party in interest or disqualified person, or the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any ERISA plan assets. Certain exemptions are available from the prohibited transaction rules. However, there can be no assurance that an exemption will apply in any particular situation.

Plan Assets Issues

An additional issue concerns the extent to which the Company or all or a portion of the Company's assets could themselves be treated as subject to ERISA. ERISA and the United States Department of Labor regulations, as modified by Section 3(42) of ERISA (the "Plan Assets Regulation"), concerns the definition of what constitutes the assets of an ERISA Plan for purposes of the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and the prohibited transaction provisions of Section 4975 of the Code.

Under ERISA and the Plan Assets Regulation, generally when an ERISA Plan acquires an "equity interest" in an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established either that less than 25% of the total value of each class of equity interest in the entity is held by "benefit plan investors" as defined in Section 3(42) of ERISA, or the 25% Test, or that the entity is an "operating company" as defined in the Plan Assets Regulation (as discussed below). The term "benefit plan investors" is generally defined to include employee benefit plans subject to Title I of ERISA or

Section 4975 of the Code (including "Keogh" plans and IRAs), as well as any entity whose underlying assets include plan assets by reason of a plan's investment in such entity (*e.g.*, an entity of which 25% or more of the value of any class of equity interests is held by benefit plan investors and which does not satisfy another exception under ERISA).

The Company will not be an investment company under the Investment Company Act, the Board does not believe that the Company's Shares will qualify as a "publicly offered security" and there can be no assurance that benefit plan investors will hold less than 25% of the total value of the Shares at any point.

Operating Company

Under the Plan Assets Regulation, an entity is an "operating company" if it is primarily engaged, directly or through a majority-owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. In addition, the Plan Assets Regulation provides that the term operating company includes an entity qualifying as a real estate operating company ("REOC"). An entity is a REOC if (i) on its "initial valuation date" and on at least one day within each "annual valuation period," at least 50% of the entity's assets, valued at cost (other than short-term investments pending long-term commitment or distribution to investors) are invested in real estate that is managed or developed and with respect to which such entity has the right to substantially participate directly in management or development activities; and (ii) such entity in the ordinary course of its business is engaged directly in the management and development of real estate during specified periods. The "initial valuation date" is the date on which an entity first makes an investment that is not a short-term investment of funds pending long-term commitment. An entity's "annual valuation period" is a pre-established period not exceeding 90 days in duration, which begins no later than the anniversary of the entity's initial valuation date.

It is anticipated that, from and after the date the Company makes its first investment, the terms and conditions of such investments, and the rights obtained and exercised with respect to such investments, will enable the Company to qualify as a REOC within the meaning of the Plan Assets Regulation. However, no assurance can be given that this will be the case.

If the Company's assets are deemed to constitute ERISA "plan assets" (*i.e.*, if the Company fails to qualify as a REOC as of its initial valuation date, or during any subsequent annual valuation period), certain transactions that the Company might enter into, or may have entered into, in the ordinary course of business may constitute non-exempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code, may have to be rescinded and may give rise to prohibited transaction excise taxes and fiduciary liability, as described above. In addition, if the Company's assets are deemed to be "plan assets" of an ERISA Plan, the Company's management, as well as various providers of fiduciary or other services to the Company, and any other parties with authority or control with respect to the Company or the Company's assets, may be considered fiduciaries under ERISA and Section 4975 of the Code, or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

In addition, ERISA generally provides that discretionary authority with respect to the management and disposition of the assets of an ERISA Plan may be delegated to certain "investment managers" who acknowledge that they are fiduciaries of the ERISA Plan. In such case, an ERISA Plan fiduciary who has appointed an investment manager will generally not be liable for the acts of such investment manager. The Manager does not expect to be an "investment manager" within the meaning of ERISA. Consequently, if the Company's assets are deemed to constitute "plan assets" of any shareholder which is an ERISA Plan, the fiduciary of any such ERISA Plan would not be protected from liability resulting from the Company's decisions. Moreover, if the Company's underlying assets were deemed to be assets constituting "plan assets," there are several other provisions of ERISA that could be implicated for an ERISA Plan if it were to acquire or hold Shares either directly or by investing in an entity whose underlying assets are deemed to be assets of the ERISA Plan.

Representation

By acceptance of the Shares, each purchaser and subsequent transferee of a Share will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Shares constitutes assets of any Plan or (ii) the purchaser or transferee made its own discretionary decision to invest in the Shares and the holding of the Shares by such purchaser or transferee will not constitute a fiduciary breach or non-

exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The sale of Shares to an ERISA Plan is in no respect a representation by the Company or any other person associated with this offering that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

The preceding discussion is only a summary of certain ERISA implications of an investment in the securities and does not purport to be complete. Prospective investors should consult with their own legal, tax, financial and other advisors prior to investing to review these implications in light of such investor's particular circumstances.

Each purchaser or transferee that is or is acting on behalf of a Plan should consult with its legal advisor concerning the potential consequences to the Plan under ERISA, Section 4975 of the Code or applicable Similar Law of an investment in the Shares.

MATERIAL U.S. FEDERAL INCOME TAX **CONSIDERATIONS**

The following summary describes certain material U.S. federal income tax considerations relating to the ownership of Shares as of the date hereof by U.S. holders and non-U.S. holders, each as defined below. Except where noted, this summary deals only with Shares held as a capital asset and does not deal with special situations, such as those of dealers in securities or currencies, financial institutions, regulated investment companies, tax-exempt entities (except as described in "—Taxation of Tax-Exempt Holders of Common Shares" below), insurance companies, persons holding common stock as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons liable for alternative minimum tax, investors in pass- through entities or U.S. holders of common stock whose "functional currency" is not the U.S. dollar. This summary does not discuss any alternative minimum tax considerations or any state, local or non-U.S. tax considerations. Furthermore, the discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, possibly with retroactive effect, resulting in U.S. federal income tax consequences different from those discussed below.

On December 22, 2017, tax legislation commonly referred to as the Tax Cuts and Jobs Act was signed into law. The Tax Cuts and Jobs Act made significant changes to the U.S. federal income tax rules for taxation of individuals and corporations. Most of the changes applicable to individuals are temporary and apply only to taxable years beginning before January 1, 2026. Further changes to the tax laws are always possible. Prospective shareholders are urged to consult with their tax advisors with respect to the impact of the Tax Cuts and Jobs Act and the impending sunset of certain provisions included therein, the impact of legislation enacted to address the economic impact of the COVID-19 pandemic, and any other regulatory or administrative developments and proposals and their potential effect on investment in the Company's common shares.

No ruling on the U.S. federal, state, or local tax considerations relevant to the Company's operation or to the purchase, ownership or disposition of the Shares has been requested from the IRS or other tax authority. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. The summary is also based upon the assumption that the Company and its subsidiaries and affiliated entities will operate in accordance with the Company's and their applicable organizational documents.

The U.S. federal income tax treatment of holders of Shares depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular shareholder of holding Shares will depend on the shareholder's particular tax circumstances. You are urged to consult your own tax advisors concerning the U.S. federal income tax consequences in light of your particular situation as well as consequences arising under the laws of any other taxing jurisdiction.

The Company's Taxation as a REIT

The Company intends to elect and qualify to be taxed as a REIT under the Code commencing with the Company's taxable year ending December 31, 2022. Furthermore, the Company intends to operate in such a manner as to qualify for taxation as a REIT under the applicable provisions of the Code so long as the Board determines that REIT qualification remains in the Company's best interest.

The Company has not received, and do not intend to seek, any legal opinions or rulings from the IRS regarding the Company's status as a REIT or the Company's satisfaction of the REIT qualification requirements. The IRS may challenge the Company's status as a REIT, and a court could sustain any such challenge. Moreover, the Company's qualification and taxation as a REIT depend upon the Company's ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal income tax laws. Those qualification tests involve the percentage of income that the Company earns from specified sources, the percentage of the Company's assets that falls within specified categories, the diversity of the ownership of the Company's shares, and the percentage of the Company's taxable income that the Company distributes. Accordingly, no assurance can be given that the Company's actual results of operations for any particular taxable year will satisfy such requirements. For a discussion of the tax consequences of the Company's failure to qualify as a REIT, see "—Failure to Qualify."

The sections of the Code and the corresponding regulations that govern the U.S. federal income tax treatment of a REIT and its shareholders are highly technical and complex. The following discussion is qualified in its entirety by the applicable Code provisions, rules and regulations promulgated thereunder and administrative interpretations thereof.

Taxation of REITs in General

As indicated above, the Company's qualification and taxation as a REIT depends upon the Company's ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Code. The material qualification requirements are summarized below under "—Requirements for Qualification as a REIT." While the Company intends to operate so that it qualifies as a REIT, no assurance can be given that the IRS will not challenge the Company's qualification, or that the Company will be able to operate in accordance with the REIT requirements in the future. See "—Failure to Qualify."

Provided that the Company qualifies as a REIT, it will be entitled to a deduction for dividends that the Company pays and therefore will not be subject to U.S. federal corporate income tax on the Company's taxable income that is currently distributed to the Company's shareholders. This treatment substantially eliminates the "double taxation" at the corporate and shareholder levels that results from an investment in a C corporation (i.e., a corporation generally subject to U.S. federal corporate income tax). Double taxation means taxation once at the corporate level when income is earned and once again at the shareholder level when the income is distributed. In general, the income that the Company generates, to the extent distributed to the Company's shareholders as a dividend, is taxed only at the shareholder level.

If the Company qualifies as a REIT, it will nonetheless be subject to U.S. federal tax in the following circumstances:

- The Company will pay U.S. federal income tax on the Company's taxable income, including undistributed net capital gains, that it does not distribute to shareholders during, or within a specified time after, the calendar year in which the income is earned.

- If the Company has net income from "prohibited transactions," which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, unless the Company qualifies for a safe harbor exception, such income will be subject to a 100% tax.

- If the Company elects to treat property that it acquires in connection with a foreclosure of a mortgage loan or from certain leasehold terminations as "foreclosure property," the Company may thereby avoid (a) the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction) and (b) the inclusion of any income from such property not qualifying for purposes of the gross income tests discussed below, but the income from the sale or operation of the property may be subject to U.S. corporate income tax at the highest corporate income tax rate.

- If the Company fails to satisfy either the 75% gross income test or the 95% gross income test discussed below, but nonetheless maintain the Company's qualification as a REIT because other requirements are met, it will be subject to a 100% tax on the greater of the amount by which the Company fails the 75% gross income test or the 95% gross income test, multiplied in either case by a fraction intended to reflect the Company's profitability.

- If (i) the Company fails to satisfy the asset tests (other than a de minimis failure of the 5% asset test or the 10% vote or value test, as described below under "—Asset Tests") due to reasonable cause and not to willful neglect, (ii) the Company disposes of the assets or otherwise comply with such asset tests within six months after the last day of the quarter in which the Company identifies such failure and (iii) file a schedule with the IRS describing the assets that caused such failure, the Company will pay a tax equal to the greater of $50,000 or the net income from the nonqualifying assets during the period in which the Company failed to satisfy such asset tests multiplied by the highest corporate income tax rate.

- If the Company fails to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and the failure was due to reasonable cause and not to willful neglect, the Company will be required to pay a penalty of $50,000 for each such failure.

- The Company may be required to pay monetary penalties to the IRS in certain circumstances, including if the Company fails to meet recordkeeping requirements intended to monitor the Company's compliance with rules relating to the composition of a REIT's shareholders, as described below in "—Requirements for Qualification as a REIT."

- If the Company fails to distribute during each calendar year at least the sum of:

  - 85% of the Company's ordinary income for such calendar year;

  - 95% of the Company's capital gain net income for such calendar year; and

  - any undistributed taxable income from prior taxable years,

  The Company will pay a 4% nondeductible excise tax on the excess of the required distribution over the amount the Company actually distributed, plus any retained amounts on which income tax has been paid at the corporate level.

- If the Company elects to retain and pay income tax on the Company's net long-term capital gain, a U.S. holder would include its proportionate share of the Company's undistributed long-term capital gain (to the extent the Company makes a timely designation of such gain to the shareholder) in its income and would receive a credit or a refund for its proportionate share of the tax the Company paid.

- The Company will be required to pay a 100% excise tax on any "redetermined rents," "redetermined deductions," "excess interest" or "redetermined TRS service income" resulting from non-arm's length transactions involving the Company's taxable REIT subsidiaries.

- If the Company acquires any assets in a carry-over basis transaction from a non-REIT C corporation that does not elect to recognize its built-in gain in such assets, i.e., the excess of the fair market value of such assets over the adjusted basis of such assets at the time the Company acquires such assets would be subject to tax at the highest regular corporate rate on the built-in gain if the Company disposes of that built-in gain asset during the five-year period following its acquisition.

In addition, notwithstanding the Company's status as a REIT, the Company may also have to pay certain state and local income taxes, because not all states and localities treat REITs in the same manner that they are treated for U.S. federal income tax purposes. Moreover, as further described below, any domestic taxable REIT subsidiary in which the Company own an interest will be subject to U.S. federal corporate income tax on its net income.

Requirements for Qualification as a REIT. The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or trustees;

(2) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;

(3) that would be taxable as a domestic corporation but for its election to be subject to tax as a REIT;

(4) that is neither a financial institution nor an insurance company subject to certain provisions of the Code;

(5) the beneficial ownership of which is held by 100 or more persons;

(6) of which not more than 50% in value of the outstanding shares are owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) after applying certain attribution rules;

(7) that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year, which has not been terminated or revoked; and

(8) that meets other tests described below regarding its gross income, assets and distributions.

Conditions (1) through (4), inclusive, must be met during the entire taxable year. Condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Condition (6) must be met during the last half of each taxable year, but neither conditions (5) nor (6) apply to the first taxable year for which an election to be taxed as a REIT is made. The Company believes that it will maintain sufficient diversity of ownership to allow the Company to satisfy conditions (5) and (6) above. In addition, the Company's charter contains restrictions regarding the ownership and transfer of the Company's shares that are intended to assist the Company in continuing to satisfy the share ownership requirements described in (5) and (6) above. The provisions of the Company's charter restricting the ownership and transfer of the Company's shares are described in "Description of Capital Shares— Restrictions on Ownership and Transfer." These restrictions, however, may not ensure that the Company will be able to satisfy these share ownership requirements. If the Company fails to satisfy these share ownership requirements, it will fail to qualify as a REIT.

If the Company complies with regulatory rules pursuant to which the Company is required to send annual letters to holders of the Company's shares requesting information regarding the actual ownership of the Company's shares (as discussed below), and the Company does not know, or exercising reasonable diligence would not have known, whether the Company failed to meet requirement (6) above, the Company will be treated as having met the requirement.

To monitor compliance with the share ownership requirements, the Company generally is required to maintain records regarding the actual ownership of the Company's shares. To do so, the Company must demand written statements each year from the record holders of specified percentages of the Company's shares pursuant to which the record holders must disclose the actual owners of the shares (i.e., the persons required to include the Company's dividends in their gross income). The Company must maintain a list of those persons failing or refusing to comply with this demand as part of the Company's records. The Company could be subject to monetary penalties if the Company fails to comply with these record-keeping requirements. If you fail or refuse to comply with the demands, you will be required by Treasury Regulations to submit a statement with your tax return disclosing your actual ownership of the Company's shares and other information. In addition, must satisfy all relevant filing and other administrative requirements established by the IRS to elect and maintain REIT status, use a calendar year for U.S. federal income tax purposes, and comply with the record-keeping requirements of the Code and regulations promulgated thereunder.

Ownership of Partnership Interests. In the case of a REIT that is a partner in an entity that is treated as a partnership for U.S. federal income tax purposes, (for purposes of this discussion, references to "partnership" include a limited liability company or other entity treated as a partnership for U.S. federal income tax purposes, and references to a partner include a member in such limited liability company or other entity), Treasury Regulations provide that the REIT is deemed to own its proportionate share of the partnership's assets for purposes of the asset tests described below and to earn its proportionate share of the partnership's gross income for purposes of the gross income tests described below, based on its pro rata share of capital interests in the partnership. However, solely for purposes of the 10% value test described below (see "—Asset Tests"), the determination of a REIT's interest in a partnership's assets will be based on the REIT's proportionate interest in any securities issued by the partnership, excluding for these purposes, certain excluded securities as described in the Code. In addition, the assets and gross income of the partnership generally are deemed to retain the same character in the hands of the REIT. Thus, the Company's proportionate share of the assets and items of income of partnerships in which the Company owns an equity interest, including the Company's operating partnership, is treated as the Company's assets and items of gross income for purposes of applying the REIT requirements described below. Consequently, to the extent that the Company directly or indirectly holds a preferred or other equity interest in a partnership, the partnership's assets and operations may affect the Company's ability to qualify as a REIT, even though the Company may have no control or only limited influence over the partnership.

Liability is imposed on the partnership (rather than its partners) for adjustments to reported partnership taxable income resulting from audits or other tax proceedings. The liability can include an imputed underpayment of tax, calculated by using the highest marginal U.S. federal income tax rate, as well as interest and penalties on such imputed

underpayment of tax. Using certain rules, partnerships may be able to transfer these liabilities to their partners. In the event any adjustments are imposed by the IRS on the taxable income reported by any partnership in which the Company owns an interest, including the Company's operating partnership, the Company intends to utilize certain rules to the extent possible to allow the Company to transfer any liability with respect to such adjustments to the partners of the partnership who should properly bear such liability. However, there is no assurance that the Company will qualify under those rules or that the Company will have the authority to use those rules under the operating agreements for certain of the partnerships in which the Company hold interests.

Disregarded Subsidiaries. If a REIT owns a corporate subsidiary that is a "qualified REIT subsidiary," the separate existence of that subsidiary is disregarded for U.S. federal income tax purposes. A qualified REIT subsidiary is a corporation or other entity that otherwise would be treated as a corporation for U.S. federal income tax purposes, other than a taxable REIT subsidiary, all of the shares of which is owned directly or indirectly by the REIT. Other entities that are wholly owned by the Company, including single member limited liability companies that have not elected to be taxed as corporations for U.S. federal income tax purposes, are also generally disregarded as separate entities for U.S. federal income tax purposes, including for purposes of the REIT gross income and asset tests. All assets, liabilities and items of income, deduction and credit of qualified REIT subsidiaries and disregarded subsidiaries will be treated as assets, liabilities and items of income, deduction and credit of the REIT itself. A qualified REIT subsidiary of ours is not subject to U.S. federal corporate income taxation, although it may be subject to state and local taxation in some states.

In the event that a qualified REIT subsidiary or a disregarded subsidiary ceases to be wholly owned by the Company (for example, if any equity interest in the subsidiary is acquired by a person other than the Company or another disregarded subsidiary of the Company), the subsidiary's separate existence would no longer be disregarded for U.S. federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect the Company's ability to satisfy the various asset and gross income tests applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value or voting power of the outstanding securities of another corporation. See "—Asset Tests" and "—Gross Income Tests."

Taxable REIT Subsidiaries. A "taxable REIT subsidiary" is an entity that is taxable as a corporation in which the Company directly or indirectly owns shares and that elects with the Company to be treated as a taxable REIT subsidiary. The separate existence of a taxable REIT subsidiary is not ignored for U.S. federal income tax purposes. Accordingly, a domestic taxable REIT subsidiary generally is subject to U.S. federal corporate income tax on its earnings, which may reduce the cash flow that the Company and its subsidiaries generate in the aggregate and may reduce the Company's ability to make distributions to the Company's shareholders. In addition, if a taxable REIT subsidiary 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 taxable REIT subsidiary. However, an entity will not qualify as a taxable REIT subsidiary if it directly or indirectly operates or manages a lodging or health care facility or, generally, provides to another person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated. The Company generally may not own more than 10%, as measured by voting power or value, of the securities of a corporation that is not a qualified REIT subsidiary unless the Company and such corporation elect to treat such corporation as a taxable REIT subsidiary. Overall, no more than 20% of the value of a REIT's assets may consist of shares or securities of one or more taxable REIT subsidiaries.

Assets owned, and income earned, by a taxable REIT subsidiary is not attributed to the REIT for purposes of the gross income and asset tests. Rather, the shares issued by a taxable REIT subsidiary to the Company is an asset in the Company's hands, and the Company treats dividends paid to the Company from such taxable REIT subsidiary, if any, as income for purposes of the Company's gross income tests. As a result, income that might not be qualifying income for purposes of the gross income tests applicable to REITs could be earned by a taxable REIT subsidiary without affecting the Company's status as a REIT. For example, REITs may use taxable REIT subsidiaries to perform services or conduct activities that give rise to certain categories of income such as advisory or other service fees, to own assets that give rise to gross income that would not qualify for the gross income tests, such as income from an ownership interest in a hotel, or to conduct activities that, if conducted by the Company directly, would be treated in the Company's hands as prohibited transactions.

Certain restrictions imposed on taxable REIT subsidiaries are intended to ensure that such entities will be subject to appropriate levels of federal income taxation. The Company will be required to pay a 100% tax on any redetermined rents, redetermined deductions, excess interest and redetermined TRS service income. In general, redetermined rents are rents from real property that are overstated as a result of services furnished by the Company's TRSs. Redetermined deductions and excess interest generally represent amounts that are deducted by a TRS for amounts paid to the Company that are in excess of the amounts that would have been deducted based on arm's-length negotiations. Redetermined TRS service income generally means the additional gross income a TRS would recognize if it were paid an arm's-length fee for services provided to, or on behalf of, the Company.

Gross Income Tests

To qualify as a REIT, the Company must satisfy two gross income requirements, each of which is applied on an annual basis. First, at least 75% of the Company's gross income, excluding gross income from prohibited transactions and certain hedging and foreign currency transactions, for each taxable year generally must be derived directly or indirectly from:

- rents from real property;
- interest on debt secured by mortgages on real property or on interests in real property;
- dividends or other distributions on, and gain from the sale of, stock in other REITs;
- gain from the sale of real property or mortgage loans;
- abatements and refunds of taxes on real property;
- income and gain derived from foreclosure property (as described below);
- amounts (other than amounts the determination of which depends in whole or in part on the income or profits of any person) received or accrued as consideration for entering into agreements (i) to make loans secured by mortgages on real property or on interests in real property or (ii) to purchase or lease real property (including interests in real property and interests in mortgages on real property); and
- interest or dividend income from investments in stock or debt instruments attributable to the temporary investment of new capital during the one-year period following the Company's receipt of new capital that the Company raises through equity offerings (but not the Company's DRIP) or public offerings of debt obligations with at least a five-year term.

Second, at least 95% of the Company's gross income, excluding gross income from prohibited transactions and certain hedging transactions, for each taxable year must be derived from sources that qualify for purposes of the 75% gross income test, and from (i) dividends, (ii) interest (including interest income from debt instruments issued by publicly offered REITs) and (iii) gain from the sale or disposition of stock or securities that need not have any relation to real property (including gain from the sale or other disposition of debt instruments issued by publicly offered REITs).

If the Company fails to satisfy one or both of the 75% and 95% gross income tests for any taxable year, the Company may nevertheless qualify as a REIT for that year if the Company's failure to meet the tests is due to reasonable cause and not due to willful neglect and the Company attaches a schedule of the sources of the Company's income to the Company's U.S. federal income tax return. It is not possible, however, to state whether in all circumstances the Company would be entitled to the benefit of these relief provisions. For example, if the Company fails to satisfy the gross income tests because nonqualifying income that the Company intentionally recognizes exceeds the limits on nonqualifying income, the IRS could conclude that the failure to satisfy the tests was not due to reasonable cause. If these relief provisions are inapplicable to a particular set of circumstances, the Company will fail to qualify as a REIT. Even if these relief provisions apply, a penalty tax would be imposed based on the amount of nonqualifying income. See "—Taxation of REITs in General."

Gross income from the Company's sale of property that the Company holds primarily for sale to customers in the ordinary course of business is excluded from both the numerator and the denominator in both gross income tests. In addition, certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests. The Company will monitor the amount of the Company's nonqualifying income, and the Company intends to manage the Company's portfolio to comply at all times with the gross income tests. The following paragraphs discuss some of the specific applications of the gross income tests to the Company.

Dividends. The Company may directly or indirectly receive distributions from taxable REIT subsidiaries or other corporations that are not REITs or qualified REIT subsidiaries. These distributions generally are treated as dividend income to the extent of the earnings and profits of the distributing corporation. the Company's dividend income from the ownership of stock in any corporation (other than any REIT), including any taxable REIT subsidiary, will be qualifying income for purposes of the 95% gross income test but not the 75% gross income test. Dividends that the Company receives from any REITs in which the Company owns stock and the Company's gain on the sale of the stock in those REITs will be qualifying income for purposes of both gross income tests. However, if a REIT in which the Company owns stock fails to qualify as a REIT in any year, the Company's income from such REIT would be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test.

Interest. The term "interest," as defined for purposes of both gross income tests, generally excludes any amount that is based in whole or in part on the income or profits of any person; however, it generally includes the following: (i) an amount that is received or accrued based on a fixed percentage or percentages of receipts or sales, and (ii) an amount that is based on the income or profits of a debtor, as long as the debtor derives substantially all of its income from the real property securing the debt by leasing substantially all of its interest in the property, and only to the extent that the amounts received by the debtor would be qualifying "rents from real property" if received directly by a REIT.

Interest on debt secured by mortgages on real property or on interests in real property (including, for this purpose, prepayment penalties, loan assumption fees and late payment charges that are not compensation for services) generally is qualifying income for purposes of the 75% gross income test. If the Company receives interest income with respect to a mortgage loan that is secured by both real property and personal property, the value of the personal property securing the loan exceeds 15% of the value of all property securing the loan, 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 the Company had a binding commitment to acquire or originate the mortgage loan, the interest income will be apportioned between the real property and the other collateral, and interest will qualify for purposes of the 75% gross income test only to the extent that it is allocable to the real property. 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.

Interest, original issue discount and market discount income that the Company receives or accrues from any mortgage-related assets generally will be qualifying income for purposes of both gross income tests.

Hedging Transactions. The Company and the Company's subsidiaries may enter into hedging transactions with respect to one or more of the Company's assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swap agreements, interest rate cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Any income from a hedging transaction to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by the Company to acquire or own real estate assets, or to hedge existing hedging positions after a portion of the hedged indebtedness or property is disposed of, 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 of such a transaction, will be disregarded for purposes of the 75% and 95% gross income tests. There are also rules for disregarding income for purposes of the 75% and 95% gross income tests with respect to hedges of certain foreign currency risks. To the extent that the Company enters into other types of hedging transactions, the income from those transactions is likely to be treated as nonqualifying income for purposes of both of the 75% and 95% gross income tests. Moreover, to the extent that a position in a hedging transaction has positive value at any particular point in time, it may be treated as an asset that does not qualify for purposes of the asset tests described below. The Company intends to structure any hedging transactions in a manner that does not jeopardize the Company's qualification as a REIT. No assurance can be given, however, that the Company's hedging activities will not give rise to income or assets that do not qualify for purposes of the REIT tests, or that the Company's hedging will not adversely affect the Company's ability to satisfy the REIT qualification requirements.

The Company may conduct some or all of the Company's hedging activities through a taxable REIT subsidiary or other corporate entity, the income of which may be subject to U.S. federal income tax, rather than by participating in the arrangements directly or through pass-through subsidiaries.

Fee Income. The Company may receive various fees in connection with the Company's operations. The fees will be qualifying income for purposes of both the 75% and 95% gross income tests if they are received in consideration for entering into an agreement to make a loan secured by real property or to purchase or lease real property and the fees are not determined by the borrower's income and profits. Other fees are not qualifying income for purposes of either gross income test.

Rents from Real Property. Rents the Company receives will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if several conditions described below are met. These conditions relate to the identity of the tenant, the computation of the rent payable, and the nature of the property leased and any services provided in connection with the property. 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 rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents the Company receives from a "related party tenant" will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a taxable REIT subsidiary, at least 90% of the property is leased to unrelated tenants, the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space and the rent is not attributable to an increase in rent due to a modification of a lease with a "controlled taxable REIT subsidiary" (i.e., a taxable REIT subsidiary in which the Company owns directly or indirectly more than 50% of the voting power or value of the stock). 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. Whether rents paid by a taxable REIT subsidiary are substantially comparable to rents paid by other tenants is determined at the time the lease with the taxable REIT subsidiary is entered into, extended, or modified, if such modification increases the rents due under such lease. The Company also may lease to the Company's TRS if the TRS engages an "eligible independent contractor" to manage such properties. 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. Finally, for rents to qualify as "rents from real property" for purposes of the gross income tests, the Company is only allowed to provide services that are both usually or "customarily rendered" in connection with the rental of real property and not otherwise considered "rendered to the occupant" of the property. Examples of these permitted services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. The Company may, however, render services to the Company's tenants through an "independent contractor" who is adequately compensated and from whom the Company does not derive any income if certain requirements are satisfied. The Company may also own an interest in a taxable REIT subsidiary that provides non-customary services to tenants without tainting the Company's rental income from the related properties.

Even if a REIT furnishes or renders services that are non-customary with respect to a property, if the greater of (i) the amounts received or accrued, directly or indirectly, or deemed received by the REIT with respect to such services, or (ii) 150% of the Company's direct cost in furnishing or rendering the services during a taxable year is not more than 1% of all amounts received or accrued, directly or indirectly, by the REIT with respect to the property during the same taxable year, then only the amounts with respect to such services are not treated as rent for purposes of the gross income tests.

The Company intends to cause any services that are not "usually or customarily rendered," or that are for the benefit of a particular tenant in connection with the rental of real property, to be provided through a taxable REIT subsidiary or through an "independent contractor" that is adequately compensated and from which the Company does not derive revenue, and which meets certain other requirements. However, no assurance can be given that the IRS will concur with the Company's determination as to whether a particular service is usual or customary, or otherwise in this regard.

Prohibited Transactions Tax. A REIT will incur a 100% tax on the net income derived from any sale or other disposition of property, other than foreclosure property, that the REIT holds primarily for sale to customers in the ordinary course of a trade or business. Whether a REIT holds an asset primarily for sale to customers in the ordinary course of a trade or business depends, however, on the facts and circumstances in effect from time to time, including

those related to a particular asset. Nevertheless, the Company intends to conduct the Company's operations so that no asset that the Company owns (or is treated as owning) will be treated as, or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of the Company's business. The Company cannot assure you that the Company will comply with certain safe harbor provisions or that the Company will avoid owning property that may be characterized as property that the Company hold primarily for sale to customers in the ordinary course of a trade or business. The 100% tax will not apply to gains from the sale of property that is held through a taxable REIT subsidiary or other taxable corporation, although such income will be subject to tax in the hands of such corporation at regular corporate income tax rates. The Company intends to structure the Company's activities to avoid prohibited transaction characterization.

Foreclosure Property. Foreclosure property is any real property, including interests in real property, and any personal property incident to such real property:

- that is acquired by a REIT as the result of the REIT having bid in such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default or default was imminent on a lease of such property or on indebtedness that such property secured;

- for which the related loan was acquired by the REIT at a time when the default was not imminent or anticipated; and

- for which the REIT makes a proper election to treat the property as foreclosure property.

However, a REIT will not be considered to have foreclosed on a property where the REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor.

Property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property, or longer if an extension is granted by the Secretary of the Treasury. This grace period terminates and foreclosure property ceases to be foreclosure property on the first day:

- on which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test, or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify for purposes of the 75% gross income test;

- on which any construction takes place on the property, other than completion of a building or any other improvement, if more than 10% of the construction was completed before default became imminent; or

- which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business that is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income.

The Company will be subject to tax at the maximum corporate rate on any income from foreclosure property, including gain from the disposition of the foreclosure property, other than income that otherwise would be qualifying income for purposes of the 75% gross income test, less expenses directly connected with the production of that income. However, net income from foreclosure property, including gain from the sale of foreclosure property held for sale in the ordinary course of a trade or business, will qualify for purposes of the 75% and 95% gross income tests. 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 would otherwise constitute inventory or dealer property.

Phantom Income. Due to the nature of the assets in which the Company will invest, the Company may be required to recognize taxable income from certain assets in advance of the Company's receipt of cash from, or proceeds from disposition of, such assets, and may be required to report taxable income that exceeds the economic income ultimately realized on such assets.

The Company may acquire debt instruments in the secondary market for less than their face amount. The amount of such discount generally will be treated as "market discount" for U.S. federal income tax purposes. Accrued market discount is reported as income when, and to the extent that, any payment of principal of the debt instrument is made, unless the Company elects to include accrued market discount in income as it accrues. Principal payments on certain debt instruments may be made monthly, and, consequently, accrued market discount may have to be included in income each month as if the debt instrument were assured of ultimately being collected in full. If the Company collects less on the debt instrument than the Company's purchase price plus the market discount the Company had previously reported as income, the Company may not be able to benefit from any offsetting loss deductions.

The terms of the debt instruments that the Company holds may be modified under certain circumstances. These modifications may be considered "significant modifications" for U.S. federal income tax purposes that give rise to a deemed debt-for-debt exchange upon which the Company may recognize taxable income or gain without a corresponding receipt of cash.

Some of the debt securities that the Company acquires may have been issued with original issue discount. In general, the Company will be required to accrue non-de minimis original issue discount based on the constant yield to maturity of such debt securities, and to treat it as taxable income in accordance with applicable U.S. federal income tax rules even though such yield may exceed cash payments, if any, received on such debt instrument.

In addition, in the event that any debt instruments or debt securities acquired by the Company 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, the Company may nonetheless be required to continue to recognize the unpaid interest as taxable income. Similarly, the Company may be required to accrue interest income with respect to subordinated mortgage-backed securities at the stated rate regardless of whether corresponding cash payments are received.

The Company may be required under the terms of indebtedness that the Company incurs to use cash received from interest payments to make principal payments on that indebtedness, with the effect of recognizing income but not having a corresponding amount of cash available for distribution to the Company's shareholders.

As a result of potential timing differences between income recognition or expense deduction and cash receipts or disbursements, there is a risk that the Company may have taxable income in excess of cash available for distribution. In that event, the Company may need to borrow funds or take other action to satisfy the REIT distribution requirements for the taxable year in which this "phantom income" is recognized. See "—Annual Distribution Requirements Applicable to REITs."

Asset Tests

At the close of each quarter of the Company's taxable year, the Company must satisfy the following tests relating to the nature of the Company's assets.

- At least 75% of the value of the Company's total assets must be represented by the following:
    - interests in real property, including leaseholds and options to acquire real property and leaseholds;
    - interests in mortgages on real property;
    - interests in personal property that generates rents from real property;
    - stock in other REITs and debt instruments issued by publicly offered REITs;
    - cash and cash items (including certain receivables);
    - government securities;
    - investments in stock or debt instruments attributable to the temporary investment of new capital during the one-year period following the Company's receipt of new capital that the Company raises through

equity offerings (but not the Company's DRIP) or public offerings of debt obligations with at least a five-year term; and

- regular or residual interests in a REMIC. However, if less than 95% of the assets of a REMIC consists of assets that are qualifying real estate-related assets under U.S. federal income tax laws, determined as if the Company held such assets directly, the Company will be treated as holding directly the Company's proportionate share of the assets of such REMIC.

- Not more than 25% of the Company's total assets may be represented by securities, other than those in the 75% asset class described above.

- Except for securities in taxable REIT subsidiaries and the securities in the 75% asset class described in the first bullet point above, the value of any one issuer's securities owned by the Company may not exceed 5% of the value of the Company's total assets.

- Except for securities in taxable REIT subsidiaries and the securities in the 75% asset class described in the first bullet point above, the Company may not own more than 10% of any one issuer's outstanding voting securities.

- Except for securities of taxable REIT subsidiaries and the securities in the 75% asset class described in the first bullet point above, the Company may not own more than 10% of the total value of the outstanding securities of any one issuer, other than securities that qualify for the "straight debt" exception or other exceptions discussed below.

- Not more than 20% of the value of the Company's total assets may be represented by the securities of one or more taxable REIT subsidiaries.

- Not more than 25% of the value of the Company's total assets may be represented by nonqualified publicly offered REIT debt instruments.

A debt obligation secured by a mortgage on both real and personal property is treated as a real estate asset for purposes of the 75% asset test, and interest thereon is treated as interest on an obligation secured by real property, if the fair market value of the personal property does not exceed 15% of the fair market value of all property securing the debt even if the loan is not fully secured by real property. Thus, there is no apportionment for purposes of the asset tests or the gross income tests if the fair market value of personal property securing the loan does not exceed 15% of the fair market value of all property securing the loan.

Notwithstanding the general rule, as noted above, that for purposes of the gross income and asset tests the Company is treated as owning its proportionate share of the underlying assets of a subsidiary partnership, if the Company holds indebtedness issued by a partnership, the indebtedness will be subject to, and may cause a violation of, the asset tests unless the indebtedness is a qualifying mortgage asset or other conditions are met. Similarly, although stock of another REIT is a qualifying asset for purposes of the asset tests, any non-mortgage debt that is issued by another REIT may not so qualify (although such debt will not be treated as "securities" for purposes of the 10% value test, as explained below, where such REIT is a publicly offered REIT).

Securities, for purposes of the asset tests, may include debt the Company holds from other issuers. However, debt the Company holds in an issuer that does not qualify for purposes of the 75% asset test will not be taken into account for purposes of the 10% value test if the debt securities meet the straight debt safe harbor. Subject to certain exceptions, debt will meet the straight debt safe harbor if the debt is a written unconditional promise to pay on demand or on a specified date a sum certain in money, the debt is not convertible, directly or indirectly, into stock, and the interest rate and the interest payment dates of the debt are not contingent on the profits of any person, the borrower's discretion or similar factors. In the case of an issuer that is a corporation or a partnership, securities that otherwise would be considered straight debt will not be so considered if the Company, and any of the Company's "controlled taxable REIT subsidiaries" as defined in the Code, hold any securities of the corporate or partnership issuer that (a) are not straight debt or other excluded securities (prior to the application of this rule), and (b) have an aggregate value greater

than 1% of the issuer's outstanding securities (including, in the case of a partnership issuer, the Company's interest as a partner in the partnership).

In addition to straight debt, the Code provides that certain other securities will not violate the 10% asset test. Such securities include (i) any loan made to an individual or an estate, (ii) certain rental agreements pursuant to which one or more payments are to be made in subsequent years (other than agreements between a REIT and certain persons related to the REIT under attribution rules), (iii) any obligation to pay rents from real property, (iv) securities issued by governmental entities that are not dependent in whole or in part on the profits of (or payments made by) a non-governmental entity, (v) any security (including debt securities) issued by another REIT and (vi) any debt instrument issued by a partnership if the partnership's income is of such a nature that the partnership would satisfy the 75% gross income test described above under "—Gross Income Tests." In applying the 10% asset test, a debt security issued by a partnership (other than straight debt or any other excluded security) is not taken into account to the extent, if any, of the REIT's proportionate interest as a partner in that partnership.

Any stock that the Company holds or acquire in other REITs will be a qualifying asset for purposes of the 75% asset test. However, if a REIT in which the Company owns stock fails to qualify as a REIT in any year, the stock in such REIT will not be a qualifying asset for purposes of the 75% asset test. Instead, the Company would be subject to the second, third, fourth, and fifth asset tests described above with respect to the Company's investment in such a disqualified REIT. The Company will also be subject to those asset tests with respect to the Company's investments in any non-REIT C corporations for which the Company does not make a taxable REIT subsidiary election.

The Company monitor the status of the Company's assets for purposes of the various asset tests and seek to manage the Company's portfolio to comply at all times with such tests. There can be no assurances, however, that the Company will be successful in this effort. Independent appraisals may not have been obtained to support the Company's conclusions as to the value of the Company's total assets or the value of any particular security or securities. Moreover, the values of some assets may not be susceptible to a precise determination, and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset requirements. Accordingly, there can be no assurance that the IRS will not contend that the Company's interests in the Company's subsidiaries or in the securities of other issuers will not cause a violation of the asset tests.

However, certain relief provisions are available to allow REITs to satisfy the asset requirements or to maintain REIT qualification notwithstanding certain violations of the asset and other requirements. For example, if the Company failed to satisfy the asset tests at the end of a calendar quarter, such a failure would not cause the Company to lose the Company's REIT qualification if (i) the Company satisfied the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of the Company's assets and the asset requirements was not wholly or partly caused by an acquisition of nonqualifying assets, but instead arose from changes in the relative market values of the Company's assets. If the condition described in (ii) were not satisfied, the Company could nevertheless avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose or by making use of the relief provisions described above.

In the case of de minimis violations of the 10% and 5% asset tests, a REIT may maintain its qualification despite a violation of such requirements if (i) the value of the assets causing the violation does not exceed the lesser of 1% of the REIT's total assets and $10,000,000 and (ii) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or the relevant tests are otherwise satisfied within that time frame.

Even if the Company did not qualify for the foregoing relief provisions, one additional provision allows a REIT that fails one or more of the asset requirements for a particular tax quarter to nevertheless maintain its REIT qualification if (i) the REIT provides the IRS with a description of each asset causing the failure, (ii) the failure is due to reasonable cause and not willful neglect, (iii) the REIT pays a tax equal to the greater of (a) $50,000 per failure and (b) the product of the net income generated by the assets that caused the failure multiplied by the highest applicable corporate tax rate and (iv) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset tests within that time frame.

Annual Distribution Requirements Applicable to REITs

To qualify for taxation as a REIT, the Company generally must distribute dividends (other than capital gain dividends) to the Company's shareholders in an amount at least equal to:

- the sum of (i) 90% of the Company's REIT taxable income, computed without regard to the dividends-paid deduction and the Company's net capital gain and (ii) 90% of the Company's net income after tax, if any, from foreclosure property; minus

- the excess of the sum of specified items of non-cash income (including original issue discount on the Company's mortgage loans) over 5% of the Company's REIT taxable income, computed without regard to the dividends-paid deduction and the Company's net capital gain.

Distributions generally must be made during the taxable year to which they relate. Distributions may be made in the following year in two circumstances. First, if the Company declares a dividend in October, November or December of any year with a record date in one of these months and pay the dividend in January of the following year, the Company will be treated as having paid the dividend on December 31 of the year in which the dividend was declared. Second, distributions may be made in the following year if the dividends are declared before the Company timely files its tax return for the year and if made before the first regular dividend payment made after such declaration. These distributions are taxable to the Company's shareholders in the year in which paid, even though the distributions relate to the Company's prior taxable year for purposes of the 90% distribution requirement. To the extent that the Company does not distribute all of the Company's net capital gain or the Company distributes dividends equal to at least 90%, but less than 100% of the Company's REIT taxable income, as adjusted, the Company will be subject to tax on the undistributed amount at regular corporate tax rates.

To the extent that in the future the Company may have available net operating losses carried forward from prior tax years, such losses may reduce the amount of distributions that the Company must make in order to comply with the REIT distribution requirements. Such losses, however, (1) generally will not affect the character, in the hands of the Company's shareholders, of any dividends that actually are made as ordinary dividends or capital gain; and (2) cannot be passed through or used by the Company's shareholders.

If the Company fails to distribute during a calendar year (or, in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January following such calendar year) at least the sum of (i) 85% of the Company's ordinary income for such year, (ii) 95% of the Company's capital gain net income for such year and (iii) any undistributed taxable income from prior years, the Company will be subject to a 4% excise tax on the excess of such required distribution over the sum of (x) the amounts actually distributed (taking into account excess distributions from prior years) and (y) the amounts of income retained on which the Company has paid corporate income tax.

Although several types of non-cash income are excluded in determining the annual distribution requirement, the Company will incur corporate income tax and the 4% nondeductible excise tax with respect to those non-cash income items if the Company does not distribute those items on a current basis. As a result of the foregoing, the Company may not have sufficient cash to distribute all of the Company's taxable income and thereby avoid corporate income tax and the excise tax imposed on certain undistributed income. In such a situation, the Company may need to borrow funds or issue additional shares.

The Company may elect to retain rather than distribute all or a portion of the Company's net capital gains and pay the tax on the gains. In that case, the Company may elect to have the Company's shareholders include their proportionate share of the undistributed net capital gains in income as long-term capital gains and receive a credit for their share of the tax paid by the Company. The Company's shareholders would then increase the adjusted basis of their shares by the difference between (i) the amounts of capital gain dividends that the Company designated and that they include in their taxable income, minus (ii) the tax that the Company paid on their behalf with respect to that income. For purposes of the 4% excise tax described above, any retained amounts for which the Company elects this treatment would be treated as having been distributed.

The Company intend to make timely distributions sufficient to satisfy the distribution requirement. However, it is possible that, from time to time, the Company may not have sufficient cash or other liquid assets to meet the

distribution requirement due to timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of items of income and deduction of expenses by the Company for U.S. federal income tax purposes or due to allocations of net income from partnerships in excess of distributions received therefrom. In addition, the Company may prefer to retain its cash, rather than distribute it, in order to repay debt, acquire assets or for other reasons. In the event that such timing differences occur, and in other circumstances, it may be necessary in order to satisfy the distribution requirements to arrange for short- term, or possibly long-term, borrowings, or to pay the dividends in the form of other property (including, for example, shares of the Company's own shares).

If the Company's taxable income for a particular year is subsequently determined to have been understated, under some circumstances the Company may be able to rectify a failure to meet the distribution requirements for a year by paying deficiency dividends to shareholders in a later year, which may be included in the Company's deduction for dividends paid for the earlier year. Thus, the Company may be able to avoid being taxed on amounts distributed as deficiency dividends. However, the Company will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

Interest deductions for businesses, whether in corporate or pass-through form, are limited to the sum of the taxpayer's business interest income for the tax year and 30% of the taxpayer's adjusted taxable income for the tax year. Treasury Regulations define interest expansively to cover various amounts not otherwise treated as interest. This limitation could apply to the Company's operating partnership, underlying partnerships and any TRSs that the Company forms. This limitation on business interest deductions does not apply to an "electing real property trade or business." One consequence of electing to be an "electing real property trade or business" is that accelerated expensing rules will not apply to property used in an electing real property trade or business and less favorable depreciation methods will apply. Finally, under Section 172 of the Code, the Company's deduction for any net operating loss carryforwards arising from losses the Company incurs is limited to 80% of the Company's annual REIT taxable income (determined without regard to the deduction for dividends paid), and any unused portion of such losses may not be carried back, but may be carried forward indefinitely.

Like-Kind Exchanges

The Company may dispose of properties in transactions intended to qualify as like-kind exchanges under the Code. Such like-kind exchanges are intended to result in the deferral of gain for U.S. federal income tax purposes. The failure of any such transaction to qualify as a like-kind exchange could require the Company to pay U.S. federal income tax, possibly including the 100% prohibited transaction tax, depending on the facts and circumstances surrounding the particular transaction.

Penalty Tax for Non-Arm's Length Transactions with TRSs

Any redetermined rents, redetermined deductions, excess interest or redetermined TRS service income the Company generates will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of any services furnished to any of the Company's tenants by a taxable REIT subsidiary, and redetermined deductions and excess interest represent any amounts that are deducted by a taxable REIT subsidiary for amounts paid to the Company that are in excess of the amounts that would have been deducted based on arm's length negotiations. Rents that the Company receives will not constitute redetermined rents if they qualify for certain safe harbor provisions contained in the Code. Redetermined TRS service income is income earned by a taxable REIT subsidiary that is attributable to services provided to the Company, or on the Company's behalf to any of the Company's tenants, that is less than the amounts that would have been charged based upon arms' length negotiations.

Recordkeeping Requirements

The Company are required to comply with applicable recordkeeping requirements. Failure to comply could result in monetary fines. For example, the Company must request on an annual basis information from its shareholders designed to disclose the actual ownership of the Company's outstanding common shares.

Failure to Qualify

If the Company fails to satisfy one or more requirements of REIT qualification, other than the gross income tests or asset tests, the Company may still retain REIT qualification if the failure is due to reasonable cause and not willful neglect, and the Company pays a penalty of $50,000 for each failure.

If the Company fails to qualify for taxation as a REIT in any taxable year and the relief provisions do not apply, the Company will be subject to tax on the Company's taxable income at regular corporate income tax rates. This would significantly reduce both the Company's cash available for distribution to the Company's shareholders, and the Company's earnings. If the Company fails to qualify as a REIT, the Company will not be required to make any distributions to shareholders and any distributions that are made will not be deductible by the Company. Moreover, all distributions to shareholders would be taxable as dividends to the extent of the Company's current and accumulated earnings and profits, whether or not attributable to capital gains of the Company. Furthermore, subject to certain limitations in the Code, corporate distributees may be eligible for the dividends-received deduction with respect to those distributions, and individual, trust and estate distributees may be eligible for reduced U.S. federal income tax rates on such dividends as "qualified dividend income." Unless the Company is entitled to relief under specific statutory provisions, it also will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost.

Tax Aspects of the Operating Partnership and any Subsidiary Partnerships

General. Substantially all of the Company's assets will be held through the Operating Partnership. In addition, the Operating Partnership may hold certain investments indirectly through subsidiary partnerships and limited liability companies that are treated as partnerships or disregarded entities for U.S. federal income tax purposes. In general, entities that are treated as partnerships or disregarded entities for U.S. federal income tax purposes are "pass-through" entities that are not required to pay U.S. federal income tax except as discussed below under "Entity Classification." Rather, partners or members of such entities are allocated their shares of the items of income, gain, loss, deduction and credit of the partnership or limited liability company and are potentially required to pay tax on this income, without regard to whether they receive a distribution from the partnership or limited liability company. A partner in such entities that is a REIT will include in its income its share of these partnership and limited liability company items for purposes of the various gross income tests, the computation of its REIT taxable income, and the REIT distribution requirements. Pursuant to these rules, for purposes of the asset tests, the Company will include its pro rata share of assets held by the Company's Operating Partnership, including the Company's share of its subsidiary partnerships and limited liability companies, based on its capital interest in each such entity.

Entity Classification. The Company's interests in the Operating Partnership and the subsidiary partnerships and limited liability companies involve special tax considerations, including the possibility that the IRS might challenge the status of these entities as partnerships (or disregarded entities), as opposed to associations taxable as corporations for U.S. federal income tax purposes. For example, an entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a "publicly traded partnership" and certain other requirements are met. A partnership or limited liability company would be treated as a publicly traded partnership if its interests are traded on an established securities market or are readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury regulations. If the Operating Partnership or a subsidiary partnership or limited liability company were treated as an association rather than as a partnership, it would be taxable as a corporation and would be required to pay a corporate income tax on its income. In this situation, the character of the Company's assets and items of gross income would change and could prevent the Company from qualifying as a REIT. See "—Failure to Qualify" for a discussion of the effects of the Company's failure to meet the REIT asset and gross income tests. In addition, a change in the tax status of the Operating Partnership, a subsidiary partnership or limited liability company might be treated as a taxable event. If so, the Company might incur a tax liability without any related cash distributions. The Company does not anticipate that the Operating Partnership or any subsidiary partnership or limited liability company will be treated as a publicly traded partnership which is taxable as a corporation.

Under the rules for U.S. federal income tax audits of partnerships, such audits will be conducted at the entity level, but unless such entity qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the entity itself. Under the alternative procedure, if elected, a partnership would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the partnership would not be

liable for the adjustments. If a partnership elects the alternative procedure for a given adjustment, the amount of taxes for which such persons will be liable will be increased by any applicable penalties and a special interest charge. There can be no assurance that any partnerships in which the Company holds interests will be eligible to make such an election or that it will, in fact, make such an election for any given adjustment.

Allocations of Income, Gain, Loss and Deduction. A partnership agreement (or, in the case of a limited liability company treated as a partnership for U.S. federal income tax purposes, the limited liability company agreement) will generally determine the allocation of partnership income and loss among partners. Generally, Section 704(b) of the Code and the Treasury Regulations thereunder require that partnership allocations respect the economic arrangement of the partners. 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, the item subject to the allocation may 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. The Operating Partnership's allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder.

Tax Allocations with Respect to the Properties. Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership (including a limited liability company treated as a partnership for U.S. federal income tax purposes) in exchange for an interest in the partnership must be allocated in a manner so that the contributing partner is charged with the unrealized gain, or benefits from the unrealized loss, associated with the property at the time of the contribution, as adjusted from time to time. The amount of the unrealized gain or unrealized loss generally is equal to the difference between the fair market value or book value and the adjusted tax basis of the contributed property at the time of contribution (this difference is referred to as a book-tax difference), as adjusted from time to time. These allocations are solely for U.S. federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners.

Appreciated property may be contributed to the Operating Partnership in exchange for Operating Partnership interests in connection with future acquisitions. In such case, allocations must be made in a manner consistent with Section 704(c) of the Code. Treasury regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of accounting for book-tax differences. Any book-tax differences will be accounted for using any method approved under Section 704(c) of the Code and the applicable Treasury Regulations as chosen by the general partner under the partnership agreement. Any property acquired by the Operating Partnership in a taxable transaction will initially have a tax basis equal to its fair market value, and Section 704(c) of the Code will not apply.

Taxation of U.S. Holders of the Company's Common Shares

U.S. Holder. As used in the remainder of this discussion, the term "U.S. holder" means a beneficial owner of the Company's common shares that is for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation (or an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds the Company's common shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding common shares, you should consult your advisors. A "non-U.S. holder" is a beneficial owner of the Company's common shares that is neither a U.S. holder nor a partnership (or an entity treated as a partnership for U.S. federal income tax purposes).

Distributions Generally. As long as the Company qualifies as a REIT, distributions made by the Company to the Company's taxable U.S. holders out of the Company's current or accumulated earnings and profits that are not designated as capital gain dividends or "qualified dividend income" will be taken into account by them as ordinary income taxable at ordinary income tax rates and will not qualify for the reduced capital gains rates that currently generally apply to "qualified dividend income" distributed by non-REIT C corporations to certain non-corporate U.S. holders. However, for taxable years beginning before January 1, 2026, non-corporate U.S. holders will be entitled to deduct up to 20% of "qualified REIT dividends" (*i.e*., dividends other than capital gain dividends and dividends attributable to "qualified dividend income" received by the Company) they receive. The amount of the deduction may be up to 20% of the amount of the non-corporate U.S. holder's aggregate qualified dividend income, but may be less than 20% of the amount of the U.S. holder's qualified REIT dividends if the U.S. holder has losses from publicly traded partnerships or the U.S. holder's taxable income, not taking into account net capital gain, is less than the amount of the U.S. holder's qualified REIT dividends. In addition, Treasury Regulations under section 199A of the Code impose a minimum holding period for the 20% deduction that was not set forth in the Code. Under the Treasury Regulations, in order for a REIT dividend with respect to a share of REIT stock to be treated as a qualified REIT dividend, the U.S. holder (i) must have held the share for more than 45 days during the 91-day period beginning on the date which is 45 days before the date on which such share becomes ex-dividend with respect to such dividend and (ii) cannot have been under an obligation to make related payments with respect to positions in substantially similar or related property, e.g., pursuant to a short sale.

Distributions in excess of both current and accumulated earnings and profits will not be taxable to a U.S. holder to the extent that the distributions do not exceed the adjusted basis of the U.S. holder's shares. Rather, such distributions will reduce the U.S. holder's adjusted basis in the shares. To the extent that distributions exceed the adjusted basis of a U.S. holder's shares, the U.S. holder generally must include such excess in income as long- term capital gain if the shares have been held for more than one year, or as short-term capital gain if the shares have been held for one year or less.

Distributions will generally be taxable, if at all, in the year of the distribution. However, if the Company declares a dividend in October, November or December of any year with a record date in one of these months and pay the dividend in January of the following year, the Company will be treated as having paid the dividend, and U.S. holders will be treated as having received the dividend, on December 31 of the year in which the dividend was declared.

The Company will be treated as having sufficient earnings and profits to treat as a dividend any distribution the Company pays up to the amount required to be distributed in order to avoid imposition of the 4% excise tax discussed above. Moreover, any "deficiency dividend" will be treated as an ordinary or capital gain dividend, as the case may be, regardless of the Company's earnings and profits. As a result, U.S. holders may be required to treat certain distributions that would otherwise result in a tax-free return of capital as taxable dividends.

Capital Gain Dividends. The Company may elect to designate distributions of the Company's net capital gain as "capital gain dividends" to the extent that such distributions do not exceed the Company's actual net capital gain for the taxable year. Capital gain dividends are taxed to U.S. holders of the Company's shares as gain from the sale or exchange of a capital asset held for more than one year. This tax treatment applies regardless of the period during which the shareholders have held their shares. If the Company designates any portion of a dividend as a capital gain dividend, the amount that will be taxable to the shareholder as capital gain will be indicated to U.S. holders on IRS Form 1099-DIV. Corporate shareholders, however, may be required to treat up to 20% of capital gain dividends as ordinary income. Capital gain dividends are not eligible for the dividends-received deduction for corporations.

Instead of paying capital gain dividends, the Company may elect to require shareholders to include its undistributed net capital gains in their income. If the Company makes such an election, U.S. holders (i) will include in their income as long-term capital gains their proportionate share of such undistributed capital gains and (ii) will be deemed to have paid their proportionate share of the tax paid by the Company on such undistributed capital gains and thereby receive a credit or refund to the extent that the tax paid by the Company exceeds the U.S. holder's tax liability on the undistributed capital gain. A U.S. holder of the Company's shares will increase its basis in its shares by the difference between the amount of capital gain included in its income and the amount of tax it is deemed to have paid. A U.S. holder that is a corporation will appropriately adjust its earnings and profits for the retained capital gain in accordance with Treasury Regulations to be prescribed by the IRS. The Company's earnings and profits will be adjusted

appropriately. Alternatively, the Company could pay tax on such long-term capital gain and not adopt the credit regime discussed herein.

The Company must classify portions of the Company's designated capital gain dividend into the following categories:

- a 20% gain distribution, which would be taxable to non-corporate U.S. holders of the Company's shares at a federal rate of up to 20%; or

- an unrecaptured Section 1250 gain distribution, which would be taxable to non-corporate U.S. holders of the Company's shares at a maximum rate of 25%.

The Company must determine the maximum amounts that the Company may designate as 20% and 25% capital gain dividends by performing the computation required by the Code as if the REIT were an individual whose ordinary income were subject to a marginal tax rate of at least 28%. The IRS currently requires that distributions made to different classes of shares be comprised proportionately of dividends of a particular type.

Qualified Dividend Income. Distributions that are treated as dividends may be taxed at capital gains rates, rather than ordinary income rates, if they are distributed to an individual, trust or estate, are properly designated by the Company as qualified dividend income and certain other requirements are satisfied. Dividends are eligible to be designated by the Company as qualified dividend income up to an amount equal to the sum of the qualified dividend income received by the Company during the year of the distribution from other C corporations such as taxable REIT subsidiaries, the Company's "undistributed" REIT taxable income from the immediately preceding year, and any income attributable to the sale of a built-in gain asset from the immediately preceding year (reduced by any U.S. federal income taxes that the Company paid with respect to such REIT taxable income and built-in gain).

Dividends that the Company receives will be treated as qualified dividend income to the Company if certain criteria are met. The dividends must be received from a domestic corporation (other than a REIT or a regulated investment company) or a qualifying foreign corporation. A foreign corporation generally will be a qualifying foreign corporation if it is incorporated in a possession of the United States, the corporation is eligible for benefits of an income tax treaty with the United States which the Secretary of Treasury determines is satisfactory, or the shares on which the dividend is paid is readily tradable on an established securities market in the United States. However, if a foreign corporation is a foreign personal holding company, a foreign investment company or a passive foreign investment company, then it will not be treated as a qualifying foreign corporation, and the dividends the Company receives from such an entity would not constitute qualified dividend income.

Furthermore, certain exceptions and special rules apply to determine whether dividends may be treated as qualified dividend income to the Company. These rules include certain holding requirements that the Company would have to satisfy with respect to the shares on which the dividend is paid, and special rules with regard to dividends received from regulated investment companies and other REITs.

In addition, even if the Company designates certain dividends as qualified dividend income to the Company's shareholders, the shareholder will have to meet certain other requirements for the dividend to qualify for taxation at capital gains rates. For example, the shareholder will only be eligible to treat the dividend as qualifying dividend income if the shareholder is taxed at individual rates and meets certain holding requirements. In general, in order to treat a particular dividend as qualified dividend income, a shareholder will be required to hold the Company's shares for more than 60 days during the 121-day period beginning on the date which is 60 days before the date on which the shares becomes ex-dividend.

Sales of the Company's Common Shares. Upon any taxable sale or other disposition of the Company's common shares (except pursuant to a repurchase by the Company, as described below), a U.S. holder of the Company's common shares will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between:

- the amount of cash and the fair market value of any property received on such disposition; and

- the U.S. holder's adjusted basis in such common shares for tax purposes.

Gain or loss will be capital gain or loss if the common shares have been held by the U.S. holder as a capital asset. The applicable tax rate will depend on the holder's holding period in the asset (generally, if an asset has been held for more than one year, it will produce long-term capital gain) and the holder's tax bracket.

In general, any loss upon a sale or exchange of the Company's common shares by a U.S. holder 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, but only to the extent of distributions from the Company received by such U.S. holder that are required to be treated by such U.S. holder as long-term capital gains.

Repurchases of the Company's Common Shares. A repurchase of the Company's common shares will be treated as a distribution in exchange for the repurchased shares and taxed in the same manner as any other taxable sale or other disposition of the Company's common shares discussed above, provided that the repurchase satisfies one of the tests enabling the repurchase to be treated as a sale or exchange. A repurchase will generally be treated as a sale or exchange if it (i) results in a complete termination of the holder's interest in the Company's common shares, (ii) results in a substantially disproportionate redemption with respect to the holder, or (iii) is not essentially equivalent to a dividend with respect to the holder. In determining whether any of these tests has been met, common shares actually owned, as well as common shares considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, generally must be taken into account. The sale of common shares pursuant to a repurchase generally will result in a "substantially disproportionate" redemption with respect to a holder if the percentage of the Company's then outstanding voting shares owned by the holder immediately after the sale is less than 80% of the percentage of the Company's voting shares owned by the holder determined immediately before the sale. The sale of common shares pursuant to a repurchase generally will be treated as not "essentially equivalent to a dividend" with respect to a holder if the reduction in the holder's proportionate interest in the Company's shares as a result of the Company's repurchase constitutes a "meaningful reduction" of such holder's interest.

A repurchase that does not qualify as an exchange under such tests will constitute a dividend equivalent repurchase that is treated as a taxable distribution and taxed in the same manner as regular distributions, as described above under "—Distributions Generally." In addition, although guidance is sparse, the IRS could take the position that a holder who does not participate in any repurchase treated as a dividend should be treated as receiving a constructive distribution of the Company's common shares taxable as a dividend in the amount of their increased percentage ownership of the Company's common shares as a result of the repurchase, even though the holder did not actually receive cash or other property as a result of the repurchase.

Passive Activity Loss, Excess Business Loss and Investment Interest Limitation. Dividends that the Company distributes and gains arising from the disposition of the Company's common shares by a U.S. holder will not be treated as passive activity income, and therefore, U.S. holders will not be able to apply any "passive activity losses" against such income. Similarly, for taxable years beginning before January 1, 2026, non-corporate U.S. holders cannot apply "excess business losses" against dividends that the Company distributes and gains arising from the disposition of the Company's common shares. Dividends paid by the Company, to the extent they do not constitute a return of capital, will generally be treated as investment income for purposes of the investment income limitation on the deduction of the investment interest.

Medicare Tax. Certain U.S. holders, including individuals and estates and trusts, are subject to an additional 3.8% Medicare tax on all or a portion of their "net investment income," which includes net gain from a sale or exchange of common shares and dividends. In the case of an individual, the tax will be 3.8% of the lesser of the individual's net investment income or the excess of the individual's modified adjusted gross income over an amount equal to (1) $250,000 in the case of a married individual filing a joint return or a surviving spouse, (2) $125,000 in the case of a married individual filing a separate return, or (3) $200,000 in the case of a single individual. The 20% deduction for qualified REIT dividends discussed above is not taken into account in computing net investment income.

Taxation of Non-U.S. Holders of the Company's Common Shares

The rules governing the U.S. federal income taxation of non-U.S. holders are complex. This section is only a summary of such rules. **The Company urges non-U.S. holders to consult their own tax advisors to determine the impact of federal, state and local income tax laws on ownership of the common** shares**, including any reporting requirements.**

Distributions. Distributions by the Company to a non-U.S. holder that are neither attributable to gain from sales or exchanges by the Company of "United States real property interests," or "USRPIs," within the meaning of FIRPTA nor designated by the Company as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of the Company's current or accumulated earnings and profits. These distributions generally will be subject to U.S. federal withholding tax on a gross basis at a rate of 30%, or a lower rate as may be specified under an applicable income tax treaty, unless the dividends are treated as effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs or only apply to dividends from REITs in certain circumstances. Dividends that are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment) will be subject to U.S. federal income tax on a net basis, that is, after allowance for deductions, at graduated rates, in the same manner as U.S. holders are taxed, and are generally not subject to withholding. Applicable certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exception. Any dividends received by a corporate non-U.S. holder that is engaged in a trade or business within the United States may also be subject to an additional branch profits tax at a 30% rate, or lower applicable treaty rate.

A non-U.S. holder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for the Company's ordinary dividends will be required (i) to complete the applicable IRS Form W-8 and certify under penalty of perjury that such holder is not a U.S. person as defined under the Code and is eligible for treaty benefits or (ii) if the Company's common shares is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Distributions in excess of the Company's current or accumulated earnings and profits that do not exceed the adjusted basis of the non-U.S. holder in its common shares will reduce the non-U.S. holder's adjusted basis in its common shares and will not be subject to U.S. federal income tax. Distributions in excess of current and accumulated earnings and profits that do exceed the adjusted basis of the non-U.S. holder in its common shares will be treated as gain from the sale of its shares, the tax treatment of which is described below under "—Sales of the Company's Common Shares." Because the Company generally cannot determine at the time it makes a distribution whether or not the distribution will exceed the Company's current and accumulated earnings and profits, the Company normally will withhold tax on the entire amount of any distribution as if it were a dividend.

The Company would be required to withhold at least 15% of any distribution to a non-U.S. holder in excess of the Company's current and accumulated earnings and profits if the Company's common shares constitutes a USRPI with respect to such non-U.S. holder, as described below under "—Sales of the Company's Common shares." This withholding would apply even if the non-U.S. holder is not liable for tax on the receipt of that distribution. However, a non-U.S. holder may seek a refund of these amounts from the IRS if the non-U.S. holder's U.S. tax liability with respect to the distribution is less than the amount withheld.

Distributions to a non-U.S. holder that are designated by the Company at the time of the distribution as capital gain dividends, other than those arising from the disposition of a USRPI, generally should not be subject to U.S. federal income taxation unless:

- The investment in the common shares is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. holder), in which case the non-U.S. holder will generally be subject to the same treatment as U.S. holders with respect to any gain, except that a holder that is a foreign corporation also may be subject to the 30% branch profits tax, as discussed above; or

- The non-U.S. holder is an individual who is present in the United States for 183 days or more during the taxable year of the distribution and has a "tax home" in the United States, in which case the individual will be subject to a 30% tax on the individual's capital gains.

Under FIRPTA, distributions to a non-U.S. holder that are attributable to gain from sales or exchanges by the Company of USRPIs, whether or not designated as capital gain dividends, will cause the non-U.S. holder to be treated as recognizing gain that is income effectively connected with the conduct of a U.S. trade or business. Non-U.S. holders will be taxed on this gain at the same rates applicable to U.S. holders, subject to a special alternative minimum tax in the case of nonresident alien individuals. In the case of a non-U.S. holder that is a corporation, this gain may also be subject to a 30% (or lower applicable treaty rate) branch profits tax. A distribution is not attributable to a USRPI if the Company held an interest in the underlying asset solely as a creditor.

The Company will be required to withhold and remit to the IRS tax at the highest corporate income tax rate of any distributions to non-U.S. holders that are designated as capital gain dividends, or, if greater, 21% of a distribution that could have been designated as a capital gain dividend with respect to gains from dispositions of USRPIs. The amount withheld, which for individual non-U.S. holders may exceed the actual tax liability, is creditable against the non-U.S. holder's U.S. federal income tax liability.

However, the FIRPTA withholding tax would not apply to any capital gain dividend with respect to any class of the Company's shares which is "regularly traded" on an established securities market located in the United States if the non- U.S. holder did not own more than 10% of such class of stock at any time during the one-year period ending on the date of such dividend. Instead, any such capital gain dividend would be treated as a distribution subject to the rules discussed above with respect to ordinary dividends. Also, the branch profits tax would not apply to such a distribution. However, it is not anticipated that the Company's common shares will be "regularly traded" on an established securities market.

Although the law is not clear on the matter, it appears that amounts the Company designates as undistributed capital gains in respect of the shares held by U.S. holders generally should be treated with respect to non-U.S. holders in the same manner as actual distributions by the Company of capital gain dividends. Under that approach, the non-U.S. holders would be able to offset as a credit against their U.S. federal income tax liability resulting therefrom their proportionate share of the tax paid by the Company on the undistributed capital gains, and to receive from the IRS a refund to the extent that their proportionate share of this tax paid by the Company were to exceed their actual U.S. federal income tax liability. If the Company were to designate a portion of the Company's net capital gain as undistributed capital gain, a non-U.S. holder is urged to consult its tax advisor regarding the taxation of such undistributed capital gain.

Sales of the Company's Common Shares. Subject to the discussion below under "—Repurchases of the Company's Common Shares," gain recognized by a non-U.S. holder upon the sale or exchange of the Company's shares generally would not be subject to U.S. taxation unless:

- the investment in the Company's common shares is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. holder), in which case the non-U.S. holder will be subject to the same treatment as domestic holders with respect to any gain;

- the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the nonresident alien individual will be subject to a 30% tax on the individual's net capital gains for the taxable year; or

- the non-U.S. holder is not a "qualified shareholder" or a "qualified foreign pension Company" (each as defined in the Code) and the Company's common shares constitutes a USRPI within the meaning of FIRPTA, as described below.

The Company anticipates that the Company's common shares will constitute a USRPI within the meaning of FIRPTA unless the Company is a domestically controlled REIT. The Company will be a domestically controlled REIT if, at all times during a specified testing period, less than 50% in value of the Company's shares is held directly or indirectly

by non-U.S. holders. No assurance can be given, however, that the Company is or will be a domestically controlled REIT.

Even if the Company were not a domestically controlled REIT, a sale of common shares by a non-U.S. holder would nevertheless not be subject to taxation under FIRPTA as a sale of a USRPI if:

- the Company's common shares were "regularly traded" on an established securities market within the meaning of applicable Treasury Regulations; and

- the non-U.S. holder did not actually, or constructively under specified attribution rules under the Code, own more than 10% of the Company's common shares at any time during the specified testing period.

However, it is not anticipated that the Company's common shares will be "regularly traded" on an established securities market. If gain on the sale or exchange of the Company's common shares were subject to taxation under FIRPTA, the non-U.S. holder would be subject to regular U.S. income tax with respect to any gain in the same manner as a taxable U.S. holder, subject to a special alternative minimum tax in the case of nonresident alien individuals. In such a case, under FIRPTA the purchaser of common shares from a non-U.S. holder may be required to withhold 15% of the purchase price and remit this amount to the IRS.

Qualified Shareholders. Subject to the exception discussed below, a qualified shareholder who holds the Company's common shares directly or indirectly (through one or more partnerships) will not be subject to FIRPTA on distributions by the Company or dispositions of the Company's common shares. While a qualified shareholder will not be subject to FIRPTA on distributions by the Company or dispositions of the Company's common shares, a distribution to a qualified shareholder that otherwise would have been taxable under FIRPTA will be treated as an ordinary dividend, and certain investors of a qualified shareholder (i.e., non-U.S. persons who hold interests in the qualified shareholder (other than interests solely as a creditor), and hold more than 10% of the Company's common shares (whether or not by reason of the investor's ownership in the qualified shareholder)) may be subject to FIRPTA and FIRPTA withholding.

Qualified Foreign Pension Funds. A qualified foreign pension Company (or an entity all of the interests of which are held by a qualified foreign pension Company) that holds the Company's common shares directly or indirectly (through one or more partnerships) will not be subject to tax under FIRPTA or to FIRPTA withholding on distributions by the Company or dispositions of the Company's common shares.

The Company urges non-U.S. holders to consult their own tax advisors to determine their eligibility for exemption from FIRPTA withholding and their qualification as a qualified shareholder or a qualified foreign pension Company.

Repurchases of the Company's Common Shares. A repurchase of the Company's common shares that is not treated as a sale or exchange will be taxed in the same manner as distributions under the rules described above. See "—Taxation of Non-U.S. Holders of the Company's Common Shares —Repurchases of the Company's Common Shares" for a discussion of when a redemption will be treated as a sale or exchange and related matters.

A repurchase of the Company's common shares generally will be subject to tax under FIRPTA to the extent that the Company's common shares constitute a USRPI and the non-U.S. holder recognizes gain or the distribution in the repurchase is attributable to gains from the Company's dispositions of USRPIs. To the extent the distribution is not attributable to gains from the Company's dispositions of USRPIs, the excess of the amount of money received in the repurchase over the non-U.S. holder's basis in the repurchased shares will be treated in the manner described above under "—Sales of the Company's Common Shares." The IRS has released an official notice stating that repurchase payments may be attributable to gains from dispositions of USRPIs (except when the 10% publicly traded exception would apply), but has not provided any guidance to determine when and what portion of a repurchase payment is a distribution that is attributable to gains from the Company's dispositions of USRPIs. Due to the uncertainty, the Company may withhold at the top corporate income tax rate from all or a portion of repurchase payments to non-U.S. holders other than qualified shareholders or qualified foreign pension funds. To the extent the amount of tax the Company withholds exceeds the amount of a non-U.S. holder's U.S. federal income tax liability, the non-U.S. holder may file a U.S. federal income tax return and claim a refund.

U.S. Federal Income Tax Returns. If a non-U.S. holder is subject to taxation under FIRPTA on proceeds from the sale of the Company's common shares or on distributions the Company makes, the non-U.S. holder will be required to file a U.S. federal income tax return. Prospective non-U.S. holders are urged to consult their tax advisors to determine the impact of U.S. federal, state, local and foreign income tax laws on their ownership of the Company's common shares, including any reporting requirements.

Foreign Account Tax Compliance Act

Withholding at a rate of 30% is required on dividends paid in respect of shares of the Company's common shares to certain foreign financial institutions (including investments funds), unless such institution enters into an agreement with the Secretary of the Treasury (unless alternative procedures apply pursuant to an applicable intergovernmental agreement between the United States and the relevant foreign government) to report, on an annual basis, information with respect to shares in, and accounts maintained by, the institution to the extent such shares or accounts are held by certain U.S. persons or by certain non-U.S. entities that are wholly or partially owned by U.S. persons. Accordingly, the entity through which the Company's Shares are held may affect the determination of whether such withholding is required. Similarly, dividends paid in respect of the Company's Shares to an investor that is a passive non-financial non-U.S. entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to the Company that such entity does not have any "substantial U.S. owners" or (ii) provides certain information regarding the entity's "substantial U.S. owners," which the Company will in turn provide to the Secretary of the Treasury. While withholding under FATCA would also have applied to payments of gross proceeds from the disposition of shares after December 31, 2018, proposed Treasury Regulations eliminate FATCA withholding on gross proceeds payments. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued. Non-U.S. shareholders are encouraged to consult with their tax advisers regarding the possible implications of these rules on their investment in the Company's common shares.

Taxation of Tax-Exempt Holders of the Company's Common Shares

Provided that a tax-exempt holder has not held its common shares as "debt-financed property" within the meaning of the Code and the Company's shares are not being used in an unrelated trade or business, dividend income from the Company generally will not be unrelated business taxable income ("UBTI") to a tax-exempt holder. Similarly, income from the sale of the Company's common shares will not constitute UBTI unless the tax-exempt holder has held its common shares as debt-financed property within the meaning of the Code or has used the common shares in a trade or business.

Further, for a tax-exempt holder that is a social club, voluntary employee benefit association, supplemental unemployment benefit trust or qualified group legal services plan exempt from U.S. federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, or a single parent title-holding corporation exempt under Section 501(c)(2) the income of which is payable to any of the aforementioned tax- exempt organizations, income from an investment in the Company's common shares will constitute UBTI unless the organization properly sets aside or reserves such amounts for purposes specified in the Code. These tax-exempt holders should consult their own tax advisors concerning these "set aside" and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a "pension-held REIT" are treated as UBTI as to any trust which is described in Section 401(a) of the Code, is tax-exempt under Section 501(a) of the Code, and holds more than 10%, by value, of the interests in the REIT. Tax-exempt pension funds that are described in Section 401(a) of the Code are referred to below as "pension trusts."

A REIT is a "pension-held REIT" if it meets the following two tests:

- it would not have qualified as a REIT but for Section 856(h)(3) of the Code, which provides that shares owned by pension trusts will be treated, for purposes of determining whether the REIT is closely held, as owned by the beneficiaries of the trust rather than by the trust itself; and

- either (i) at least one pension trust holds more than 25% of the value of the interests in the REIT, or (ii) a group of pension trusts each individually holding more than 10% of the value of the REIT's shares, collectively owns more than 50% of the value of the REIT's shares.

The percentage of any REIT dividend from a "pension-held REIT" that is treated as UBTI is equal to the ratio of the UBTI earned by the REIT, treating the REIT as if it were a pension trust and therefore subject to tax on UBTI, to the total gross income of the REIT. An exception applies where the percentage is less than 5% for any year, in which case none of the dividends would be treated as UBTI. The provisions requiring pension trusts to treat a portion of REIT distributions as UBTI will not apply if the REIT is not a "pension-held REIT" (for example, if the REIT is able to satisfy the "not closely held requirement" without relying on the "look through" exception with respect to pension trusts). Because of the Company's charter's restrictions on the number of shares of the Company's shares that a person may own, the Company does not anticipate that the Company will become a "pension-held REIT."

Distribution Reinvestment Plan

Holders who participate in the DRIP will recognize taxable income in the amount they would have received had they elected not to participate, even though they receive no cash. These deemed distributions will be treated as actual distributions from the Company to the participating holders and will retain the character and U.S. federal income tax consequences applicable to all distributions. Shares received under the DRIP will have a holding period beginning with the day after purchase, and a U.S. federal income tax basis equal to its cost, which is the gross amount of the deemed distribution.

Backup Withholding Tax and Information Reporting

U.S. Holders of Common Shares. In general, information-reporting requirements will apply to payments of dividends and proceeds of the sale of the Company's common shares held by U.S. holders, unless such U.S. holder is an exempt recipient. A backup withholding tax may apply to such payments if such U.S. holder fails to provide a taxpayer identification number or certification of other exempt status or fails to report in full dividend or interest income. In addition, the Company may be required to withhold a portion of capital gain distributions to any U.S. holders who fail to certify their U.S. status to the Company. Any amounts withheld under the backup withholding rules will be allowed as a credit against your U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Brokers that are required to report the gross proceeds from a sale of the Company's common shares on IRS Form 1099-B will also be required to report the customer's adjusted basis in the common shares sold and whether any gain or loss with respect to such shares is long-term or short-term. In some cases, there may be alternative methods of determining the basis in the common shares sold, in which case your broker will apply a default method of its choosing if you do not indicate which method you choose to have applied. U.S. holders should consult their own tax advisors regarding these reporting requirements and their election options.

Non-U.S. Holders of the Company's Common Shares. The Company must report annually to the IRS and to each non-U.S. holder 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. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will be subject to backup withholding for dividends paid to such holder unless such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a "United States person" as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of the Company's common shares within the United States or conducted through certain U.S.-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a "United States person" as defined under the Code), or such owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non- U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Legislative or Other Actions Affecting REITs

The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. The REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the Treasury, which may result in statutory changes as well as revisions to regulations and interpretations. Changes to the U.S. federal income tax laws and interpretations thereof could adversely affect an investment in the Company's common shares.

State and Local Taxes

The Company and the Company's shareholders may be subject to state or local taxation in various state or local jurisdictions, including those in which the Company or they transact business or reside. The Company's state and local tax treatment and that of its shareholders may not conform to the U.S. federal income tax treatment discussed above. Consequently, prospective shareholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in the Company's common shares.

Tax Shelter Reporting

If a shareholder recognizes a loss with respect to shares of $2 million or more for an individual shareholder or $10 million or more for a corporate shareholder, the shareholder must file a disclosure statement with the IRS on Form 8886. Direct shareholders of portfolio securities are in many cases exempt from this reporting requirement, but shareholders of a REIT currently are not exempted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Shareholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

APPENDIX A. FORM OF SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT

MJ REAL ESTATE INVESTMENT TRUST

INSTRUCTIONS TO INVESTORS

PLEASE READ CAREFULLY THE CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM OF MJ REAL ESTATE INVESTMENT TRUST (THE "COMPANY"), DATED JUNE 15, 2022, AND ALL APPENDICES THERETO (AS SUPPLEMENTED OR AMENDED FROM TIME TO TIME, THE "MEMORANDUM"), BEFORE DECIDING TO SUBSCRIBE FOR SHARES OF THE COMPANY'S COMMON SHARES ("SHARES"). THE OFFERING DESCRIBED IN THE MEMORANDUM (THE "OFFERING") IS LIMITED TO INVESTORS WHO QUALIFY AS "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

EACH PROSPECTIVE INVESTOR SHOULD EXAMINE THE SUITABILITY OF AN INVESTMENT IN SHARES IN THE CONTEXT OF HIS, HER OR ITS OWN NEEDS, INVESTMENT OBJECTIVES, AND FINANCIAL CAPABILITIES AND SHOULD MAKE HIS, HER OR ITS OWN INDEPENDENT INVESTIGATION OF THE COMPANY AND ITS MANAGER, MJ REIT ADVISOR, LLC (THE "MANAGER"), IN MAKING A DECISION AS TO THE SUITABILITY OF THE INVESTMENT. EACH PROSPECTIVE INVESTOR IS ALSO ENCOURAGED TO CONSULT WITH HIS, HER OR ITS BUSINESS OR TAX ADVISOR REGARDING THE RISKS AND MERITS OF AN INVESTMENT IN SHARES. ANY CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS GIVEN TO SUCH TERMS IN THE MEMORANDUM.

IMPORTANT NOTE: FAILURE TO COMPLETE ALL APPLICABLE INFORMATION AND DELIVER ANY ADDITIONAL INFORMATION REQUESTED BY THE COMPANY WILL RESULT IN THESE DOCUMENTS BEING RETURNED FOR COMPLETION AND MAY CAUSE A REJECTION OR DELAY OF ACCEPTANCE OF THE SUBSCRIPTION.

1. INVESTMENT

Investment Amount: $_____

$25,000 minimum initial investment for Classes D, S and T, and $1 million initial investment for Class I

☐ Class I Shares ☐ Class D Shares ☐ Class S Shares ☐ Class T Shares

☐ Initial Investment ☐ Additional Investment

(*Subscription amount will be applied to the purchase of Shares at a per Share price equal to the applicable "transaction price," determined as set forth in the Memorandum, plus any applicable Placement Agent Fees (as defined in the Memorandum))*

Method of Payment (please check one)

☐ By Mail* Make all checks payable to "**Vistra USA LLC ATF AC Capital Partners**." See Section 12 for payment instructions. ☐ By Wire See Section 12 for wire payment instructions.

* *Cash, cashier's checks/official bank checks, temporary checks, foreign checks, money orders, third-party checks, or travelers' checks are not accepted*.

2. FORM OF OWNERSHIP

*Check all applicable boxes

Account Type:	Additional Required Documentation
☐ Individual ☐ TOD	Copy of ID; If TOD, complete Section 8 (Transfer on Death Designation)
☐ Joint Tenants WROS ☐ Tenants in Common ☐ TOD ☐ Community Property	Copy of ID; If TOD, complete Section 8 (Transfer on Death Designation)
☐ Trust	Trustee certification form or trust documents, copy of ID for trustee(s)
☐ Estate	Documents evidencing individuals authorized to act on behalf of estate
☐ Custodial ☐ UGMA: State of ___ ☐ UTMA: State of ___	None
☐ Corporation ☐ C Corp ☐ S Corp	Articles of incorporation or corporate resolution, certificate of formation, certificate of good standing
☐ LLC	LLC operating agreement or LLC resolution, certificate of formation, certificate of good standing
☐ Partnership	Limited partnership agreement, certificate of formation, certificate of good standing
☐ Non-Profit Organization	
☐ Profit Sharing Plan ☐ Defined Benefit Plan ☐ KEOGH Plan	
☐ Traditional IRA ☐ SEP IRA ☐ ROTH IRA ☐ Simple IRA ☐ Inherited/Beneficial IRA	For inherited IRA indicate decedent's name: _____
☐ Other (Specify): _____	

3. INVESTOR'S INFORMATION

PRIMARY OWNER

Please Check: ☐ Mr. ☐ Mrs. ☐ Ms. ☐ M.D. ☐ Ph.D. ☐ D.D.S.

NAME

SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER

DATE OF BIRTH

RESIDENCE ADDRESS

CITY

STATE

ZIP CODE

PRIMARY TELEPHONE

SECONDARY TELEPHONE

EMAIL

JOINT OWNER

Please Check: ☐ Mr. ☐ Mrs. ☐ Ms. ☐ M.D. ☐ Ph.D. ☐ D.D.S.

NAME:

SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER

DATE OF BIRTH

RESIDENCE ADDRESS

CITY

STATE

ZIP CODE

PRIMARY TELEPHONE

SECONDARY TELEPHONE

EMAIL

4. REGULATORY MATTERS

***Check all applicable boxes. Note that additional information may be requested.**

☐ Investor is associated with a Financial Industry Regulatory Authority, Inc. ("FINRA") member firm.

☐ Investor is a plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA").

☐ Investor is an entity that is tax-exempt for U.S. federal income tax purposes.

5. IRA, ROTH OR OTHER RETIREMENT OR PROFIT-SHARING PLAN

*If investing through an IRA or other retirement or profit-sharing plan, please complete the following (in addition to the investor information above)

CUSTODIAL ACCOUNT NAME

CUSTODIAN ACCOUNT NUMBER

CUSTODIAN'S EIN

CUSTODIAN'S ADDRESS

CITY

STATE

ZIP CODE

CUSTODIAN'S TELEPHONE

6. ACCREDITED INVESTOR CERTIFICATION

FOR INDIVIDUAL INVESTORS. I represent and warrant that I am an "accredited investor" as defined by Rule 501(a) of the Securities Act because, as indicated below, I satisfy one or more of the following standards. (Check All Applicable Boxes)

☐ I have an individual net worth, or joint net worth with my spouse or spousal equivalent, which exceeds $1,000,000. (For these purposes, "net worth" means, subject to the exception provided in the following sentence, the excess of total assets at fair market value over total liabilities. When determining net worth, however, the value of an investor's primary residence and any indebtedness secured thereby up to its fair market value shall be excluded from the investor's net worth, while indebtedness secured by the residence in excess of its fair market value should be considered a liability and deducted from the investor's net worth.)

☐ I had individual income (exclusive of any income attributable to my spouse or spousal equivalent) of more than $200,000 in each of the two most recent years and have a reasonable expectation to have individual income in excess of $200,000 in the current year. (For these purposes, "individual income" means the investor's adjusted gross income, as reported for federal income tax purposes, less any income attributable to a spouse or spousal equivalent or to property owned by a spouse or spousal equivalent.)

☐ I had joint income with my spouse or spousal equivalent of more than $300,000 in each of the two most recent years and have a reasonable expectation to have joint income with my spouse or spousal equivalent in excess of $300,000 in the current year.

☐ I am a director or executive officer of the Company.

☐ I hold one or more of the following FINRA licenses in good standing: Series 7, Series 82 or Series 65.

☐ Other (Specify): _____

FOR ENTITY INVESTORS. I am completing this Investor Questionnaire on behalf of a legal entity, and I represent and warrant that such entity is an "accredited investor" as defined by Rule 501(a) of the Securities Act because, as indicated below, it satisfies one or more of the following standards. (Check All Applicable Boxes)

☐ The entity is a trust, with total assets in excess of $5,000,000, that was not formed for the specific purpose of acquiring the Shares and which has its investments directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of purchasing the Shares.

☐ The entity is a bank, as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution, as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

☐ The entity is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended.

☐ The entity is an investment adviser either (a) registered pursuant to Section 203 of the Investment Advisers Act of 1940, as amended, or registered pursuant to the laws of a state; or (b) relying on the exemption from registering with the Securities and Exchange Commission under Section 203(l) or (m) of the Investment Advisers Act of 1940, as amended.

☐ The entity is an insurance company, as defined in Section 2(a)(13) of the Securities Act.

☐ The entity is an investment company registered under the Investment Company Act of 1940, as amended, or a business development company, as defined in Section 2(a)(48) of that act.

☐ The entity is Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

☐ The entity is as Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act.

☐ The entity is a plan established and maintained by a U.S. state, its political subdivisions, or any agency or instrumentality of such a state or its political subdivisions, for the benefit of its employees, which has total assets in excess of $5,000,000.

☐ The entity is an employee benefit plan within the meaning of ERISA and: (i) the investment decision with respect to the Shares is being made by a plan fiduciary, as defined in Section 3(21) of ERISA, of the employee benefit plan that is either a bank, savings and loan association, insurance company or registered investment adviser; (ii) the employee benefit plan has total assets in excess of $5,000,000; or (iii) if the plan is a self-directed plan, the plan's investment decisions are made solely by persons that qualify as

"accredited investors."

☐ The entity is a private business development company, as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended.

☐ The entity is an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, partnership or limited liability company, with total assets in excess of $5,000,000 that was not formed for the specific purpose of acquiring the Shares.

☐ All of the equity owners of the entity are "accredited investors."

☐ The entity is a grantor trust, and each grantor of the trust (i) has the power to revoke the trust and regain title to the trust assets and (ii) is an accredited investor as described in one or more of the categories set forth in items herein.

☐ The entity is of a type not listed above, not formed for the specific purpose of acquiring the Shares, owning investments in excess of $5,000,000.

☐ The entity is a "family office," as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1): (i) with assets under management in excess of $5,000,000; (ii) that is not formed for the specific purpose of acquiring the Shares; and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.

☐ The entity is a "family client," as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1), of a family office meeting the requirements of "family office" as described above and whose prospective investment in the Company is directed by such family office as described above.

7. DISTRIBUTION INSTRUCTIONS

Please read the following section carefully.

YOU ARE AUTOMATICALLY ENROLLED IN THE COMPANY'S DISTRIBUTION REINVESTMENT PLAN ("DRIP") UNLESS YOU AFFIRMATIVELY ELECT NOT TO PARTIFCIPATE IN THE DRIP BELOW.

IF YOU DO NOT WISH TO BE ENROLLED IN THE DRIP, PLEASE CHECK HERE. ☐

IMPORTANT: If you are not enrolled in the DRIP, please complete the Cash Distribution Information section below.

Cash Distribution Information

(For Custodial held accounts, if you are not enrolled in the DRIP, the funds must be sent to the Custodian)

(A) ACH AUTHORIZATION*

☐ PLEASE SEND DISTRIBUTIONS VIA ACH (*Non-Custodial Investors Only*)

I hereby authorize the Company or its agent to deposit my distributions into the bank account(s) listed below. I further authorize the financial institution(s) named below to credit such account(s).

I understand that this authorization remains in effect until the Company receives from me, in writing, notification to terminate the authorization in such a time and manner as to afford the Company and my financial institution(s) a reasonable time to act on it. In the event that the Company deposits funds erroneously into my account, the Company is authorized to debit my account for an amount not to exceed the amount of the erroneous deposit.

Name and Address of Financial Institution	Checking or Savings Account	Bank Routing Number	Bank Account Number

ACCOUNT HOLDER SIGNATURE

Signature _____ Date _____

JOINT ACCOUNT HOLDER SIGNATURE

Signature _____ Date _____

For the Company to verify bank account and routing numbers, investors should provide a **VOIDED CHECK** for each investor account to be credited. Investors should retain completed copies of this form for their records.

*IF THE FINANCIAL INSTITUTION HOLDING YOUR BANK ACCOUNT DOES NOT ACCEPT DIRECT DEPOSIT, PLEASE COMPLETE THE CHECK AUTHORIZATION IN PART (B) BELOW.

(B) CHECK AUTHORIZATION

☐ PLEASE SEND CHECKS TO THE ADDRESS SET FORTH IN SECTION 3 ABOVE (*Non-Custodial Investors Only*)

☐ PLEASE SEND DISTRIBUTIONS VIA CHECK TO THIRD PARTY/CUSTODIAN

NAME

INSTITUTION (IF APPLICABLE)

ACCOUNT NUMBER

ADDRESS

CITY | STATE | ZIP CODE

8. TRANSFER ON DEATH DESIGNATION

- A Transfer on Death ("TOD") designation transfers ownership of Shares to the registered owner's designated beneficiary(ies) upon death; provided that the Company receives proof of death and other documentation it deems necessary orappropriate, including in the case of a minor transferee, documentation of a custodian.
- Until the death of the registered owner(s), the TOD beneficiary(ies) has (have) no present interest in, right to, or authority over, the TOD account.
- A TOD designation will be accepted only where Shares are owned by a natural person and registered in that individual's name or by two or more natural persons as joint tenants with rights of survivorship.
- Accounts registered to trusts, corporations, charities, and other such legal entities may not declare a TOD designation. These legal entities, however, may be listed as a beneficiary on a TOD for accounts registered to a natural person.
- A TOD designation made by joint tenants with rights of survivorship does not take effect until the last of all multiple registered owners dies.
- If the beneficiary(ies) does (do) not survive the registered owner(s), the Shares will be treated as belonging to the deceased registered owner'sestate.
- A TOD designation will not be accepted from residents of **Louisiana, Texas or Puerto Rico**.
- The TOD beneficiary must be names on this form; “spouse” or “children” is NOT an acceptable designation. Minors may not be named as a beneficiary unless a custodian or guardian for such minor is also named.
- A TOD designation may be voided at any time by the Company in its sole discretion, if there is any doubt as to the validity or effectiveness of a TOD designation.
- Upon the death of any of the joint tenants, the surviving registered owner(s) may revoke or change the TOD designation at any time. A TOD direction is revocable prior to death of registered owner(s) by (a) the sale of the registered owner's (or registered owners') Shares, (b) assigning Shares to another person or entity, (c) filing a revocation of TOD registration or filing a change in TOD registration with a new beneficiary (or beneficiaries). A TOD direction may not be revoked by a provision in a will or any other instrument.
- The Company will only honor a TOD direction that it has recorded in its registration records. TOD directions, changes and revocations will only be accepted when in proper form. Proper form requires: (a) endorsement by the registered owner(s); (b) instruction indicating either a new form of registration, removal of the current TOD beneficiary and/or designation of a new TOD beneficiary; and (c) actual receipt by the Company prior to the registered owner's death.
- This agreement is between the registered owner(s) and the Company. You should discuss this TOD direction with your attorney to ensure that it is consistent with your estate and tax planning and is enforceable under the laws of your state.

I (we) authorize the Company to register all of my (our) Shares in beneficiary form, assigning ownership on my (our) death to my (our) beneficiary(ies). I understand that if more than one beneficiary is listed, percentages for each must be designated. If percentages are not designated, the Shares will be divided equally. **Percentages must equal 100%**. For additional beneficiaries, please complete and attach an additional form.

PRIMARY BENEFICIARY

NAME:

RELATIONSHIP TO REGISTERED OWNER

BIRTH DATE

SSN OR TAX ID#

PERCENTAGE

%

☐ PRIMARY OR ☐ CONTINGENT BENEFICIARY

NAME:

RELATIONSHIP TO REGISTERED OWNER

BIRTH DATE

SSN OR TAX ID#

PERCENTAGE

%

☐ PRIMARY OR ☐ CONTINGENT BENEFICIARY

NAME:

RELATIONSHIP TO REGISTERED OWNER

BIRTH DATE

SSN OR TAX ID#

PERCENTAGE

%

☐ PRIMARY OR ☐ CONTINGENT BENEFICIARY

NAME:

RELATIONSHIP TO REGISTERED OWNER

BIRTH DATE

SSN OR TAX ID#

PERCENTAGE

%

***If any beneficiary listed above is a minor, provide name of the guardian/custodian**

9. SUBSCRIBER'S REPRESENTATIONS AND AGREEMENTS

I, the undersigned, hereby subscribes to purchase Shares in the amount set forth on the Signature Page of this Subscription Agreement and under the terms and conditions contained herein and in the Memorandum. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Memorandum.

THE UNDERSIGNED HEREBY MAKES THE FOLLOWING REPRESENTATIONS AND WARRANTIES.

1. I have received read and fully understand the Memorandum.
2. I am basing my decision to invest only on the information in the Memorandum and information requested of the Company in writing by me, and I have not relied on any other representation made by any other person.
3. I am a citizen and/or a legal permanent resident of the United States of America, with my principal residence maintained at the address set forth in this Subscription Agreement, and I am at least twenty-one years of age.
4. I am executing this Subscription Agreement: (A) on my own behalf, as a natural person, and I have the legal capacity to execute, deliver and perform my obligations under this Subscription Agreement or (B) on behalf of a corporation, partnership, limited liability company, trust or other entity, and (i) such entity is duly organized, validly existing and in good standing under the laws of the jurisdiction where it was formed and is authorized by its governing documents to execute, deliver and perform its obligations under this Subscription Agreement and to become a shareholder of the Company, (ii) I have the full power and authority to execute and deliver this Subscription Agreement on behalf such entity and (iii) this Subscription Agreement, and such entity's execution hereof and performance of its obligations hereunder, has been duly authorized by all requisite corporate or other action by the entity.
5. I am not, and, in the case of a corporation, partnership, limited liability company, trust or other entity, none of its principal owners, partners, members, directors or officers are, included on the Office of Foreign Assets Control list of foreign nations, organizations and individuals subject to economic and trade sanctions based on U.S. foreign policy and national security goals, Executive Order 13224, which sets forth a list of individuals and groups with whom U.S. persons are prohibited from doing business because such persons have been identified as terrorists or persons who support terrorism, or any other watch list issued by any governmental authority, including the Securities and Exchange Commission.
6. I consent, and understand that by owning Shares I will be deemed to have consented, to disclosure by the Company, the Manager, the sponsor of the Company, and their respective agents and affiliates to relevant third parties of information pertaining to my "accredited investor" status and any other information requests related thereto or otherwise appropriate to establish the Company's entitlement to a private offering exemption under the Securities Act. In addition, I understand that the Company and its respective agents and affiliates will disclose any and all information required or requested by governmental or other authorities as required by or in connection with the U.S. Bank Secrecy Act, as amended by the USA PATRIOT Act, and other antimony laundering, anti-terrorism and similar laws, rules and regulations including, without limitation, Executive Order 13224.
7. The funds I am investing in the Company are not derived from any criminal enterprise.
8. I agree that I will provide additional information or take such other actions as may be necessary or advisable for the Company for anti-money laundering purposes. The Company may provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying me that the information has been provided. In the event of my delay or failure to produce any such requested information, the Company may refuse to accept my investment. The Company reserves the right to require any payment or distribution to a shareholder to be paid into the account from which the shareholder's subscription funds originated.
9. The offer and sale of the Shares to me has not been accompanied by the publication of any public advertisement or by any general solicitation.
10. I understand that an investment in the Company involves substantial risk, and I am fully aware of and understand all of the risk factors relating to the investment, including, but not limited to, the risks set forth in the "RISK FACTORS" section of the Memorandum.
11. My overall commitment to investments that are not readily marketable is not disproportionate to my individual net worth. My investment in the Company will not cause my overall commitment to illiquid investments to become excessive. I have adequate means of providing for my financial requirements, both current and anticipated, and have no need for liquidity in this investment. I can bear and am willing to accept the economic risk of losing my entire investment in the Company.
12. I am purchasing the Shares for my own account and for investment purposes only, and not for the account of others. I have no present

intention, contract, agreement, undertaking or arrangement to assign, resell or subdivide the Shares.

13. I acknowledge that the Company is relying upon the truth and accuracy of my representations, warranties, statements, covenants and agreements set forth herein in order to determine my suitability to invest in the Company.
14. All information that I have provided in this Subscription Agreement is complete, accurate and correct as of its date and may be relied on by the Company in connection with my investment. I hereby agree to notify the Company immediately of any material change in any of that information occurring before the acceptance of this Subscription Agreement.
15. I have provided my correct Taxpayer Identification Number in the attached Form W-9, and I am not subject to back-up withholding as a result of a failure to report all interest or dividends (or the Internal Revenue Service has notified me that I am no longer subject to back-up withholding).
16. I have had the opportunity to ask questions of, and receive answers from, the Company and the Manager, and their respective principals, concerning the Company, the Manager and their respective affiliates, the Shares and the terms and conditions of the Offering, and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Memorandum, to the extent possessed by the Company or obtainable by it without unreasonable effort or expense. I have been provided with all materials and information requested by either me or others representing me, including any information requested to verify any information furnished to me.
17. I understand that, due to the restrictions described below, and the lack of any public market existing or likely to exist in the future for the Shares, my investment in the Shares will be illiquid and that I will be required to bear the financial risks of the investment for an indefinite period of time.
18. I understand that the Shares have not been registered under the Securities Act or any securities laws of any state or other jurisdiction, and that the Shares are being offered and sold in reliance on specific exemptions from the registration requirements of applicable federal and state securities laws. I understand that the sale, assignment, transfer or other disposition of the Shares is restricted under applicable federal and state securities laws and the terms of the Charter. I understand that the Company has no obligation, and does not intend to register any of the Shares for resale under any federal or state securities laws or to take any action under any such laws to make available an exemption from registration requirements. I further agree that I will not sell, assign, transfer or otherwise dispose of any Shares I purchase, in whole or in part, unless such sale, assignment, transfer or other disposition is (A) registered under applicable federal and state securities law or sold in reliance upon an exemption from such registration, and (B) otherwise permitted by and made in accordance with the terms of the Charter. I also understand and acknowledge that, if the Shares are certificated, one or more legends will be placed on all certificates evidencing the Shares with respect to restrictions on any sale, assignment, transfer or other disposition of the Shares imposed by applicable federal and state securities laws and the Charter.
19. I understand that no state or federal governmental authority has approved or disapproved of the Shares, reviewed or passed on the accuracy or adequacy of the Memorandum or made any finding or determination relating to the fairness of an investment in the Company and that no state or federal governmental authority has recommended or endorsed or will recommend or endorse the Shares.
20. If subject to the Employee Retirement Income Security Act of 1974 (as amended, "ERISA"), I am aware of, and have taken into consideration, the diversification requirements of Section 404(a)(3) of ERISA in determining to invest in the Company and have concluded that such investment is prudent and not a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA and Section 4975(c) of the Internal Revenue Code of 1986 (the "Code").
21. If acting on behalf of a charitable remainder trust, I am aware that if any portion of the income derived from the trust's ownership of Shares is deemed to be unrelated business taxable income ("UBTI"), Section 664(c) of the Code imposed on the trust an excise tax equal to the amount of such UBTI.
22. I understand and agree that I may not assign this offer or, except as specifically permitted by law, revoke my subscription. I acknowledge that the Company has the unconditional right to accept or reject this subscription, in whole or in part.
23. I understand that, if I am acquiring the Shares in a fiduciary capacity, the representations, warranties, statements, covenants and agreements set forth herein shall be deemed to have been made on behalf of the person or persons for whose benefit I am acquiring such Shares. I have properly identified such person or persons in these subscription documents.
24. I understand that the Company may provide the Memorandum, supplements to the Memorandum, reports, distribution notices and other information, or documents, electronically unless I opt-out of electronic delivery by sending the Company instructions in writing that I would like to receive such documents in paper format. Unless I elect otherwise and notify the Company as provided herein, all documents will be provided in electronic form by email. I must have internet access to use electronic delivery. While the Company imposes no additional charge for this service, there may be potential costs associated with electronic delivery, such as on-line charges. I may access and print all documents provided through this service. I may opt-out of electronic delivery at any time and, following receipt of my notification, the Company or its agent will begin sending me a paper copy of all required documents. However, in order for the Company to ensure timely delivery of documents to me, my notification must be given to the Company a reasonable time before electronic delivery has commenced. The Company or its

agent will provide me with duplicate paper copies at any time upon request. Such request will not constitute notification of my decision to opt-out of electronic delivery.

25. I understand, acknowledge and agree that if I am participating in the DRIP and I experience a material adverse change in my financial condition or can no longer make the certifications, representations or warranties set forth in Section 6 or this Section 9, I must promptly notify the Company in writing, and the Company and its affiliates may rely on such notification to terminate my participation in the DRIP.

The above representations are not a waiver of any rights that I may have under the acts administered by the Securities and Exchange Commission or by any state regulatory agency administering statutes bearing on the offer and sale of securities

Indemnification Obligations of the Undersigned

I hereby agree to indemnify, defend and hold harmless the Company, the Manager and their respective partners, members, officers, directors, affiliates and advisors from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees) (collectively "Losses") that they may incur by reason of my failure to fulfill all of the terms and conditions of this Subscription Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties, statements, covenants or agreements contained herein or in any other documents I have furnished to any of the foregoing in connection with my subscription for Shares. This indemnification includes, but is not limited to, any Losses incurred by the Company, the Manager or any of their respective members, officers, directors, affiliates or advisors defending against any alleged violation of federal or state securities laws which is based upon, or related to, any untruth or inaccuracy of any of the representations, warranties, statements, covenants or agreements set forth herein or in any other documents I have furnished to any of the foregoing in connection with my subscription for Shares. The foregoing indemnification obligations shall survive until completion of liquidation of the Company.

10. INVESTOR SIGNATURE PAGE

INDIVIDUAL(S) AND (OR) JOINT OWNER(S):

X _____ _____

Signature of Individual Investor Date Signature of Joint Owner, if applicable Date

IRA, ROTH OR QUALIFIED PENSION PLAN:

X _____ _____

Signature of Participant Date Signature of Custodian, if required Date

ENTITY INVESTORS:

NAME OF ENTITY (i.e. CORPORATION, PARTNERSHIP, LLC OR TRUST)

NAME OF ENTITY REPRESENTATIVE TITLE OF ENTITY REPRESENTATIVE

X _____

Signature of Entity Representative Date

11. REGISTERED INVESTMENT ADVISORS

For purposes of the Subscription Agreement and the subscription of the person (the "Subscriber") subscribing hereunder (the "Subscription"), the registered investment advisor identified herein ("Advisor") represents and warrants to, and agrees with, the Company as follows:

1. Advisor acknowledges and agrees that no commissions, fees or other compensation will be paid in respect of the Subscription to the Advisor by the Company or any person acting on its behalf.
2. In its communications with Subscriber with respect to the Offering and in procuring the Subscription, the Advisor represents as follows:
   a. The Advisor did not engage in any form of general solicitation or general advertising in connection with the Offering.
   b. The Advisor has an investment advisory relationship with the Subscriber, which relationship was established before the commencement of the Offering.
   c. The Subscriber resides in a jurisdiction that the Company has identified as a jurisdiction in which the Shares are qualified for sale or as to which such qualification is not required.
   d. The Advisor has determined that an investment in the Company is appropriate for the Subscriber's advisory account.
   e. The Advisor has reasonable grounds to believe that the Subscriber is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act, and that the Subscriber otherwise meets the financial qualification and suitability standards and other requirements established by the Company for investing in the Offering.
   f. If the Advisor is not exercising investment discretion with respect to the Subscription, the Advisor advised the Subscriber that the Subscriber would be afforded the opportunity to ask questions of, and receive answers from the Company and the Manager, and their respective principals, concerning the Company, the Manager, the respective affiliates of each of the foregoing entities, the Shares and the terms and conditions of the Offering, and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Memorandum to the extent possessed by the Manager or obtainable by it without unreasonable effort or expense.
   g. The Advisor has made reasonable inquiry to determine (i) if the Subscriber is acquiring the Shares for the Subscriber's own account or on behalf of other persons, (ii) that the Subscriber understands the limitations on the Subscriber's disposition of the Shares under applicable federal and state securities laws and the Charter, and (iii) that the Subscriber understands that he, she or it must bear the economic risk of the investment for an indefinite period of time because of such limitations.
   h. The Advisor did not provide any information or make any representation concerning the Company or the Offering except as set forth in the Memorandum and any advertising and supplemental sales literature approved by the Company to be used in connection with the Offering.
3. The Advisor agrees to maintain, for at least six years, a record of the information obtained to determine that an investment in the Shares is a suitable and appropriate investment for the Subscriber and that such Subscriber meets the financial qualification and suitability standards and other requirements imposed on investors in the Offering, and to make such records available to the Company during such period upon its reasonable request.
4. The Advisor agrees to keep records indicating to whom each Memorandum and related materials was delivered and to make such information available to the Company upon written request.
5. The Advisor represents to the Company that the Advisor or the company with which Advisor is employed (the "Firm") has established and implemented: (a) an anti-money laundering compliance program in accordance with applicable laws and regulations, including without limitation federal and state securities laws, the USA Patriot Act of 2001, Executive Order 13224 – Executive Order on Terrorist Financing Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism and industry practices for the investment advisor industry, and (b) a program, in accordance with applicable laws and regulations, (i) for the verification of the identity of its new clients, (ii) for maintenance of client records, (iii) to check the names of new clients against government watch lists, including the Office of Foreign Asset Control's list of Specially Designated Nationals and Blocked Persons, and (iv) for the provision of information to the Financial Crimes Enforcement Network upon request.
6. With respect to any nonpublic personal information, as defined in the Gramm-Leach-Bliley Act of 1999 (the "GLB Act"), of Subscriber provided to the Advisor, the Advisor agrees to (a) abide by and comply with and to cause the Firm to abide by and comply with (i) the applicable privacy standards and requirements of the GLB Act and the applicable regulations promulgated thereunder, (ii) the privacy standards and requirements of any other applicable federal or state law, and the Firm's own internal privacy policies and procedures, each as may be amended from time to time; (b) refrain from the use or disclosure of nonpublic personal information (as defined under the GLB Act) of Subscriber if Subscriber has opted out of such disclosures, except as necessary to service the Subscriber or as otherwise necessary or required by applicable law; and (c) provide Subscriber both initial and annual privacy notices as required pursuant to Rule 6(a) of Regulation S-P, promulgated under the GLB Act.

7. The Advisor acknowledges that all expenses incurred by Advisor in connection with this Subscription Agreement and the Offering, including, but not limited to attorneys' fees, will be Advisor's sole responsibility.
8. The Advisor represents that the Advisor, or the Firm, as applicable, is a duly and properly registered investment adviser in good standing under the Investment Advisers Act of 1940, as amended, and as applicable under the securities laws of the states and the jurisdictions where it is required to be registered to conduct its activities.
9. **The Advisor agrees to indemnify, defend and hold harmless the Company, the Manager and each of the Company's and the Manager's officers, directors, affiliates, agents and representatives (collectively, the "Indemnified Parties"), from and against any losses, claims, damages, expenses, or liabilities whatsoever, joint or several ("Losses"), to which any of the Indemnified Parties may become subject, under the Securities Act or otherwise, insofar as such Losses arise out of or are based upon in whole or in part, any material untruth or inaccuracy in, or breach of, any representation, warranty, covenant, agreement or statement made by the Advisor in this Subscription Agreement.**

The undersigned Advisor further certifies that his/her signature below constitutes his/her agreement to be bound by all the provisions of the terms and conditions set forth in this Section.

NAME OF RIA FIRM

NAME OF RIA REPRESENTATIVE

X _____

Signature of RIA Representative Date

ADDRESS

CITY STATE ZIP CODE

EMAIL TELEPHONE

12. DELIVERY INSTRUCTIONS

DELIVERY INSTRUCTIONS

Please deliver a completed and executed copy of this Subscription Agreement, along with a check for the full purchase price payable to "**Vistra USA LLC ATF AC Capital Partners**" (if paying by check), to:

Regular Mail USPS:
MJ REAL ESTATE INVESTMENT TRUST
c/o Vistra USA LLC
P.O. Box 2609
San Rafael, CA 94912-2609

Overnight Mail - FedEx, UPS, DHL, etc:
MJ REAL ESTATE INVESTMENT TRUST
c/o Vistra USA LLC
125 E. Sir Francis Drake Blvd, Ste 401
Larkspur, CA 94939-1820

VIA EMAIL: pmailroom@phxa.com

WIRE PAYMENT INSTRUCTIONS

Please make all payments by wire to the account set forth below:

Account name: Vistra USA LLC ATF AC Capital Partners
ABA: 071000288
Account: 073760787
Swift Code: HATRUS44

BMO Bank
180 Montgomery St.
San Francisco, CA 94104

APPENDIX B. DISTRIBUTION REINVESTMENT PLAN

DISTRIBUTION REINVESTMENT PLAN

This Distribution Reinvestment Plan (the "Plan") is adopted by MJ Real Estate Investment Trust (the "Company") pursuant to its Articles of Incorporation (as amended or restated from time to time, the "Charter"). Unless otherwise defined herein, capitalized terms shall have the same meaning as set forth in the Charter.

1. ***Distribution Reinvestment.*** As agent for the shareholders of the Company (the "Shareholders") who purchase common shares of beneficial interest in the Company (collectively, "Shares") pursuant to the Company's private offering of Shares pursuant to the applicable exemption from registration under the Securities Act (the "Private Placement") and who do not opt out of participating in the Plan (the "Participants"), the Company will apply all dividends and distributions declared and paid in respect of the Shares held by each Participant and attributable to the Shares purchased by such Participant (the "Distributions"), including Distributions paid with respect to any full or fractional Shares acquired under the Plan, to the purchase of additional Shares of the applicable class from which such Distributions were derived for such Participant. Such reinvestments pursuant to the Plan will be made at ninety-nine percent (99%) of the then-current Net Asset Value of such Shares.

Additionally, as agent for the holders of partnership units (the "OP Units") of MJ REIT Operating Partnership, LP (the "Partnership") who acquire such OP Units as a result of any transaction of the Partnership, and who elect to participate in the Plan (such participating holders of OP Units, together with the participating Shareholders, the "Participants"), the Partnership will apply all distributions declared and paid in respect of the OP Units held by each Participant (the "OP Distributions"), including OP Distributions paid with respect to any full or fractional OP Units, to the purchase of Class I Shares.

2. ***Effective Date.*** The effective date of the Plan shall be the date that the Private Placement commences, as determined by the Company.

3. ***Procedure for Participation.*** Any Shareholder who has received a copy of the Company's confidential private placement memorandum with respect to the Private Placement (as amended, supplemented or restated, the "Memorandum"), will automatically become a Participant unless they elect not to become a Participant by noting such election on their subscription agreement. If any Shareholder initially elects not to be a Participant, they may later become a Participant by subsequently completing and executing an enrollment form or any appropriate authorization form as may be available from the Company, the Company's transfer agent, the placement agent or dealer manager for the Private Placement or any broker-dealer or investment adviser participating in the distribution of Shares in the Private Placement.

Any holder of OP Units who has received a copy of the Memorandum may elect to become a Participant by completing and executing a subscription agreement (which may provide for automatic enrollment unless such holder of OP Units opts out), an enrollment form or any other appropriate authorization form as may be available from the Company or the Partnership.

Participation in the Plan will begin with the next Distribution or OP Distribution, as applicable, payable after acceptance of a Participant's subscription, enrollment or authorization. Shares will be purchased under the Plan on the date that Distributions or OP Distributions are paid by the Company or the OP, as the case may be.

4. ***Suitability.*** Each Participant is required to promptly notify the Company in writing if the Participant experiences a material change in his, her or its financial condition, including without limitation the failure to continue to qualify as an "accredited investor" (as defined by Rule 501(a) of the Securities Act) or any other investment suitability standards imposed by the Company and set forth in the Memorandum. Any Holder of OP Units that elects to become a Participant will be required to certify, as of the date of such election, that it qualifies as an "accredited investor" (as defined by Rule 501(a) of the Securities Act).

5. Purchase of Shares. Participants will acquire Shares from the Company at a price equal to the NAV per Share applicable to the Shares purchased by the Participant on the date that the Distribution or OP Distribution, as applicable,

is payable (calculated as of the most recent quarter end). No upfront placement agent fees or selling commissions will be payable with respect to Shares issued pursuant to the Plan. Participants in the Plan may purchase fractional Shares so that 100% of the Distributions or OP Distributions, as applicable, will be used to acquire Shares. However, a Participant will not be able to acquire Shares pursuant to the Plan and such Participant's participation in the Plan will be terminated to the extent that a reinvestment of such Participant's Distributions or OP Distributions, as applicable, in Shares would cause the percentage ownership or other limitations contained in the Charter to be violated.

6. ***Taxes.*** THE REINVESTMENT OF DISTRIBUTIONS OR OP DISTRIBUTIONS DOES NOT RELIEVE A PARTICIPANT OF ANY INCOME TAX LIABILITY THAT MAY BE PAYABLE THEREON. INFORMATION REGARDING POTENTIAL TAX INCOME LIABILITY OF PARTICIPANTS MAY BE FOUND IN THE MEMORANDUM.

7. ***Share Certificates.*** The ownership of the Shares purchased through the Plan will be in book-entry form unless and until the Company issues certificates for its outstanding Shares.

8. ***Reports.*** On a quarterly basis, the Company shall provide each Participant a statement of account describing, as to such Participant: (i) the Distributions or OP Distributions, as applicable, reinvested during the quarter; (ii) the number of Shares purchased pursuant to the Plan during the quarter; (iii) the per Share purchase price for such Shares; and (iv) the total number of Shares purchased on behalf of the Participant under the Plan. On an annual basis, tax information with respect to income earned on Shares under the Plan for the calendar year will be provided to each Participant.

9. ***Termination by Participant.*** A Participant may terminate participation in the Plan at any time, without penalty, by delivering ten (10) business days' prior written notice to the Company. This notice must be received by the Company prior to the last day of a month in order for a Participant's termination to be effective for such month (*i.e*., a timely termination notice will be effective as of the last day of a month in which it is timely received and will not affect participation in the Plan for any prior month). Any transfer of Shares by a Participant to a non-Participant will terminate participation in the Plan with respect to the transferred Shares. If a Participant requests that the Company repurchase all or any portion of the Participant's Shares, the Participant's participation in the Plan with respect to the Participant's Shares for which repurchase was requested but that were not repurchased will be terminated. If a Participant terminates Plan participation, the Company may, at its option, ensure that the terminating Participant's account will reflect the whole number of Shares in such Participant's account and provide a check for the cash value of any fractional share in such account. Upon termination of participation in the Plan for any reason, all future Distributions and OP Distributions, as applicable, will be distributed to the former Participant in cash.

10. ***Amendment, Suspension or Termination by the Company.*** The Board of Trustees may by majority vote amend any aspect of the Plan; *provided, however*, that the Plan cannot be amended to eliminate a Participant's right to terminate participation in the Plan. The Board of Trustees may by majority vote suspend or terminate the Plan for any reason.

11. ***Liability of the Company.*** The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability (i) arising out of failure to terminate a Participant's account upon such Participant's death prior to timely receipt of notice in writing of such death or (ii) with respect to the time and the prices at which Shares are purchased or sold for a Participant's account.